Thomas A. Schweich
Missouri State Auditor

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Missouri State Auditor

Summary of 2013 Follow-Up Reports

January 2014

Report No. 2014-001

http://auditor.mo.gov

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THOMAS A. SCHWEICH
Missouri State Auditor

The Citizens of Missouri

This report was compiled from follow-up reports issued in 2013. The State Auditor's office conducted 19 follow-up reviews pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the auditee about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Auditors conduct follow-up work for any audit receiving an overall "Poor" rating, significant or serious findings in audits receiving a "Fair" rating when determined necessary, and any other audits at the discretion of the State Auditor.

Of 177 recommendations included in the follow-up reports 96 had a status of implemented, 62 had a status of in progress, 14 had a status of partially implemented, and 5 had a status of not implemented.

Thomas A. Schweich
State Auditor

Summary of 2013 Follow-Up Reports
Status of Recommendations

1.	Missouri State Public Defender Report number 2013-027	The Missouri State Public Defender received a "Fair" overall audit rating. The follow-up report focused on 5 recommendations. Status determined: In Progress 5
2.	Fortieth Judicial Circuit City of Diamond Municipal Division Report number 2013-029	The Fortieth Judicial Circuit City of Diamond Municipal Division received a "Poor" overall audit rating. The follow-up report focused on 9 recommendations. Status determined: Implemented 7 Partially Implemented 2
3.	Henry County Report number 2013-030	Henry County received a "Poor" overall audit rating. The follow-up report focused on 10 recommendations. Status determined: Implemented 1 In Progress 7 Partially Implemented 2
4.	Economic Development Division of Business and Community Services Report number 2013-031	Economic Development Division of Business and Community Services received a "Fair" overall audit rating. The follow-up report focused on 1 recommendation. Status determined: Implemented 1
5.	Polk County Report number 2013-040	Polk County received a "Fair" overall audit rating. The follow-up report focused on 5 recommendations. Status determined: Implemented 4 Partially Implemented 1

6. Carter County

Report number 2013-042

Carter County received a "Poor" overall audit rating. The follow-up report focused on 12 recommendations.

Status determined:

Implemented	9
In Progress	3

7. Knox County

Report number 2013-043

Knox County received a "Poor" overall audit rating. The follow-up report focused on 13 recommendations.

Status determined:

Implemented	7
In Progress	5
Not Implemented	1

8. McDonald County

Report number 2013-044

McDonald County received a "Poor" overall audit rating. The follow-up report focused on 16 recommendations.

Status determined:

Implemented	7
In Progress	8
Partially Implemented	1

9. City of Clarksdale

Report number 2013-054

The City of Clarksdale received a "Poor" overall audit rating. The follow-up report focused on 14 recommendations.

Status determined:

Implemented	13
In Progress	1

10. Barton County

Report number 2013-055

Barton County received a "Poor" overall audit rating. The follow-up report focused on 15 recommendations.

Status determined:

Implemented	3
In Progress	11
Partially Implemented	1

11. Wayne County

Report number 2013-056

Wayne County received a "Poor" overall audit rating. The follow-up report focused on 9 recommendations.

Status determined:

Implemented	5
In Progress	2
Partially Implemented	1
Not Implemented	1

12. Fortieth Judicial Circuit City of Pineville Municipal Division

Report number 2013-058

The Fortieth Judicial Circuit City of Pineville Municipal Division received a "Poor" overall audit rating. The follow-up report focused on 10 recommendations.

Status determined:

Implemented	2
In Progress	8

13. Rockwood R-VI School District

Report number 2013-064

The Rockwood R-VI School District received a "Fair" overall audit rating. The follow-up report focused on 12 recommendations.

Status determined:

Implemented	8
In Progress	4

14. Missouri Quality Jobs Tax Incentive Program

Report number 2013-073

The Missouri Quality Jobs Tax Incentive Program received a "Poor" overall audit rating. The follow-up report focused on 7 recommendations.

Status determined:

Implemented	2
Partially Implemented	3
Not Implemented	2

15. City of Diamond

Report number 2013-074

The City of Diamond received a "Fair" overall audit rating. The follow-up report focused on 9 recommendations.

Status determined:

Implemented	8
Partially Implemented	1

16.	City of Brentwood Report number 2013-109	The City of Brentwood received a "Poor" overall audit rating. The follow-up report focused on 16 recommendations. Status determined: Implemented 14 In Progress 1 Partially Implemented 1
17.	Early Childhood Development, Education, and Care Fund Report number 2013-114	The Early Childhood Development, Education, and Care Fund received a "Poor" overall audit rating. The follow-up report focused on 1 recommendation. Status determined: In Progress 1
18.	Missouri State Highway Patrol Report number 2013-117	The Missouri State Highway Patrol received a "Fair" overall audit rating. The follow-up report focused on 4 recommendations. Status determined: Implemented 1 In Progress 3
19.	Dade County Report number 2013-118	Dade County received a "Fair" overall audit rating. The follow-up report focused on 9 recommendations. Status determined: Implemented 4 In Progress 3 Partially Implemented 1 Not Implemented 1

Thomas A. Schweich

Missouri State Auditor

St. Clair County

January 2014

Report No. 2014-002

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of St. Clair County

Sheriff Controls and Procedures	The Sheriff has not adequately segregated accounting duties for the inmate account, and adequate supervisory reviews of accounting records are not performed. Sheriff's office personnel do not prepare monthly lists of liabilities to reconcile to the available cash balances for inmate and canteen bank accounts. Clerks do not timely deposit monies received into the inmate and fee bank accounts. The Sheriff's office does not maintain complete and accurate logs or conduct periodic inventories of seized properties. Some items were not included in the logs, some were stored in unsecured locations, one item could not be located, several items were not tagged for identification to a specific case, and several other items had been held for more than a decade, with some dated back to 1989.
Jail Operations	The Sheriff does not adequately track the profit and loss from sales of commissary items. Audit staff noted errors in the commissary ledger, including a check for $1,332 and the related profits of $200 which were not included in the ledger so the profits were not disbursed to the County. The Sheriff purchases telephone cards for $5 each and sells them to inmates for $10 each but does not maintain adequate records for cards purchased, sold, and on hand. As noted in our prior audit report, the Sheriff's office does not maintain a running inventory of commissary items which could be compared to actual inventory on hand. Neither the county nor the current Sheriff solicited bids for prisoner meals or performed a cost analysis comparing the cost of preparing the prisoner meals versus outsourcing the meals. The county holds some inmates for other counties and cities but does not adequately bill, pursue collection of, or track amounts due from other counties and does not bill cities within St. Clair County for the boarding of prisoners. Amounts due from other counties for billings made prior to August 2012 totaling $2,515 had not been collected as of June 30, 2013. Due to a computer crash in February 2013 the Sheriff's office was unable to document amounts due for prisoners boarded between August 2012 and February 2013, and $1,785 is due from other counties from March through June 2013 which has not been billed.
Prosecuting Attorney Segregation of Duties and Adjustments	As noted in our prior audit reports, the Prosecuting Attorney does not adequately segregate the duties of receiving, recording, and transmitting monies. The Prosecuting Attorney does not account for the numerical sequence of receipt slips, and there is no independent approval of, or adequate documentation for, adjustments posted to the computerized accounting system.
Addition and Abatement Process	The County Collector enters additions and abatements into the property tax system, but neither the County Clerk nor the County Commission adequately reviews the additions and abatements entered or reconciles them to the addition and abatement information prepared by the County Assessor.

Moreover the County Collector has unlimited access rights in the property tax system, which allows changes to be made to individual tax records, but, because she is responsible for collecting tax monies, good internal controls require she not be able to alter or delete tax rates, assessed values, and property tax billings.

Public Administrator's Salary

The Public Administrator has been receiving both a salary and fees, but statutory provisions require public administrators to decide whether to receive either a salary or fees.

Additional Comments

Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

St. Clair County
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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of St. Clair County

We have audited certain operations of St. Clair County in fulfillment of our duties under Section 29.230, RSMo. In addition, Davis, Lynn & Moots, Certified Public Accountants, was engaged to audit the financial statements of St. Clair County for the 2 years ended December 31, 2012. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of St. Clair County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Amanda Messick
	Katelyn Crosson

1. Sheriff Controls and Procedures

Significant weaknesses exist in the Sheriff's accounting controls and procedures.

During the year ended December 31, 2012, the Sheriff's office personnel deposited approximately $292,000 collected for civil and criminal process fees, bonds, and other miscellaneous fees into the fee account. For the same period, deposits into the inmate account maintained by the former Sheriff totaled approximately $225,000.

When the current Sheriff took office in January 2013, he opened a new inmate bank account and discontinued using the former Sheriff's inmate account, but did not distribute the remaining balance. In June 2013, the Sheriff's office implemented a new computer program to track inmate and commissary monies, and another bank account (the canteen account) was opened and the Sheriff discontinued using the inmate account opened in January 2013, but did not distribute the remaining balance.

1.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties for the inmate account, and adequate supervisory reviews of accounting records are not performed. One clerk maintains the inmate account and is primarily responsible for maintaining the accounting records and preparing the checks and deposit slips for the account. Another clerk prepares the bank reconciliation and reconciles the bank balance to the checkbook register, but does not reconcile these records to the electronic inmate records maintained. As a result, there is less assurance inmate records are correct and unresolved differences exist as noted in section 1.2. The current Sheriff indicated he scans the inmate bank statements and checkbook register.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, the Sheriff should implement an adequate independent or supervisory review of bank and accounting records.

1.2 Inmate bank accounts

Sheriff's office personnel do not prepare monthly lists of liabilities to reconcile to the available cash balances for the former Sheriff's inmate bank account, or the current Sheriff's inmate and canteen bank accounts.

We requested the office personnel prepare lists of liabilities for these three accounts as of June 30, 2013. The reconciled bank balance of the former Sheriff's inmate account was $16,341, but no list of liabilities could be prepared. There is no documentation to support the current Sheriff's belief that the remaining balance is commissary profits. In addition, office personnel did not follow up on and resolve 61 old outstanding checks totaling $302 in the account.

The list of liabilities prepared for the current Sheriff's inmate bank account totaled $16,880 while the reconciled bank balance was $16,579, resulting in a shortage of $301. The liabilities included amounts that need to be turned over to the County Treasurer for commissions on commissary items ($4,548) and telephone cards ($750), and $2,000 kept in the account as extra monies.

The list of liabilities prepared for the canteen bank account agreed to the bank statement balance as of June 30, 2013.

Liabilities should be identified monthly and reconciled to cash balances to ensure sufficient cash is available for the payment of all amounts due and all monies in the bank account can be identified. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed. Old outstanding checks should be followed up on timely. In addition, Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund.

1.3 Deposits

Clerks in the Sheriff's office are not depositing monies received into the Sheriff's fee and inmate accounts timely. For example, $330 received from April 4 through 6, 2012, was not deposited until April 11, 2012, in the fee account. In another example, $519 on hand during a cash count performed May 16, 2013, was not deposited until May 22, 2013. For the inmate account, $3,326 received from June 29 through July 3, 2012, was not deposited until July 6, 2012, and included cash receipts totaling $2,114.

Timely depositing procedures are necessary to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds.

1.4 Seized property

Adequate controls over seized property have not been established. The Sheriff's office does not maintain complete and accurate logs, and periodic inventories of seized property are not conducted. Some seized property items were stored in unsecured locations within the Sheriff's office. Of 5 items selected for review from storage areas, 3 items were not included in the logs. One of these items, a fishing tackle bag, was stored in the basement in an unsecure location accessible by Sheriff's office employees. In a separate test, of the 5 items selected for review from the log of seized property, 1 item could not be located. As part of the test work we also identified several seized property items that were not tagged for identification to a specific case and several other items had been held for more than a decade with some dated back to 1989.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or misuse of the stored items. Complete and accurate inventory control records should be maintained and periodic physical inventories should be performed and the results compared to the inventory records to ensure seized property and evidence are accounted for properly. In addition, proper disposal of items no longer needed would eliminate the risks of unauthorized access, use, or theft, and the related potential liability of the county.

Similar conditions previously reported

Similar conditions to sections 1.1, 1.2, and 1.3 were noted in our prior audit report.

Recommendations

The Sheriff:

1.1 Adequately segregate accounting duties to the extent possible or ensure an adequate independent or supervisory review of bank and accounting records is performed and documented.

1.2 Prepare a monthly list of liabilities for all accounts and compare to the available cash balances, and promptly investigate and resolve differences. The Sheriff should work with the County Commission and County Treasurer to establish the Inmate Prisoner Detainee Security Fund and ensure all existing and future commissary profits are deposited to this fund. The Sheriff should dispose of old outstanding checks in accordance with state law and close inmate bank accounts no longer used.

1.3 Deposit all monies in a timely manner.

1.4 Maintain complete and accurate inventory records of all items in the evidence room, and perform periodic physical inventories and compare the results to the inventory records. The Sheriff should perform a complete review of all items and take action to dispose of items no longer needed.

Auditee's Response

The Sheriff provided the following written responses:

1.1 The Sheriff's office will have a third party review the bank and accounting records. From time to time, I, Sheriff Keeler, or the person I assign will actually receive and review the monthly bank statements prior to them going to the individual who normally is assigned this duty. I will also periodically appoint someone to fill in for the clerk or clerks assigned those duties to detect unusual actions or trends. The findings will be documented.

1.2 A list of liabilities for all accounts at the Sheriff's office will be created and available cash balances will be compared with those accounts monthly. Any differences will be investigated and resolved. An Inmate Prisoner Detainee Security Fund has been established and a process has been implemented to have all profits from the commissary deposited into that account. Old outstanding checks were all marked "void" and placed in the Sheriff's office 2012 records. Checks were issued to the County Treasurer as unclaimed property. The former Sheriff's inmate bank account has been closed and the current Sheriff's inmate account which is no longer being used will be closed by the year's end.

1.3 A deposit will be made on a daily basis as needed when funds are received.

1.4 The Sheriff's office is currently in the process of conducting a complete inventory of the evidence room. Over the past three months, many items have been documented and disposed of by order of the court. Several items remain and are awaiting further action by the court. A new inventory process and evidence recording is being implemented that includes periodic physical inventory compared with the actual items in the evidence rooms.

2. Jail Operations

Controls and procedures over the commissary, telephone cards, prisoner meals, and board of prisoners need improvement.

2.1 Commissary and telephone cards

Improvement is needed in the Sheriff's handling of the commissary and telephone cards. During the year ended December 31, 2012, the Sheriff's office paid approximately $135,000 to vendors for commissary items and telephone cards from the inmate account and earned over $50,000 in commissions.

Tracking of commissary activity

The Sheriff does not have an adequate system for tracking the profit and loss from the sales of commissary items. Errors were made in the ledger maintained to track commissary commissions received and disbursed. For example, our review of this ledger for January 2012 indicated a check totaling $1,332 issued to the commissary company and the related commissary profits of approximately $200 were not included in the ledger, and as a result, these commissary profits were not disbursed to the County Treasurer. To adequately account for commissary activity, complete and accurate records should be maintained in a manner to allow for the tracking of profit and loss on all commissary sales.

Telephone card sales

Records are not maintained to account for prepaid telephone cards purchased and sold to inmates, and on hand. Batches of telephone cards are periodically purchased from a telephone card vendor for $5 per card and

held by the Sheriff's office until sold to inmates for $10 per card. The vendor provided the Sheriff's office with $10,000 (1,000 cards sold for $10 each) in telephone cards in January 2012, January 2013, and May 2013 for a total sales value of $30,000 at no cost. The Sheriff's office purchased or received telephone cards valued at $82,500 (8,250 cards sold for $10 each) during the year ended December 31, 2012.

Detailed records are necessary to adequately account for telephone cards. Loss, theft, or misuse of the telephone cards and receipts may go undetected without adequate telephone card records and procedures.

Inventory of commissary items

A running inventory (perpetual inventory) of commissary items is not maintained. While the Sheriff's office contracts with an outside company to provide the majority of commissary items, the Sheriff's office also purchases some additional commissary items that are sold to the inmates. A detailed inventory ledger is necessary to adequately account for commissary inventory. To ensure commissary items are properly recorded and handled, purchases and sales should be compared to actual inventory on hand. Loss, theft, or misuse of commissary inventory may go undetected without adequate inventory records.

A similar condition was noted in our prior audit report.

2.2 Prisoner meals

Neither the county nor the current Sheriff solicited bids for prisoner meals costing approximately $31,000 for May and June 2013, and a cost analysis comparing the cost of the county preparing the prisoner meals versus outsourcing the meals was not performed. Prior to May 2013, prisoner meals were prepared by cooks employed by the county.

Section 50.660, RSMo, provides bidding requirements. Routine use of a competitive procurement process for major purchases ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, the selection process, and criteria should be retained to demonstrate compliance with applicable laws or regulations and support decisions made. Additionally, a cost analysis would allow the Sheriff's office and the County Commission to determine if the services are being provided in the most economical way.

2.3 Board of prisoners

The Sheriff's office does not adequately bill, pursue collection of, or track amounts due from other counties and does not bill cities within St. Clair County for the boarding of prisoners. While most inmates held in the county jail are federal prisoners, the county holds some inmates for other counties and cities.

Since July 2012, the Sheriff's office has not taken any action related to amounts due from other counties for board of prisoners. In addition, amounts due for billings made prior to August 2012 totaling $2,515 had not been collected as of June 30, 2013. Due to a computer crash in February 2013 and failure to prepare billings to other counties, the Sheriff's office was unable to document amounts due for board of prisoners for August 2012 through February 2013. A new software program was purchased after the system crash and those records indicate $1,785 is due from other counties from March through June 2013, which has not been billed.

Procedures such as independent reconciliations of board bill records to jail records and payments received should be established to ensure prisoner housing is properly and timely billed, and payments received are proper. Unpaid board bills should be monitored and appropriate follow-up action should be taken to ensure payment is properly received. Failure to monitor unpaid amounts due may result in a loss of revenue to the county. By not charging cities within the county for housing prisoners, the county is subsidizing the cost to house other political subdivisions' prisoners.

Recommendations

The Sheriff:

2.1 Develop records to adequately track commissary activity and procedures to account for the sale of all telephone cards. In addition, inventory records of commissary items and telephone cards should be maintained and reconciled to purchases, sales, and a physical inventory count.

2.2 Work with the County Commission to prepare a cost analysis to determine the most cost-effective method of providing prisoner meals and then, if needed, perform a competitive procurement process and maintain documentation of decisions made.

2.3 Establish procedures to ensure all amounts owed for prisoner board are properly and timely billed, and implement procedures to track and pursue collection of amounts owed.

Auditee's Response

The Sheriff provided the following written responses:

2.1 The jail has contracted with an outside vendor for the jail commissary. Through the company and its inmate bank system, transactions by each inmate are documented including all funds distributed to vendors as well commissions sent to the County Treasurer for deposit. Accounting reports from the inmate bank system are reviewed on a daily basis by the jail administrator or his designee. All differences are investigated and resolved.

Inmate phone cards are sold through the jail's commissary. Invoices from the company, who sells the cards to the jail, are reviewed for any discrepancies. Procedures have been put into place to review payments made to the company from the inmate bank system for the phone cards. A record-keeping procedure has also been initiated to maintain PIN numbers received from the company and forwarded to the inmate bank system. Through the reports received by the inmate bank system, there is also a record of all checks written for invoices and sales of phone PIN cards sold to inmates. The company that sells the phone cards has also updated its system and paper phone cards are no longer used or issued. The inmate bank system keeps a current log of phone cards issued and a check is conducted randomly.

The jail is currently in the process of developing an inventory of inmate supplies and sale of items purchased by the Sheriff's office.

2.2 A cost report regarding inmate meals was conducted and bids were gathered from different food service companies prior to choosing the current contractor providing meals. Regrettably, supporting documentation cannot be located. Unfortunately, since the change to the contractor was made in May, the cost savings have not been what I expected and a change back to the inmate meals being prepared by cooks employed by the county is expected within the next couple of months. A cost analysis was completed and documented by the jail administrator.

2.3 Procedures have been put into place creating a report documenting outstanding board bills of inmates. Bills are sent to agencies responsible for each inmate on a monthly basis. Procedures are currently being put in place to purse collection of these amounts owed. 2013 has been billed and will and has been reviewed by myself. City inmates being held on city charges will be billed accordingly. No bill will be issued if city inmates are being held on state charges.

The County Commission provided the following written response:

2.2 A cost analysis was verbally presented to the Commission by the Sheriff. The Commissioners will work with the Sheriff in the future to see that the bidding process is followed for the purchase of food and a cost analysis is formally prepared and reviewed.

3. Prosecuting Attorney Segregation of Duties and Adjustments

As similarly noted in our prior audit reports, the duties of receiving, recording, and transmitting monies are not adequately segregated. The legal assistant performs all of these duties. The Prosecuting Attorney does not account for the numerical sequence of receipt slips issued to ensure all receipts are properly recorded on the monthly collection reports. The Prosecuting Attorney indicated she reviews the monthly collection reports and compares them to the money orders received for fees. The Prosecuting Attorney's office collected approximately $17,400 during the year ended December 31, 2012.

In addition, there is no independent approval to support adjustments posted to the computerized accounting system, and adequate documentation of such adjustments is not retained. During the year ended December 31, 2012, the legal assistant or other office personnel made reduction adjustments totaling $2,964 to the system. These adjustments occurred without obtaining independent approval. Adjustments are sometimes needed because defendants pay vendors directly, amounts are deemed uncollectible, or insufficient information is provided on the complaint.

Thorough supervisory reviews help ensure all transactions are accounted for properly, adjustments are valid, and assets are adequately safeguarded. Internal controls would be improved by the Prosecuting Attorney performing a supervisory review of accounting records and a documented review of adjustments made to the accounting system.

Recommendation

The Prosecuting Attorney ensure supervisory reviews of accounting records are performed and documented, all adjustments are reviewed and approved, and ensure adequate documentation is retained to support such adjustments.

Auditee's Response

The Prosecuting Attorney provided the following written response:

I approve adjustments prior to them being made. Reports are now generated monthly for the receipts, which I review. I will review the reports of adjustments as well and retain documentation supporting adjustments made.

4. Addition and Abatement Process

The County Clerk and County Commission do not provide adequate reviews of additions and abatements entered into the property tax system by the County Collector. The County Clerk and County Commission do not perform a reconciliation of the additions and abatements information prepared by the County Assessor and the additions and abatements entered into the property tax system by the County Collector.

In addition, property tax system access is not adequately restricted. The County Collector has unlimited access rights in the property tax system, which allows changes to be made to individual tax records throughout the tax year. Because the County Collector is responsible for collecting tax

monies, good internal controls require she not have unlimited system access rights to be able to alter or delete tax rates, assessed values, and property tax billings.

Sections 137.260, RSMo, assigns responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. If it is not feasible for the County Clerk to make corrections to the tax books, periodic reviews and timely approvals of court orders, along with a comparison of additions and abatements information to actual changes made to the property tax system, would help ensure changes are proper. To prevent unauthorized changes to the property tax records, access should be limited based on user needs. Unrestricted access can result in the deletion or alteration of data files and programs.

Recommendation

The County Clerk and County Commission restrict access to the property tax system to ensure the County Collector cannot make changes. In addition, the County Clerk and the County Commission should compare additions and abatements information prepared by the Assessor to actual changes made to the property tax system.

Auditee's Response

The County Clerk and County Commission provided the following written response:

Changes have already been implemented to alleviate these concerns. The County Commission does not plan to restrict access, but will review the records to ensure all changes are appropriate and accurate. The County Clerk's office has started comparing addition and abatement information prepared by the Assessor to actual changes to the property tax system. The County Commission will be reviewing the monthly reconciliations of the additions and abatements.

5. Public Administrator's Salary

The Public Administrator's salary has not been set according to state law. The Public Administrator has received both a salary and fees as compensation since 2001, based on Section 473.739, RSMo, which allowed public administrators to receive annual compensation in addition to fees. However, this law was revised and a new law, Section 473.742, RSMo, enacted in 2000, which requires public administrators to make a determination within 30 days after taking office whether to receive either a salary or fees. Shortly after the Public Administrator took office in January 2001, she filed a memo with the county electing to receive fees. However, the Public Administrator has received fees and annual salary compensation (ranging from $10,100 to $11,392), since she first took office in 2001. Salary commission meeting minutes of meetings held in 2001 and subsequent years did not address revisions to statutory provisions regarding public administrator compensation. After we brought this issue to the county's attention in the prior audit, the County Commission obtained a written legal opinion from the Prosecuting Attorney dated October 28, 2009,

which concluded the public administrator was entitled to receive the compensation that was currently being paid by the county in accordance with Section 473.739, RSMo. Our legal counsel reviewed the county Prosecuting Attorney's legal opinion, various statutes, and case law, and came to a different opinion. He concluded a public administrator must choose between receiving a salary or fees and may not receive both because Section 473.742, RSMo, is more specific than Section 473.739, RSMo, and would therefore apply.

Recommendation

The County Commission should re-evaluate this situation with legal counsel, determine and document the appropriate method for compensating the Public Administrator.

Auditee's Response

The County Commission provided the following written response:

The Public Administrator is going to elect to be put on salary starting January 1, 2014 for the rest of her term of office. This will be presented to the Salary Commission for their review.

The Public Administrator provided the following written response:

I will notify the County Clerk by written letter that I elect to choose a "salary" as my compensation for the Public Administrator's office. This is in accordance to MO Statute 473.742. This will start January 1, 2014, and continue for the rest of my term. I understand the office will stay salary and cannot return to a fee based office.

St. Clair County
Organization and Statistical Information

St. Clair County is a county-organized, third-class county. The county seat is Osceola.

St. Clair County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 74 full-time employees and 9 part-time employees on December 31, 2012.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2013	2012
Robert Salmon, Presiding Commissioner	$	27,080
Leroy D. Strope, Associate Commissioner		26,849
Gerald R. Willams, Associate Commissioner		26,849
Pat Speight Terry, Recorder of Deeds		40,322
Debbie Peden, County Clerk		39,080
Joleene V. Simmons, Prosecuting Attorney		46,290
Ron Snodgrass, Sheriff		46,330
Rhonda Shelby, County Treasurer		38,000
C. Randy Sheldon, County Coroner		11,696
Laurie Stinnett, Public Administrator (1)		26,751
Sharon K. Foster, County Collector (2), year ended February 28,	40,945	
Gladys J. Smith, County Assessor, year ended August 31,		40,710

(1) Includes $15,359 of fees from probate cases.

(2) Includes $235 of commissions earned for collecting city property taxes.

Thomas A. Schweich

Missouri State Auditor

INSURANCE, FINANCIAL INSTITUTIONS, AND PROFESSIONAL REGISTRATION

Division of Professional Registration

Administration

January 2014

Report No. 2014-003

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Department of Insurance, Financial Institutions, and Professional Registration, Division of Professional Registration, Administration

Board Appointments

The Division of Professional Regulation has not timely filled board vacancies, which has resulted in a lack of a quorum for some boards. Sixty-eight of a total of 256 appointments (27 percent) were vacant at June 30, 2013, and multiple board vacancies resulted in the lack of a quorum at 5 of the 37 boards (14 percent). Sixty-three percent of the 188 active board members were serving beyond their term expiration date, with 30 serving more than 5 years beyond their term expiration date. A member of the State Committee for Social Workers has served more than 11 years, although state law limits these committee members to no more than 10 years of service.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Department Insurance, Financial Institutions, and Professional Registration
Division of Professional Registration - Administration
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
John M. Huff, Director
Department of Insurance, Financial Institutions, and Professional Registration
and
Jane A. Rackers, Director
Division of Professional Registration
Jefferson City, Missouri

We have audited certain operations of the Department of Insurance, Financial Institutions, and Professional Registration, Division of Professional Registration - Administration, in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2013 and 2012. The objectives of our audit were to:

1. Evaluate the division's internal controls over significant management and financial functions.

2. Evaluate the division's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the division; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the division's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) no significant deficiencies in internal control, (2) noncompliance with legal provisions, and (3) the need for improvements in management practices and procedures. The accompanying Management Advisory Report presents our finding arising from our audit of the Department of Insurance, Financial Institutions, and Professional Registration, Division of Professional Registration - Administration.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditors:	Robert McArthur II
	Joyce Thomson
Audit Staff:	Mariam Ahmedbani

Board Appointments

The Division of Professional Registration should improve procedures to ensure board vacancies are filled timely. Vacancies resulted in a lack of a quorum for some boards.

The division oversees 27 regulatory and 10 advisory boards. Advisory boards advise and support applicable regulatory boards and offices. Each board is governed by state laws and regulations that define the number, term length, and qualifications of members. Regulatory board members are generally appointed by the Governor with advice and consent of the Senate. Advisory board members are appointed by the Governor, the applicable regulatory board, or the Division Director. Names of proposed board members are usually submitted to the Governor by the division or related professional organizations.

Member vacancies

Various state laws require the appointment of a total of 256 board members. However, the division had not ensured the appointing authority filled vacant positions in a timely manner, and as of June 30, 2013, 68 appointments (27 percent) remained vacant. Multiple board vacancies resulted in the lack of a quorum at 5 of the 37 boards. The following tables list the number of members, vacancies, and quorum status at each board.

ADVISORY BOARD	Members	Vacancies	Quorum
Advisory Commission for Anesthesiologist Assistants (1)	5	0	Yes
Advisory Commission for Clinical Perfusionists (1)	7	1	Yes
Advisory Commission for Dental Hygienists (2)	5	1	Yes
Advisory Commission for Physician Assistants (1)	5	3	No
Advisory Commission for Professional Physical Therapists (1)	5	0	Yes
Advisory Commission for Speech Language Pathologists and Audiologists* (1)	7	0	Yes
Behavior Analyst Advisory Board (3)	7	2	Yes
Endowed Care Cemetery Advisory Committee** (4)	5	3	No
Missouri Acupuncturists Advisory Committee (5)	5	2	Yes
Missouri Athletic Trainer Advisory Committee* (1)	5	0	Yes
Totals, Advisory Boards	56	12	

* Members appointed by applicable regulatory board

** Members appointed by Division Director

(1) Advises the State Board of Registration for the Healing Arts

(2) Advises the Missouri Dental Board

(3) Advises the State Committee of Psychologists

(4) Advises the Office of Endowed Care Cemeteries

(5) Advises the Missouri State Board of Chiropractic Examiners

REGULATORY BOARD	Members	Vacancies	Quorum
Board of Cosmetology and Barber Examiners	11	5	Yes
Board of Private Investigator and Private Fire Investigator Examiners	7	1	Yes
Board of Therapeutic Massage	8	4	No
Committee for Professional Counselors	6	2	Yes
Interior Design Council	5	1	Yes
Missouri Board for Architects, Professional Engineers, Professional Land Surveyors and Landscape Architects	15	4	Yes
Missouri Board for Respiratory Care	7	2	Yes
Missouri Board of Examiners for Hearing Instrument Specialists	8	2	Yes
Missouri Board of Geologist Registration	8	4	No
Missouri Board of Occupational Therapy	6	2	Yes
Missouri Board of Pharmacy	7	3	Yes
Missouri Dental Board	7	1	Yes
Missouri Real Estate Appraisers Commission	7	2	Yes
Missouri Real Estate Commission	7	0	Yes
Missouri State Board of Accountancy	7	1	Yes
Missouri State Board of Chiropractic Examiners	6	2	Yes
Missouri State Board of Nursing	9	3	Yes
Missouri State Committee of Interpreters	7	1	Yes
Missouri Veterinary Medical Board	6	1	Yes
State Board of Embalmers and Funeral Directors	6	0	Yes
State Board of Optometry	6	1	Yes
State Board of Podiatric Medicine	5	1	Yes
State Board of Registration for the Healing Arts	9	3	Yes
State Committee for Social Workers	10	5	No
State Committee of Dietitians	6	2	Yes
State Committee of Marital and Family Therapists	6	1	Yes
State Committee of Psychologists	8	2	Yes
Totals, Regulatory Boards	200	56	

Vacancies result in boards that contain fewer members than authorized or required by state law. Although the day-to-day operation of boards is overseen by the Division Director and each board's executive director, multiple vacancies resulting in the lack of a quorum prevent impacted boards from conducting business.

Term limits

The division should improve monitoring procedures to ensure members do not serve longer than allowed by state law. While state laws and regulations generally allow board members to continue to serve until reappointed or a replacement is named, some boards have limits on the total length of service or the number of terms. For example, a member of the State Committee for Social Workers whose term expired in 2005 has served more than 11 years, while state law limits these committee members to no more than 10 years of service.[1]

In addition, of 188 active board members, 118 (63 percent) were serving beyond their expiration date as of June 30, 2013, with 30 members serving more than 5 years beyond their term expiration date.

Board members who serve significant years beyond their term expirations could result in members serving beyond the maximum time allowed by state laws and regulations.

Recommendation

The Division of Professional Registration work with the Governor's office and boards with appointing authority to fill board vacancies timely.

Auditee's Response

The Division of Professional Registration will continue to work toward the appointment of superior candidates that meet the specific statutory qualifications who are willing to expend the time needed to prepare for and attend board meetings. The Division commends the hundreds of dedicated professionals serving on the boards, including the 128 individuals appointed or reappointed since 2009.

[1] Report No. 2013-148, *Department of Insurance, Financial Institutions, and Professional Registration, Division of Professional Registration, State Committee for Social Workers*, issued in December 2013.

The Division of Professional Registration was established by the Omnibus State Reorganization Act of 1974. By Executive Order 06-04, the division moved from the Department of Economic Development to the reorganized Department of Insurance, Financial Institutions and Professional Registration on August 28, 2006.

The division provides administrative support to 20 administrative and 20 non-administrative professional licensing boards and offices responsible for licensing and regulating the activities of approximately 430,000 Missourians. The members of the boards are generally appointed by the Governor with the advice and consent of the Senate.

The division's administrative section establishes a system of accounting and budgeting and provides various clerical services to the various boards and offices. The division director assigns an executive director for each of the administrative boards and offices and provides staff needed for clerical and other staff services relating to the issuance and renewal of licenses. The non-administrative boards hire an executive director to oversee the day-to-day operations and hire staff to provide clerical and other staff services relating to the issuance and renewal of licenses. Some non-administrative boards utilize centralized services, including investigation services, provided by the administrative section.

The division is responsible for the administration and staffing of the following administrative boards and offices:

Behavior Analyst Advisory Board
Board of Private Investigator and Private Fire Investigator Examiners
Board of Therapeutic Massage
Committee for Professional Counselors
Interior Design Council
Missouri Acupuncturists Advisory Committee
Missouri Board for Respiratory Care
Missouri Board of Examiners for Hearing Instrument Specialists
Missouri Board of Geologist Registration
Missouri Board of Occupational Therapy
Missouri Office of Athlete Agents **
Missouri Real Estate Appraisers Commission
Missouri State Committee of Interpreters
Office of Athletics **
Office of Endowed Care Cemeteries (Endowed Care Cemetery Advisory Committee)
Office of Tattooing, Body Piercing and Branding **
State Committee for Social Workers
State Committee of Dietitians
State Committee of Marital and Family Therapists
State Committee of Psychologists

Non-administrative boards include the following:

Advisory Commission for Anesthesiologist Assistants
Advisory Commission for Clinical Perfusionists
Advisory Commission for Dental Hygienists
Advisory Commission for Physician Assistants
Advisory Commission for Professional Physical Therapists
Advisory Commission for Speech Language Pathologists and Audiologists
Board of Cosmetology and Barber Examiners
Missouri Athletic Trainer Advisory Committee
Missouri Board for Architects, Professional Engineers, Professional Land Surveyors and Landscape Architects *
Missouri Board of Pharmacy *
Missouri Dental Board *
Missouri Real Estate Commission *
Missouri State Board of Accountancy *
Missouri State Board of Chiropractic Examiners
Missouri State Board of Nursing *
Missouri Veterinary Medical Board
State Board of Embalmers and Funeral Directors
State Board of Optometry
State Board of Podiatric Medicine

State Board of Registration for the Healing Arts *

* Board has its own personal service appropriations
** Offices not served by a board

The division is headed by a director who is appointed by the Governor with the advice and consent of the Senate. Jane A. Rackers serves as Director of the Division of Professional Registration. At June 30, 2013, the division and the non-administrative boards had 222 employees.

Appendix A

Department of Insurance, Financial Institutions, and Professional Registration (DIFP)
Division of Professional Registration - Administration
Professional Registration Fees Fund
Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments

	Year Ended June 30,	
	2013	2012
RECEIPTS		
Operating transfers from boards	$ 6,391,993	6,119,964
Miscellaneous	3,508	5,841
Total Receipts	6,395,501	6,125,805
DISBURSEMENTS		
Salaries and wages	3,321,691	3,279,188
Employee fringe benefits	1,492,216	1,474,925
Expense and equipment	1,365,750	1,291,041
Startup loan payback	0	5,000
Transfer to DIFP Administrative Fund (1)	167,459	159,333
Total Disbursements	6,347,116	6,209,487
RECEIPTS OVER (UNDER) DISBURSEMENTS	48,385	(83,682)
CASH AND INVESTMENTS, JULY 1	273,658	357,340
CASH AND INVESTMENTS, JUNE 30	$ 322,043	273,658

(1) For departmental operating costs charged to the division.

Appendix B

Department of Insurance, Financial Institutions, and Professional Registration (DIFP)
Division of Professional Registration - Administration
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2013			2012		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
PROFESSIONAL REGISTRATION FEES FUND						
Professional Registration Administration -						
Personal Service	$ 3,351,663	3,059,702	291,961	3,334,640	3,031,751	302,889
Expense and Equipment	1,037,686	611,649	426,037	1,056,552	639,316	417,236
Examination and other fees	252,000	208,963	43,037	88,000	86,883	1,117
Refunds	125,000	83,068	41,932	50,500	48,437	2,063
DIFP leases	12,515	8,209	4,306	9,606	7,151	2,455
DIFP state owned leases	201,265	200,626	639	197,267	194,223	3,044
Total Professional Registration Fees Fund	$ 4,980,129	4,172,217	807,912	4,736,565	4,007,761	728,804

Appendix C

Department of Insurance, Financial Institutions, and Professional Registration (DIFP)
Division of Professional Registration - Administration
Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2013	2012	2011	2010	2009
Salaries and wages	$ 3,059,702	3,031,750	2,912,009	2,885,972	2,865,272
Travel, in-state	62,674	70,953	73,004	77,637	87,403
Travel, out-of-state	25,272	20,397	8,298	32,747	54,879
Fuel and utilities	881	698	490	0	0
Supplies	127,923	104,618	127,054	106,884	134,059
Professional development	196,089	68,972	116,871	48,474	121,756
Communication service and supplies	50,926	52,721	41,310	48,722	48,381
Professional services	265,674	309,012	310,651	299,838	299,967
Housekeeping and janitorial services	48	44	50	54	0
Maintenance and repair services	17,582	15,738	23,200	27,840	18,553
Motorized equipment	50,984	18,769	0	0	31,558
Office equipment	1,985	9,532	45,107	15,519	17,000
Other equipment	0	31,675	234	249	10,974
Property and improvements	0	0	0	0	2,549
Building lease payments	217,416	211,079	217,647	214,138	216,562
Equipment rental and leases	2,234	1,741	2,104	2,240	2,288
Miscellaneous expenses	9,759	11,625	22,417	18,231	28,367
Refunds	83,068	48,437	44,514	40,304	57,495
Total Expenditures	$ 4,172,217	4,007,761	3,944,960	3,818,849	3,997,063

Appendix D

Department of Insurance, Financial Institutions, and Professional Registration (DIFP)
Division of Professional Administration - Administration
Statement of Changes in General Capital Assets

	Buildings	Furniture and Equipment	Motor Vehicles	Total General Capital Assets
Balance, July 1, 2011	$ 2,300,000	967,310	235,264	3,502,574
Additions	0	32,199	18,769	50,968
Dispositions	0	(21,936)	(24,398)	(46,334)
Balance, June 30, 2012	2,300,000	977,573	229,635	3,507,208
Additions	0	73	54,240	54,313
Dispositions	0	(70,898)	(33,876)	(104,774)
Balance, June 30, 2013	$ 2,300,000	906,748	249,999	3,456,747

THOMAS A. SCHWEICH
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the state's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain entities that comprise the state of Missouri. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors. Those entities were:

1. The Missouri Road Fund, a major fund; the Missouri Road Bond Fund; the Conservation Employees' Insurance Plan; the Transportation Self-Insurance Plan; the Missouri State Employees' Insurance Plan; the Missouri Consolidated Health Care Plan; and the Missouri Department of Transportation and Missouri State

Highway Patrol Medical and Life Insurance Plan, which represent 79 percent and 12 percent of the assets and revenues, respectively, of the governmental activities.

2. The State Lottery and the Petroleum Storage Tank Insurance Fund, which are both major funds and represent 34 percent and 54 percent of the assets and revenues, respectively, of the business-type activities.

3. The aggregate discretely presented component units.

4. The pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represent 94 percent and 99 percent of the assets and additions, respectively, of the fiduciary funds.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Conservation Employees' Insurance Plan, the Missouri State Employees' Insurance Plan, and the Missouri Consolidated Health Care Plan, internal service funds; the Missouri Development Finance Board and the Missouri Agricultural and Small Business Development Authority, discretely presented component units; and the pension (and other employee benefit) trust funds were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions on the governmental activities and General Fund opinion units and our unmodified opinions on all remaining opinion units.

Basis for Qualified Opinions on the Governmental Activities and General Fund

We were not allowed access to tax returns and related source documents for income taxes. Access was denied based on the Director of Revenue's interpretation of the decision rendered by the Missouri Supreme Court in the case of *Director of Revenue v. State Auditor 511 S.W.2d 779 (Mo. 1974).* Approximately 27 percent of governmental activity revenues and 32

percent of General Fund revenues are from this source. We were unable to satisfy ourselves by appropriate audit procedures as to the income tax revenue beyond the amounts recorded.

Qualified Opinions

In our opinion, based on our audit and the reports of other auditors, and except for the possible effects of the matter described in the "Basis for Qualified Opinions on the Governmental Activities and General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the state of Missouri, as of June 30, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund excluding the General Fund, and the aggregate remaining fund information of the state of Missouri, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, for the fiscal year ending June 30, 2014, the state of Missouri implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities,* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. In addition, the University of Missouri, a discretely presented component unit, early implemented Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Statement No. 68 is not required to be implemented until fiscal year 2015. Our opinions are not modified with respect to this matter.

As discussed in Note 17 to the financial statements, the 2013 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1-13 and the Budgetary Comparison Schedule-General Fund, Major Special Revenue Funds on pages 104-105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial

statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state of Missouri's basic financial statements. The supplementary information, as listed in the table of contents, and the other information, which consists of the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

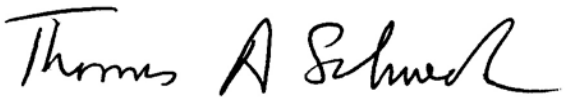
The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, and except for the possible effects on the supplementary information of the matter discussed in the "Basis for Qualified Opinions on the Governmental Activities and General Fund" paragraph, the supplementary information, as listed in the table of contents, is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The information in the introductory and statistical sections has not been subjected to the audit procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, our report dated January 12, 2015, on our consideration of the state of Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters is issued under separate cover in the Single Audit Report. The purpose of our report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal

control over financial reporting or on compliance. Our report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the state of Missouri's internal control over financial reporting and compliance.



Thomas A. Schweich
State Auditor

January 12, 2015

Thomas A. Schweich

Missouri State Auditor

Poplar Bluff Conference Center Transportation Development District

January 2014

Report No. 2014-005

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Poplar Bluff Conference Center Transportation Development District

Background	The Poplar Bluff Conference Center Transportation Development District (TDD) was created in 2004 and is located in the City of Poplar Bluff. The qualified voters of the TDD, in this case the property owner, approved a 1-cent sales tax on all taxable transactions within the TDD. The TDD was formed for the purpose of constructing a parking lot adjacent to the new hotel and conference center, along with necessary landscaping, irrigation, and lighting for the proposed project. The project was completed in November 2004, and the city accepted dedication of the project in December 2004. The Poplar Bluff Regional TDD is in the process of absorbing the Poplar Bluff Conference Center TDD. On October 23, 2012, the TDD Board of Directors approved resolutions formalizing its intent to dissolve the TDD and notified the State Auditor's office in June 2013.
Statutory Requirement	Section 238.275, RSMo, requires the State Auditor to determine the financial status of a TDD before it may be abolished. The law prohibits the abolition of a TDD while there are outstanding claims or causes of action pending against it, if its liabilities exceed its assets or while the TDD is insolvent, in receivership or under the jurisdiction of a bankruptcy court.
Financial Status	The cash balance of the Poplar Bluff Conference Center TDD at September 30, 2013, was $146, which it subsequently remitted to the Poplar Bluff Regional TDD, and there were no other costs or obligations due from the Poplar Bluff Conference Center TDD. Based upon our audit, the Board of Directors may proceed with the abolishment of the district in accordance with Section 238.275, RSMo.

Because of the limited objective of this audit, no overall rating is provided.

Poplar Bluff Conference Center
Transportation Development District
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THOMAS A. SCHWEICH
Missouri State Auditor

Ken McVey, Chairman
and
Board of Directors
Poplar Bluff Conference Center Transportation Development District
Poplar Bluff, Missouri

The State Auditor is required under Section 238.275, RSMo, to audit a transportation development district prior to the question of abolishment being submitted to a vote. On October 23, 2012, the Board of Directors of the Poplar Bluff Conference Center Transportation Development District approved a resolution of its intent to dissolve the district and request an audit as required by statute. The State Auditor was subsequently notified of this resolution.

The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012, and the period from January 1 through September 30, 2013. The objectives of our audit were to evaluate the financial status of the district and determine whether it may be abolished pursuant to law.

Our methodology included reviewing minutes of meetings, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The audit determined the district's Board of Directors may proceed with abolishment of the district in accordance with Section 238.275, RSMo.

The accompanying Management Advisory Report presents our findings arising from our audit of the Poplar Bluff Conference Center Transportation Development District.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Wayne Kauffman, MBA

Poplar Bluff Conference Center
Transportation Development District
Management Advisory Report - State Auditor's Findings

Financial Status

Our audit of the Poplar Bluff Conference Center Transportation Development District (TDD) indicates the financial condition of the district is such that it may be abolished.

The Poplar Bluff Conference Center TDD is located in the City of Poplar Bluff. The district was organized in April 2004 by petition of the property owner within the proposed TDD. The members of the Board of Directors are representatives of the property owner. The district has a fiscal year end of December 31 and did not obtain independent audits.

In May 2004, the qualified voters of the Poplar Bluff Conference Center TDD, in this case the property owner, approved the imposition of a 1-cent (1 percent) sales tax on all taxable transactions within the boundaries of the district. The Board of Directors subsequently passed a resolution formally establishing that sales tax rate to be effective June 1, 2004, for 40 years unless terminated sooner. The retail establishments within the district collected and remitted the sales tax to the Missouri Department of Revenue (DOR). In turn, the DOR distributed the sales tax monies to the district.

The Poplar Bluff Conference Center TDD was formed for the purpose of constructing a parking lot adjacent to the new hotel and conference center, along with necessary landscaping, irrigation, and lighting for the proposed project. The City of Poplar Bluff is the public entity with jurisdiction over the project and serves as the Local Transportation Authority. The project was completed in November 2004 and the city accepted dedication of the project in December 2004.

The Poplar Bluff Conference Center TDD entered into a promissory note for approximately $800,000 in June 2005 to reimburse the developer for the project costs. The developer was listed as a guarantor on the note. In May 2012, the Cripple Creek TDD and the City of Poplar Bluff jointly filed a petition to create the Poplar Bluff Regional TDD, which includes the entire area encompassed by the Poplar Bluff Conference Center TDD. The Poplar Bluff Regional TDD was formed for the purpose of paying the cost of financing or refinancing certain transportation-related improvements, including the refinancing of the outstanding debt obligations of the Poplar Bluff Conference Center TDD and Cripple Creek TDD. In December 2012, the Poplar Bluff Regional TDD issued revenue bonds and is in the process of absorbing the Poplar Bluff Conference Center TDD.

The creation of the Poplar Bluff Regional TDD served to effectively consolidate the activities and the debt of the Poplar Bluff Conference Center TDD and the Cripple Creek TDD, as well as add other projects.

On October 23, 2012, the Poplar Bluff Conference Center TDD Board approved resolutions formalizing its intent to dissolve the district and repealing its sales tax effective upon the satisfaction of the district's loan and

the implementation of the Poplar Bluff Regional TDD sales tax. The Poplar Bluff Regional TDD began collecting its sales tax in January 2013. In June 2013, the Poplar Bluff Conference Center TDD's legal counsel advised the State Auditor's office (SAO) of the Board's intent to dissolve and requested the SAO proceed with all necessary actions as required pursuant to Section 238.275, RSMo.

The SAO has performed an audit of the Poplar Bluff Conference Center TDD as required by Section 238.275, RSMo. That statute requires the State Auditor to audit the district to determine its financial status, and determine whether it may be abolished pursuant to law. That law also states the board shall not propose the question to abolish the district while there are outstanding claims or causes of action pending against it, if its liabilities exceed its assets, or while the district is insolvent, in receivership, or under the jurisdiction of a bankruptcy court.

The following table presents the financial activity and cash balances of the Poplar Bluff Conference Center TDD for the year ended December 31, 2012, and the period from January 1 through September 30, 2013.

		Period January 1, 2013 to September 30, 2013	Year Ended December 31, 2012
RECEIPTS			
Sales taxes	$	2,327	29,304
Contributions from property owner		0	18,916
Total Receipts		2,327	48,220
DISBURSEMENTS			
Debt service		2,321	53,361
Bank fees		54	48
Total Disbursements		2,375	53,409
RECEIPTS OVER (UNDER) DISBURSEMENTS		(48)	(5,189)
BEGINNING CASH		194	5,383
ENDING CASH	$	146	194

Based on our audit, the cash balance of the Poplar Bluff Conference Center TDD at September 30, 2013, is $146. The district's legal counsel has indicated legal costs associated with abolishing the district are being paid by the Poplar Bluff Regional TDD and no other costs or obligations are due from the Poplar Bluff Conference Center TDD. The Poplar Bluff Conference Center TDD closed its checking account on October 22, 2013, and remitted the $146 to the Poplar Bluff Regional TDD.

Based on our audit, the Board of Directors may proceed with the abolishment of the district in accordance with Section 238.275, RSMo.

Thomas A. Schweich

Missouri State Auditor

Compilation of 2012 Federal Forfeiture Reports

January 2014

Report No. 2014-006

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Compilation of 2012 Federal Forfeiture Reports

Background

Section 513.653.1, RSMo, requires law enforcement agencies involved in using the federal forfeiture system under federal law to file a report regarding federal seizures and the proceeds received therefrom with the Department of Public Safety (DPS) and the State Auditor's office (SAO). State law forbids the DPS from issuing funds to any law enforcement agency that fails to abide by these provisions. Intentional or knowing failure to comply with any reporting requirement is a Class A misdemeanor punishable by a fine of up to $1,000.

Reporting

For the year ended 2012, the DPS identified 613 law enforcement agencies that may need to submit reports. Of these agencies, 411 did not file a federal forfeiture report and conclusions regarding reporting compliance and whether these agencies participated in the federal forfeiture system cannot be made. Of the 202 agencies reporting, 14 failed to report to the SAO and only reported to the DPS, while 3 failed to report to the DPS and only reported to the SAO. The SAO received 28 of the reports after the January 31, 2013, deadline.

Because of the compound nature of this report, no overall rating is provided.

Compilation of 2012 Federal Forfeiture Reports
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
Jefferson City, Missouri

Section 513.653.1, RSMo, requires law enforcement agencies involved in using the federal forfeiture system under federal law to file a report regarding federal seizures and the proceeds therefrom to the Department of Public Safety and the State Auditor's office. We have compiled the information presented in the 2012 Equitable Sharing Proceeds from Federal Forfeitures reports filed by law enforcement agencies. The compilation is limited to presenting information that is submitted. We have not audited the reports submitted and, accordingly, do not express an opinion or any other form of assurance on them. The primary objectives of this compilation were to:

1. Identify those law enforcement agencies that submitted federal forfeiture reports to the State Auditor's office.

2. Summarize the federal seizure information reported.

The Department of Public Safety provided the State Auditor's office with a list of 613 law enforcement agencies. This list may or may not represent a complete list of all law enforcement agencies. Section 513.653.1, RSMo, requires law enforcement agencies to file federal forfeiture reports by January 31 for the previous calendar year with both the Department of Public Safety and the State Auditor's office. Of 202 reports received, 174 were submitted by the January 31, 2013, deadline. Some reports were incorrectly filed with only the Department of Public Safety or the State Auditor. Conclusions regarding compliance cannot be made regarding the 411 law enforcement agencies that did not report, but results suggest the majority of law enforcement agencies did not use the federal forfeiture system during 2012.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
In-Charge Auditor:	Becky Webb, CPA, CFE
Audit Staff:	Dana Wansing, MPA

Compilation of 2012 Federal Forfeiture Reports
Executive Summary

Law Enforcement Agencies Required to Submit a Federal Forfeiture Report to the State Auditor's office

Section 513.653.1, RSMo, requires law enforcement agencies involved in using the federal forfeiture system under federal law to annually file a report regarding federal seizures and the proceeds received therefrom with the Department of Public Safety (DPS) and the State Auditor's office (SAO). The DPS shall not issue funds to any law enforcement agency that fails to comply with the provisions in this section. See Appendix A for a copy of Section 513.653, RSMo.

The DPS utilized the Missouri Sheriffs' Association and the Missouri Police Chiefs Association to notify law enforcement agencies of the requirement to submit reports if the law enforcement agencies participated in the federal forfeiture system. The notification also included the federal forfeiture report form developed by the DPS. See Appendix B for a copy of this form. In an effort to ensure all law enforcement agencies were notified of the reporting requirement, the DPS also sent the notification and report form to Justice Assistance Grants Drug Task Forces, Deputy Sheriff Salary Supplementation Fund recipients, and Local Law Enforcement Block Grant recipients. The DPS provided the SAO with a list of 613 law enforcement agencies the DPS compiled using information from the Missouri State Highway Patrol and federal forfeiture forms received. This list may or may not represent a complete list of all law enforcement agencies.

The following table summarizes reports submitted for 2012.

Reporting Status	Number	Percentage
Agencies reporting participation by providing activity (Appendix C)	120	19.58 %
Agencies reporting only beginning and/or ending balance, no activity (Appendix D)	8	1.30
Agencies reporting no participation (Appendix E)	74	12.07
Number of agencies reporting	202	32.95
Number of agencies that did not report	411	67.05
Total Possible Reports	613	100.00 %

The majority of law enforcement agencies on the list did not respond and were not required to respond if they did not participate in the federal forfeiture system. The other 202 agencies mailed or faxed a report indicating their agency either did not participate in the federal forfeiture system or did participate and provided applicable reporting data. Of these 202 agencies, 14 failed to report to the SAO and reported only to the DPS, while 3 failed to report to the DPS and reported only to the SAO.

Section 513.653.1, RSMo, requires reports to be filed annually by January 31 for the previous calendar year. We received 28 reports after the reporting deadline.

Eighteen law enforcement agencies indicated they participated in the federal forfeiture system, but were late submitting the required report to the SAO.

Law Enforcement Agency
Bollinger County Sheriff's Office
Buckner Police Department
Cass County Sheriff's Office
Christian County Sheriff's Office
Ferguson Police Department
Fulton Police Department
Hazelwood Police Department
Jackson County Sheriff's Office
Joplin Police Department
Kansas City International Airport Police Department
Laurie Police Department
Lincoln County Sheriff's Office
Maryland Heights Police Department
Normandy Police Department
Overland Police Department
St. Ann Police Department
St. Charles Police Department
St. Peters Police Department

Two additional law enforcement agencies also reported late but reported only beginning and ending balances.

Law Enforcement Agency
Grain Valley Police Department
St. Robert Police Department

Eight additional law enforcement agencies also reported late, but their reports indicate no participation in the federal forfeiture system.

Law Enforcement Agency
Dade County Sheriff's Office
Hawk Point Police Department
Jasper Police Department
Lamar Police Department
Louisiana Police Department
Maries County Sheriff's Office
Sedalia Police Department
Shelby County Sheriff's Office

Law Enforcement Agencies Not Reporting

In addition, 411 law enforcement agencies did not file a federal forfeiture report. Conclusions regarding compliance cannot be made for these law enforcement agencies. This compilation work is not an audit and as such, no verification was performed as to whether these agencies did or did not participate in the federal forfeiture system. Section 513.653.2, RSMo, states intentional or knowing failure to comply with any reporting requirement shall be a class A misdemeanor punishable by a fine of up to $1,000.

Missouri Revised Statutes

Chapter 513
Executions and Exemptions
Section *513.653*

Law enforcement agencies using federal forfeiture system, report of federal seizure proceeds--violation, penalty.

513.653. 1. Law enforcement agencies involved in using the federal forfeiture system under federal law shall file a report regarding federal seizures and the proceeds therefrom. Such report shall be filed annually by January thirty-first for the previous calendar year with the department of public safety and the state auditor's office. The report for the calendar year shall include the type and value of items seized and turned over to the federal forfeiture system, the beginning balance as of January first of federal forfeiture funds or assets previously received and not expended or used, the proceeds received from the federal government (the equitable sharing amount), the expenditures resulting from the proceeds received, and the ending balance as of December thirty-first of federal forfeiture funds or assets on hand. The department of public safety shall not issue funds to any law enforcement agency that fails to comply with the provisions of this section.

2. Intentional or knowing failure to comply with the reporting requirement contained in this section shall be a class A misdemeanor, punishable by a fine of up to one thousand dollars.

(L. 1993 H.B. 562 § 7, A.L. 2001 S.B. 5 & 21, A.L. 2003 S.B. 5, A.L. 2012 S.B. 628)

Law Enforcement Report:
Equitable Sharing Proceeds from Federal Forfeitures

Calendar Year: 2012

Under Section 513.653.1, RSMo 2012, each agency involved in using the federal forfeiture system is required to file a report regarding federal seizures and the proceeds therefrom. Your agency is required to complete and file this report with the Department of Public Safety and the State Auditor's Office ***no later than January 31st*** *of the year following the Calendar Year identified above. Completed reports may be mailed or faxed to the following:*

MO Department of Public Safety
Attn: CJ/LE Section
PO Box 749
301 W. High Street, Room 870
Jefferson City, MO 65102
Fax: (573) 522-1908

State Auditor of Missouri
Attn: Webb
PO Box 869
301 W. High Street, Room 880
Jefferson City, MO 65102
Fax: (573) 751-7984

Under Section 513.653.1, the Department of Public Safety shall not issue funds to any law enforcement agency that fails to comply with the reporting requirements of this section.

Under Section 513.653.2, the intentional or knowing failure of a law enforcement agency involved in using the federal forfeiture system under federal law to comply with the reporting requirement contained in this section shall be a Class A misdemeanor, punishable by a fine of up to one thousand dollars.

Contact Information

Agency Name: _____

Mailing Address: _____

City: _____ **State:** MO **Zip:** _____

Finance Contact: **First Name:** _____ **Last Name:** _____

Phone: _____ **E-Mail:** _____

Preparer: **First Name:** _____ **Last Name:** _____

Phone: _____ **E-Mail:** _____

Report

1. **Did your agency participate in the federal forfeiture system, during the reporting period?** (check all that apply)

   ☐ Submitted a request for forfeited assets (TD F 92-22.46 or Form DAG-71)
   ☐ Received federal sharing funds (cash)
   ☐ Received federal sharing assets (non-cash)
   ☐ None of the above

2. **Please list, by category, the type and value of the item(s) seized and turned over to the federal forfeiture system, during the reporting period.**

NOTE: The items listed shall be a result of a turnover order or seizure warrant and shall be items seized and turned over to the federal forfeiture system by the local law enforcement agency. Items seized by a federal officer shall not be included. In addition, items which have been seized and retained, seized but returned, and/or seized and considered a state seizure shall not be included.

	Type:	**Value:**
A	Cash	
B	Computers/Electronics	
C	Drugs/Alcohol	
D	Jewelry	
E	Land/Real Estate	
F	Vehicles/Boats/Trailers	
G	Weapons	
H	Other	
	TOTAL =	**$0.00**

3. Please list your agency's equitable sharing fund balance (cash and assets), as of January 1:

_____

4. Please list your agency's equitable sharing activity, during the reporting period:

	Category:	**Amount:**
A	Federal sharing funds received	
B	Federal sharing funds received from other law enforcement agencies	
C	Non-cash assets received	
D	Other income (e.g. proceeds from sale of non-cash assets)	
E	Interest income accrued (from interest-bearing account)	
	TOTAL =	**$0.00**

5. Please list, by category, your agency's expenditures during the reporting period:

	Category:	**Amount:**
A	Salaries	
B	Overtime	
C	Informants, "buy money", and rewards	
D	Travel and training	
E	Communications and computers	
F	Weapons and protective gear	
G	Electronic surveillance equipment	
H	Buildings and improvements	
I	Transfers to other state and local law enforcement agencies	

J	Other law enforcement expenses	
K	Community-based programs	
L	Windfall transfers	
M	Matching grants	
	TOTAL =	**$0.00**

6. Please list your agency's equitable sharing fund balance (cash and assets), as of December 31:

_____

Certification:

On behalf of the (insert agency name), I certify that the above information is complete and accurate.

_____
Printed Name, Title

_____ _____
Signature Date

_____
Name of Department or Agency

Appendix C
Compilation of 2012 Federal Forfeiture Reports
Law Enforcement Agencies Reporting 2012 Federal Forfeiture Participation and/or Activity

		Level of Participation by Agency Indicated on Federal Forfeiture Report*				Total Value of Items Seized and Turned Over to the Federal Forfeiture System*	Agency's Equitable Sharing Fund Balance and Activity*				
	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above		Beginning Balance 01-01-12	Receipts	Expenditures	Ending Balance 12-31-12	
1	Arnold Police Department				X	$	28,329	13	10,637	17,705	
2	Audrain County Sheriff's Office	X					31,559	6	4,542	27,023	
3	Ballwin Police Department		X				143,092	21,765	30,810	134,047	
4	Barton County Sheriff's Office				X		10,890		3,779	7,111	
5	Bellefontaine Neighbors Police Department		X			21,546	23,574	21,546	35,412	9,708	
6	Belton Police Department		X				167,928	54,985	38,878	184,035	
7	Blue Springs Police Department				X		6,592		6,592		
8	Board of Police Commissioners Kansas City, MO	X	X			222,146	7,506,786	685,843	1,588,242	7,903,880	**
9	Bolivar Police Department	X				34,922	3,791			3,791	
10	Bollinger County Sheriff's Office		X			4,459		4,459	3,720	739	
11	Boone County Sheriff's Office	X	X				70,443	9,624	19,605	62,673	**
12	Brentwood Police Department		X				44,982	36,908	30,806	51,084	
13	Bridgeton Police Department	X	X				439,145	41,216	151,271	329,090	
14	Brookfield Police Department				X		3,331	17	1,347	2,001	
15	Buchanan County Sheriff's Office/Buchanan County Drug Strike Force		X				30,020	3,462	17,752	15,730	
16	Buckner Police Department	X	X				0	2,450	1,534	916	
17	Butler County Sheriff's Office				X		3,902		1,606	2,296	
18	Callaway County Sheriff's Office		X			16,461	3,623	8,243		11,866	
19	Cameron Police Department		X				5,633	27,129	32,422	340	
20	Cape Girardeau Police Department				X		77,956	1,690	53,016	26,630	
21	Cass County Sheriff's Office				X		5,961	9	5,070	891	**
22	Chesterfield Police Department		X				81,743	47,903	47,832	81,814	
23	Christian County Sheriff's Office	X	X				135,534	327,261	423,104	39,691	
24	Clay County Sheriff's Office	X									
25	Clayton Police Department	X	X				172,443	17,315	65,525	124,233	
26	Clinton Police Department		X				5,950	8,401	7,005	13,849	**
27	Cole County Sheriff's Office	X				43,985	4,512		1,070	3,442	
28	Columbia Police Department	X	X			67,360	71,704	112,974	31,870	152,808	
29	Combined Ozarks Multijurisdictional Enforcement Team (COMET)	X	X				277,476	333,752	192,398	431,227	**
30	Crawford County Sheriff's Office	X	X			6,799	0	6,799	6,968		**
31	Creve Coeur Police Department				X	0	11,673	10,133	1,547	9,449	**

Appendix C
Compilation of 2012 Federal Forfeiture Reports
Law Enforcement Agencies Reporting 2012 Federal Forfeiture Participation and/or Activity

		Level of Participation by Agency Indicated on Federal Forfeiture Report*				Total Value of Items Seized and Turned Over to the Federal Forfeiture System*	Agency's Equitable Sharing Fund Balance and Activity*				
	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above		Beginning Balance 01-01-12	Receipts	Expenditures	Ending Balance 12-31-12	
32	Crystal City Police Department				X	0	134	1		135	
33	Eureka Police Department	X					8,118	21	2,721	5,418	
34	Excelsior Springs Police Department	X	X			1,445,470	56,565	74,067	41,117	89,515	
35	Ferguson Police Department		X				81,636	31,134	35,406	77,364	
36	Festus Police Department	X	X	X			2,653	23,923	3,899	22,677	
37	Florissant Police Department	X	X	X			210,098	83,540	186,278	107,360	
38	Franklin County Narcotics Enforcement Unit	X	X				23,516	39,103	57,605	5,014	
39	Fulton Police Department				X		41,874	50		41,924	
40	Grandview Police Department	X	X				8,785	6,536	10	15,311	
41	Greene County Sheriff's Office	X	X				205,238	329,761	338,167	227,657	**
42	Grundy County Sheriff's Office		X				77,173	122,468	28,946	170,695	
43	Hayti Police Department	X				1,453,516					
44	Hazelwood Police Department	X	X	X			70,506	107,472	160,441	347	**
45	Henry County Sheriff's Office	X		X			5,000	5,000		5,000	**
46	Hickory County Sheriff's Office		X				13,822	1,592	644	14,951	**
47	Howell County Sheriff's Office		X				8,050	17,938	5,294	20,694	
48	Independence Police Department		X				397,646	205,617	357,653	245,610	
49	Jackson County Drug Task Force	X	X				200,458	8,567	19,303	189,722	
50	Jackson County Sheriff's Office	X	X				1,012,651	97,184	77,052		**
51	Jasper County Drug Task Force	X	X			5,411	2,154	5,412	4,346	1,066	**
52	Jefferson City Police Department	X	X			46,409	71,960	11,750		83,710	
53	Jefferson County Municipal Enforcement Group		X				68			68	
54	Jefferson County Sheriff's Office		X			39,346	82,953	39,411	36,686	85,678	
55	Johnson County Sheriff's Office				X		18,197	72	4,368	13,901	
56	Joplin Police Department				X		45,377	58	4,585	40,850	
57	Kansas City International Airport Police Department	X	X				56,494	88,207	12,469	132,232	
58	Kirkwood Police Department	X	X					91,952	113,866	273,649	**
59	Lafayette County Sheriff's Office				X		22,319		9,142	13,177	
60	Lake Area Narcotics Enforcement Group (LANEG)		X				69,740	22,702	43,390	49,052	
61	Lake St. Louis Police Department		X				4,894	7,102	4,348	7,648	
62	Lambert - St. Louis International Airport Police Department	X	X				2,381,422	65,058	197,146	2,249,334	

Appendix C
Compilation of 2012 Federal Forfeiture Reports
Law Enforcement Agencies Reporting 2012 Federal Forfeiture Participation and/or Activity

		Level of Participation by Agency Indicated on Federal Forfeiture Report*				Total Value of Items Seized and Turned Over to the Federal Forfeiture System*	Agency's Equitable Sharing Fund Balance and Activity*				
	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above		Beginning Balance 01-01-12	Receipts	Expenditures	Ending Balance 12-31-12	
63	Laurie Police Department				X				2,263		**
64	Lebanon Police Department	X									
65	Lee's Summit Police Department		X				105,017	50,614		155,631	
66	Lincoln County Sheriff's Office	X					15,920	548	4,999	11,469	
67	Manchester Police Department		X				44,154	33,065	37,834	39,385	
68	Maplewood Police Department	X	X				340,429	187,744	279,766	248,407	
69	Maryland Heights Police Department	X	X				216,755	253,537	67,943	246,549	**
70	Mid-Missouri Multi-Jurisdictional Drug Task Force	X	X					3,681	3,681		
71	Mineral Area Drug Task Force (MADTF)				X		7,000			6,000	**
72	Missouri State Highway Patrol	X	X	X		285,028	3,074,388	1,587,903	1,656,373	3,005,918	
73	Montgomery County Sheriff's Office				X		3,727	4	3,731		
74	Morgan County Sheriff's Office	X	X				0	24,175	0	24,175	
75	Municipal Enforcement Group Against Drug Abuse (MEGADA)				X		352,499	369	34,600	318,268	
76	Mustang Drug Task Force	X	X			21,389	298,245	55,307	43,544	310,185	**
77	Newton County Sheriff's Office	X	X				17,064	973		18,037	
78	Normandy Police Department				X		17,356	6	6,054	11,600	**
79	Northeast Missouri (NEMO) Narcotics Task Force	X	X					1,096		1,096	
80	North Missouri (NOMO) Drug Task Force				X		13,642	20		13,662	
81	O'Fallon Police Department		X				204,589	94,484	102,158	196,416	**
82	Overland Police Department		X				112,766	38,341	182,071	132,856	**
83	Ozark Police Department		X				225,981	345,334	159,017	412,298	
84	Park Hills Police Department		X				363,390	197,028	79,386	481,032	
85	Pemiscot County Sheriff's Office	X					82,087		29,910	52,177	
86	Perry County Sheriff's Office	X									
87	Pettis County Sheriff's Office				X		17,839		230	17,609	
88	Phelps County Prosecuting Attorney's Office	X	X			2,034,043	322,871	216,624	184,727	354,768	
89	Phelps County Sheriff's Office	X	X			2,700,696	756,927	996,576	471,280	1,963,352	**
90	Platte County Sheriff's Office	X				10,880	161,732	19,781	48,760	132,753	
91	Poplar Bluff Police Department		X				31,098	4,121	2,321	32,898	
92	Pulaski County Sheriff's Office								50	332	**
93	Raytown Police Department		X					51,219	47,711	3,508	

Appendix C
Compilation of 2012 Federal Forfeiture Reports
Law Enforcement Agencies Reporting 2012 Federal Forfeiture Participation and/or Activity

		Level of Participation by Agency Indicated on Federal Forfeiture Report*				Total Value of Items Seized and Turned Over to the Federal Forfeiture System*	Agency's Equitable Sharing Fund Balance and Activity*				
	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above		Beginning Balance 01-01-12	Receipts	Expenditures	Ending Balance 12-31-12	
94	Reynolds County Sheriff's Office		X			1,950				1,481	**
95	Richmond Heights Police Department						117,673	38,282	26,554	129,401	
96	Rock Hill Police Department		X				7,966	12,691	9,437	11,220	
97	Rolla Police Department	X	X	X		61,827	103,042	203,709	207,897	25,822	**
98	Scotland County Sheriff's Office				X		2,408	36			**
99	Sikeston Department of Public Safety	X	X			235,341	16,013	59,286	53,294	22,005	
100	South Central Drug Task Force	X	X			181,271	607,282	545,901	338,404	817,314	**
101	Southeast Missouri (SEMO) Drug Task Force	X	X			175,776	871,674	203,643	255,008	820,309	
102	Southwest Missouri (SWMO) Drug Task Force		X				6,727	7,115	2,385	11,457	
103	Springfield Police Department	X	X				507,801	314,362	454,187	367,976	
104	St. Ann Police Department	X	X			11,647		20,244	20,244		
105	St. Charles County Regional Drug Task Force (SCCRDTF)	X	X	X		1,200	261,892	56,570	101,436	217,026	
106	St. Charles County Sheriff's Office	X	X			6,558,729	2,698,486	1,152,600	805,847	3,045,239	
107	St. Charles Police Department	X	X			33,340	264,995	66,137	88,580	243,952	**
108	St. Joseph Police Department	X									
109	St. John Police Department	X	X				69,381	26,540	27,961	67,960	
110	St. Louis County Police Department	X	X			21,000	3,822,091	756,530	1,776,426	2,802,195	
111	St. Louis Metropolitan Police Department	X	X			7,804	2,963,185	235,083	302,403	2,895,865	
112	St. Peters Police Department	X	X	X		8,407	38,485	8,413	19,561	24,863	**
113	Sunset Hills Police Department	X	X			20,495	514	20,495	18,643	2,366	
114	Taney County Sheriff's Office		X				38,548	9,639	42,795	5,393	**
115	Texas County Sheriff's Office				X		4,815	281		5,096	
116	Troy Police Department				X		4,096	14	1,577	2,533	
117	Vernon County Sheriff's Office	X				31,531	602	7	20	589	
118	Webster Groves Police Department		X				44,102	40,245	31,932	41,281	**
119	Wentzville Police Department		X				15,372	7,669		23,041	
120	Woodson Terrace Police Department		X				53,094	21,666	45,871	28,889	
	Total	61	81	8	23	$ 15,810,184	33,853,793	11,239,309	12,638,113	33,641,482	

* This appendix shows what each agency reported. Blanks for any item indicate the agency left that item blank and zeroes indicate the agency reported zero.
** Items reported did not mathematically foot. Beginning balance plus receipts minus expenditures did not agree with the ending balance.

Appendix D
Compilation of 2012 Federal Forfeiture Reports
Law Enforcement Agencies Reporting Fund Balances, but No 2012 Federal Forfeiture Participation or Activity

		Level of Participation by Agency Indicated on Federal Forfeiture Report*				Total Value of Items Seized and Turned Over to the Federal Forfeiture System*	Agency's Equitable Sharing Fund Balance and Activity*				
	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above		Beginning Balance 01-01-12	Receipts	Expenditures	Ending Balance 12-31-12	
1	Des Peres Department of Public Safety				X	$	3,045			3,045	
2	Gasconade County Sheriff's Office				X					524	**
3	Grain Valley Police Department				X		30			30	
4	Macon County Sheriff's Office				X		2,012			2,012	
5	Nixa Police Department				X		142			142	
6	Northwoods Police Department				X		1,337			1,337	
7	Osage County Sheriff's Office				X		2,012			0	**
8	St. Robert Police Department				X		21,136			21,136	

* This appendix shows what each agency reported. Blanks for any item indicate the agency left that item blank and zeroes indicate the agency reported zero.
** Items reported did not mathematically foot. Beginning balance plus receipts minus expenditures did not agree with the ending balance.

Appendix E

Compilation of 2012 Federal Forfeiture Reports

Law Enforcement Agencies Reporting No Fund Balance and No 2012 Federal Forfeiture Participation or Activity

		Level of Participation by Agency Indicated on Federal Forfeiture Report*			
	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above
1	Adair County Sheriff's Office				X
2	Andrew County Sheriff's Office				X
3	Atchison County Sheriff's Office				X
4	Barry County Sheriff's Office				X
5	Bates County Sheriff's Office				X
6	Benton County Sheriff's Office				X
7	Boonville Police Department				X
8	Braymer Police Department				X
9	Caldwell County Sheriff's Office				X
10	Camden County Sheriff's Office				X
11	Cape Girardeau County Sheriff's Office				X
12	Carl Junction Police Department				X
13	Carter County Sheriff's Office				X
14	Chariton County Sheriff's Office				X
15	Clark County Sheriff's Office				X
16	Clarksburg Police Department				X
17	Clay County Drug Task Force				X
18	Clinton County Sheriff's Office				X
19	Dade County Sheriff's Office				X
20	DeKalb County Sheriff's Office				X
21	Dent County Sheriff's Office				X
22	Dunklin County Sheriff's Office				X
23	Farmington Police Department				X
24	Foristell Police Department				X
25	Frontenac Police Department				X
26	Gladstone Police Department				X
27	Harrison County Sheriff's Office				X
28	Hawk Point Police Department				X
29	High Hill Police Department				X
30	Holt County Sheriff's Office				X
31	Jasper County Sheriff's Office				X
32	Jasper Police Department				X
33	Kimberling City Police Department				X
34	Lamar Police Department				X
35	Lawrence County Sheriff's Office				X
36	Leadington Police Department				X
37	Linn County Sheriff's Office				X
38	Livingston County Sheriff's Office				X
39	Louisiana Police Department				X
40	Maries County Sheriff's Office				X
41	Marion County Sheriff's Office				X
42	Mexico Department of Public Safety				X
43	Miller County Sheriff's Office				X
44	Moberly Police Department				X
45	Moniteau County Sheriff's Office				X

Appendix E
Compilation of 2012 Federal Forfeiture Reports
Law Enforcement Agencies Reporting No Fund Balance and No 2012 Federal Forfeiture Participation or Activity

		Level of Participation by Agency Indicated on Federal Forfeiture Report*			
	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above
46	Montgomery City Police Department				X
47	New Franklin Police Department				X
48	Nodaway County Sheriff's Office				X
49	Oregon County Sheriff's Office				X
50	Osage Beach Department of Public Safety				X
51	Pevely Police Department				X
52	Pilot Grove Police Department				X
53	Putnam County Sheriff's Office				X
54	Randolph County Sheriff's Office				X
55	Reeds Spring Police Department				X
56	Richmond Police Department				X
57	Ripley County Sheriff's Office				X
58	Saline County Sheriff's Office				X
59	Sedalia Police Department				X
60	Shelby County Sheriff's Office				X
61	Shrewsbury Police Department				X
62	Smithville Police Department				X
63	St. Francois County Sheriff's Office				X
64	St. Louis City Sheriff's Department				X
65	Ste. Genevieve County Sheriff's Office				X
66	Stoddard County Sheriff's Office				X
67	Stone County Sheriff's Office				X
68	Town & Country Police Department				X
69	Union Police Department				X
70	Washington Police Department				X
71	Washington University Police Department-St. Louis				X
72	Webb City Police Department				X
73	Webster County Sheriff's Office				X
74	West Plains Police Department				X

* This appendix lists law enforcement agencies that only marked "None of the Above."

Thomas A. Schweich

Missouri State Auditor

Twenty-Ninth Judicial Circuit

Jasper County

January 2014

Report No. 2014-007

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Twenty-Ninth Judicial Circuit, Jasper County

Accounting Controls and Procedures

The Circuit Clerk has not adequately segregated accounting duties or limited user access rights in the Justice Information System (JIS). Six employees assigned primary cash receipting and disbursement responsibilities also have the ability to assess fees, receipt monies, void transactions, adjust costs, and approve cashier sessions in the JIS, and can print and sign checks, which require only 1 signature. The Circuit Clerk does not review daily cashier sessions or document her review of monthly bank reconciliations. The Circuit Clerk does not have adequate receipting and depositing procedures in place. Manual receipt slips do not provide all details and are not timely recorded in the JIS, and the court does not timely deposit some monies. The Circuit Clerk does not account for the numerical sequence of receipt numbers and cashier sessions, adequately secure monies until deposited, record monies received in the mail on a mail log, restrictively endorse checks immediately upon receipt, or reference a JIS receipt number on manual receipt slips issued for copy monies. Neither the Circuit Clerk nor a supervisor reviews non-monetary, voided, and adjusting transactions in the JIS, and supporting documentation is not always adequate. The court does not adequately review cases with liabilities and timely disburse monies as appropriate. As of December 31, 2012, the court held approximately $183,000 related to 257 disposed cases. The Circuit Clerk does not periodically review accrued case costs owed to the court, and audit staff noted several errors on the JIS list of accrued case costs. The court did not timely resolve reconciling items identified on bank reconciliations, and the Circuit Clerk lacks adequate procedures to follow up on outstanding checks.

Circuit Court Procedures

The Circuit Clerk's office prepares and submits billings for certain incarceration costs to the state, but it lacks procedures to ensure billings are correct. Overbillings totaling $4,060 were identified. The court does not prepare budgets for the Circuit Clerk's Interest Fund, the Law Library Fund, and the Time Payment Fee Fund.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Twenty-Ninth Judicial Circuit
Jasper County
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge and Court en Banc
and
Circuit Clerk of the
Twenty-Ninth Judicial Circuit
Jasper County, Missouri

We have audited certain operations of the Twenty-Ninth Judicial Circuit, Jasper County in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the court's internal controls over significant financial functions.

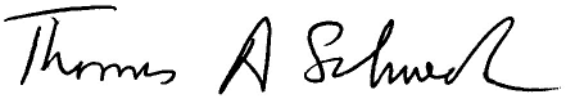
2. Evaluate the court's compliance with certain legal provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the court, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the court's management, the Office of State Courts Administrator, and Jasper County and was not subjected to the procedures applied in our audit of the court.

For the areas audited, we identified (1) deficiencies in internal controls, and (2) noncompliance with legal provisions. The accompanying Management Advisory Report presents our findings arising from our audit of the Twenty-Ninth Judicial Circuit, Jasper County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Candi Copley
Audit Staff:	Alex R. Prenger, M.S.Acct., CPA

1. Accounting Controls and Procedures

Significant weaknesses were identified with accounting controls and procedures.

The Jasper County Circuit has court buildings located in Joplin and Carthage. Cases can be filed and fines and court costs can be paid at either location. Court cases are assigned to a specific location.

The Circuit Clerk, Linda Williams, resigned effective July 24, 2013. Successor, Melissa Holcomb was appointed as interim Circuit Clerk on July 30, 2013, and later sworn into office effective October 10, 2013.

According to court records, receipts collected during the year ended December 31, 2012, totaled approximately $3.1 million at the Joplin location and approximately $1.3 million at the Carthage location. Fines, court costs, and bonds are collected; recorded in the Justice Information System (JIS), the Missouri Courts automated case management system; and deposited into one main consolidated bank account by personnel of the Circuit Clerk's office.

1.1 Segregation of duties and supervisory review

The Circuit Clerk has not adequately segregated accounting duties or limited user access rights in the JIS, and supervision is not adequate to identify errors.

Receipts are collected at the Circuit Court in Joplin by an accounting supervisor and 3 clerks and receipts are collected at the Circuit Court in Carthage by 2 clerks. These 6 employees can also print and sign checks, which require only 1 signature. While these 6 employees are assigned primary cash receipting and disbursement responsibilities, they and all other clerks have been given access in the JIS to assess fees, receipt monies, void transactions, adjust costs, and approve cashier sessions. Further, monthly reconciliations of court records are completed by the accounting supervisor. As a result, there are instances where some clerks are responsible for monetary transactions from initial receipt to disbursement without involvement from other clerks. The Circuit Clerk does not review daily cashier sessions to ensure all monies are properly recorded and deposited, and her review of the monthly bank reconciliations is not documented.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible, limiting user access rights within the JIS. If proper segregation of duties is not possible, a documented independent review of work performed by the clerks is necessary.

1.2 Receipting and depositing

The Circuit Clerk does not have adequate receipting and depositing procedures in place.

- Manual receipt slips issued are not recorded in the JIS in a timely manner and these monies are not deposited timely. Additionally, the method of payment (cash, check, or money order) or initials of the clerk who issued the receipt is not denoted on some manual receipt slips. Receipts are only included in daily deposits if they are recorded in the JIS as monetary transactions. Of the 42 total manual receipt slips issued by the Joplin and Carthage locations during March 2012, 27 (64 percent) were not recorded in the JIS for 2 or more days. One manual receipt slip issued on March 20, 2012, was not recorded in the JIS and deposited until April 5, 2012.

- Monies received for small claim judgments are not recorded in the JIS or deposited. Small claim judgments, some of which are received in cash, are held until disbursed to the payee at a later date. According to manual receipt slip records, the court collected and disbursed $1,692 in small claim judgments during 2012.

- The Circuit Clerk does not account for the numerical sequence of receipt numbers and cashier sessions assigned by the JIS, and some cashier sessions are not closed in a timely manner. JIS receipt and cashier session numbers are assigned sequentially as accessed by each clerk, with the Joplin and Carthage locations having separate numbering sequences. Court personnel indicated cashier sessions were accounted for until September 2012, when the procedure was discontinued. Since that date, we noted instances where cashier sessions remained open for several days. For example, Carthage cashier session number 20336 was opened on June 10, 2013, and not closed until June 17, 2013, with cash totaling $1,320 not being deposited for 6 days. In another example, Joplin cashier session number 20346 was opened on January 8, 2013, to issue a check and was not closed until June 19, 2013. Closing cashier sessions untimely can result in delays in depositing and completing reconciliations, hinders the ability to account for numerical sequence of cashier sessions, and increases the possibility that errors will go undetected.

- Monies received are not always adequately secured until deposited. The accounting supervisor, who is responsible for making daily deposits for the Joplin location, will occasionally take a deposit home at night and make the deposit the following morning. We calculated the average daily deposit to be approximately $12,000.

- Monies received in the mail are not recorded on a mail log and checks are not restrictively endorsed immediately upon receipt. A clerk initially opens and delivers the mail to various clerks; however, that individual

does not record the payments or restrictively endorse the checks. Instead, various clerks record and process the monies received. Additionally, monies received at one court location are sometimes transmitted to the other location by court employees and procedures have not been established to document the transmittals of monies from one court location to the other court location.

- Manual receipt slips issued for copy monies do not always reference a related JIS receipt number when recorded in the JIS and deposited and are not reconciled to the JIS. Approximately $7,000 in copy monies were recorded for the year ended December 31, 2012.

Failure to implement adequate receipting, recording, transmitting, and depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected.

1.3 Non-monetary, voided, and adjusting transactions

The Circuit Clerk or a supervisor does not review non-monetary, voided, and adjusting transactions in the JIS, and supporting documentation is not always adequate. Non-monetary transactions recorded during the year ended December 31, 2012, at the Joplin and Carthage locations were approximately $2.2 million and $780,000, respectively, and included case fee adjustments of $51,427 and $163,141 at each respective location.

Adjusting and non-monetary transactions, including judicial orders, garnishment payouts, and application of bonds, are transactions where no monies are received; however, a credit is applied or the amount due is changed. All clerks are allowed to enter non-monetary transactions, adjust costs, and void receipts in the JIS without supervisory review or approval. Also, documentation was not adequate for some of these transactions. The JIS can generate various reports to monitor these transactions; however, these reports are not generated and reviewed. We identified one case where an adjustment was posted to amend the defendant's charges; however, the wrong charge code was entered when the adjustment was posted resulting in $300 in fines not being properly assessed. The accounting supervisor corrected the case fees after we discussed the issue with her.

To ensure all non-monetary, voided and adjusting transactions are valid and reduce the risk of loss, theft, or misuse of funds, proper documentation should be maintained and someone independent of receipting and recording functions should review and approve these transactions. In addition, a report of these transactions should be periodically generated and reviewed to ensure posted transactions match the supporting documentation.

1.4 Liabilities

Cases with liabilities are not adequately reviewed to ensure monies are disbursed in a timely manner. As of December 31, 2012, the court held approximately $5.5 million of which approximately $183,000 related to 257 cases that had been disposed.

Court personnel indicated the liabilities list is reviewed at month end; however, of the 28 cases we reviewed (14 from each court location), 14 cases had monies that should have been disbursed and another 5 cases were disbursed untimely. For example, 12 cases had bonds totaling $17,027 that should be disbursed. For one of these cases, the court received in 1994 a $1,500 bond from the county on a condemnation action. Following a 1997 entered judgment no further activity has occurred on the case. The bond should be returned to the county. In two other cases, with bonds totaling $4,250, the defendants have active warrants for failure to appear, but the bonds have not been forfeited by the court. One of these bonds has been held since 2008.

The court is also holding monies in over 100 juvenile adoption cases, some with no case activity since 2005. In addition, the court is holding $11,193 from two bank accounts opened for court activities that were closed in 2005, and there has been no attempt to identify or properly dispose of these monies.

Procedures to routinely investigate monies remaining on the liabilities list over a specific period of time are necessary to properly monitor and ensure monies are appropriately disbursed as provided by state law. In addition, the Circuit Clerk should attempt to identify and distribute the funds held and dispose of any unclaimed or unidentified funds.

1.5 Accrued case costs

The Circuit Clerk does not periodically review accrued case costs owed to the court (court costs, incarceration costs, court-ordered restitution, fines, and other), which totaled approximately $10.8 million at the Joplin location and $1.6 million at the Carthage location as of December 31, 2012.

We noted several cases in which costs were not accurately reflected on the JIS list of accrued case costs. For example, the JIS list included one case with an outstanding board bill fee of $8,052 listed as due the state; however, the defendant was only committed to the county jail. In another case, a defendant was overcharged $960 for costs related to board bills due to a calculation error.

To ensure the accuracy of the accrued case costs, and to provide the Circuit Clerk with the necessary information to ensure amounts owed are collected and make a determination about collectability, accrued case costs should be reviewed at least monthly.

1.6 Bank reconciliations

Reconciling items identified on bank reconciliations are not resolved timely and there are no procedures to follow up on outstanding checks.

- Reconciling items totaling approximately $2,000 identified on the December 31, 2012, bank reconciliation were not resolved in a timely manner. For example, the largest reconciling item was $990 transferred

from an old court account, but not posted in the JIS until 9 months after the transfer. The oldest reconciling item dates back to November 2011. Additionally, interest earned on investments and directly deposited into the Circuit Clerk's main bank account is not recorded in the JIS in a timely manner, and is listed as a reconciling item on the bank reconciliations for several months. For example, interest earned monthly from April through December 2012 totaling $5,481, was not posted to the accounting records until March 2013.

- The Circuit Clerk has not developed adequate procedures to follow up on outstanding checks. As of December 31, 2012, JIS records indicate 71 checks totaling $11,062 had been outstanding for over a year. Some checks have remained outstanding since 2003.

Routine investigation and follow up procedures for reconciling items are necessary to decrease the risk that errors or misstatements will not be detected on a timely basis. Additionally, to properly monitor disbursements and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law, procedures should be established to routinely investigate outstanding checks.

Recommendations

The Circuit Clerk:

1.1 Segregate accounting duties to the extent possible, limit user access rights within the JIS to only those necessary for the user to perform job duties, and implement appropriate reviews and monitoring procedures.

1.2 Record all receipts in the JIS timely; ensure manual receipt slips include method of payment, clerk's initials and a related JIS receipt number; account for the numerical sequence of JIS receipt numbers and cashier sessions; secure court monies until deposited; improve controls over mail receipts; restrictively endorse all checks immediately upon receipt; and reconcile manual receipt slips issued for copy monies to amounts posted in the JIS.

1.3 Ensure adequate documentation is maintained to support all non-monetary, voided and adjusting transactions, and ensure an independent review and approval of these transactions is performed and documented. In addition, the Circuit Clerk should periodically generate and review reports of these transactions.

1.4 Establish procedures to review the status of liabilities monthly to determine the appropriate disposition of funds held on closed and inactive cases.

1.5 Maintain and review a complete and accurate list of accrued costs at least monthly.

1.6 Resolve reconciling items timely and establish procedures to routinely follow up on outstanding checks and reissue them if necessary or dispose of these monies in accordance with state law.

Auditee's Response

The Circuit Clerk provided the following written responses:

1.1 After my appointment as Interim Circuit Clerk on July 30, 2013, I implemented the appropriate supervisory review and segregation of duties consistent with the recommendations made. JIS user access rights have been changed or limited for clerks, with the exception of the Circuit Clerk, accounting supervisor and accounting clerks. Any authorized clerk who now makes a fee adjustment must document the reason within the JIS system. I am now reviewing monthly reports related to the receipt and disbursement of money that comes through the office. My accounting supervisor and I are reviewing cashier sessions and monitoring deposits to ensure timely and accurate transactions. Up-to-date written cash handling and accounting procedures have been put in place and are specific to each accounting clerk and their duties.

1.2 After my recent appointment to the office, the implementation of electronic filing and new Missouri Supreme Court Operating Rule 4 effective January 1, 2014, this court will no longer issue manual receipts unless the JIS system is unavailable. My office is in the process of obtaining the recommended format of manual receipts in the event they must be used. New cash handling procedures have been created to comply with the recommendations.

1.3 After my appointment to the office, appropriate changes were implemented as non-monetary, voided and adjusting transactions are currently being documented, reviewed and approved by me and the accounting supervisor. Changes in the user access rights limit access to a selected number of clerks, which will ensure good checks and balances that can be monitored by me and the accounting supervisor.

1.4 After my recent appointment to the office, I made the appropriate changes for liabilities. I have developed a plan that assigns specific duties to the accounting supervisor, which includes generating current liabilities reports to be reviewed on a weekly and monthly basis to ensure prompt disbursement of funds on disposed cases in accordance with proper procedure of the Court.

1.5 After my recent appointment to the office, I made appropriate changes to the office, to ensure the accuracy of case costs are reviewed on a monthly basis. This Court currently participates in debt collection and Missouri State Tax offset for all accrued cases costs due. An accrued case cost report will be generated on a monthly basis and reviewed for any amounts deemed non-collectable. Those cases will be presented to the Presiding Judge or Division Judge to determine the proper course of action.

1.6 After my appointment to the office, additional staff was hired and new procedures were implemented to routinely follow up on reconciling items and outstanding checks. Outstanding checks are now reviewed periodically and are reissued or forwarded to unclaimed property as required by law.

2. Circuit Court Procedures

Circuit court procedures related to criminal cost reimbursements, budgeting, and written agreements need improvement.

2.1 Reimbursed criminal costs

The Circuit Clerk's office does not have adequate procedures to ensure criminal costs are accurately assessed and billed. The Circuit Clerk's office prepares and submits billings for incarceration costs to the state. Section 221.105, RSMo, allows for the reimbursement of certain costs in criminal cases where the state has been rendered liable.

Some costs billed were incorrect, and errors were not identified and corrected until we discussed the issues with court personnel. We noted two instances where incarceration costs, totaling approximately $4,060, were billed twice. For example, one overbilling resulted when incarceration time was billed twice for the same defendant on two different cases. The overpayments were received by the court and submitted to the county. As a result, the court should work with the county to reimburse the state for the overpayment.

To ensure billings are correct, procedures should be established to review amounts billed.

2.2 Budgets

Budgets are not prepared for the Circuit Clerk's Interest Fund, the Law Library Fund, and the Time Payment Fee Fund. The Circuit Clerk maintains separate bank accounts for the Law Library Fund and Time Payment Fee Fund, and maintains the interest monies in the court's main bank account along with other court monies. At December 31, 2012, these accounts maintained an aggregate balance of approximately $300,000, and approximately $25,000 was disbursed through these funds in 2012.

Preparing a budget for public funds aids in the fiscal management of the monies, provides a means to effectively monitor actual costs and revenues,

and helps inform both the county and the public of the court's financial picture.

Recommendations

The Circuit Clerk:

2.1 Work with the county to repay the state for reimbursed costs overbilled and develop procedures to ensure all criminal costs are accurately billed to the state.

2.2 And the Circuit Judge prepare annual budgets for the Circuit Clerk's Interest Fund, the Law Library Fund, and the Time Payment Fee Fund.

Auditee's Response

The Circuit Clerk provided the following written responses:

2.1 After my appointment to the office, I have endeavored to identify overbilled costs to reimburse the state. I am now fully staffed and have appropriately delegated duties to accomplish this task. This Court has implemented a new method of tracking each criminal reimbursement billing. This includes additional oversight by another department, before the billings are sent to the state, to ensure accuracy and avoid any over or under billing. All instances known to this Court of overbilling have now been resolved and documented.

2.2 The Court en Banc will establish appropriate budgets as recommended.

Twenty-Ninth Judicial Circuit
Jasper County
Organization and Statistical Information

The Twenty-Ninth Judicial Circuit consists only of Jasper County. The Twenty-Ninth Judicial Circuit has a court building located in Carthage and a court building located in Joplin. There are no jurisdictional lines and cases can be filed at either location.

The Twenty-Ninth Judicial Circuit consists of three circuit judges, three associate circuit judges and a Family Court Commissioner.

Personnel

At December 31, 2012, the judges, Circuit Clerk, Family Court Commissioner, and Juvenile Officer of the Twenty-Ninth Judicial Circuit, Jasper County, were as follows:

Title	Name
Circuit Judge, Division 1	Gayle Crane
Circuit Judge, Division 2	David C Dally
Circuit Judge, Division 3, Probate	David B. Mouton
Associate Circuit Judge, Division 4	Joseph Schoeberl
Associate Circuit Judge, Division 5	Richard D. Copeland
Associate Circuit Judge, Division 6	Stephen P. Carlton
Family Court Commissioner	Jerry Holcomb
Circuit Clerk	Linda Williams
Juvenile Officer	Dana Sanders

Financial Information

Receipts of the Twenty-Ninth Judicial Circuit, Jasper County, were as follows:

	Year Ended December 31, 2012
Court deposits, fee, bonds, and other	$4,357,906
Family Court	38,538
Interest Income	8,315
Total	$4,404,759

Caseload Information

From the Office of State Courts Administrator Missouri Judicial Reports, case filings of the Twenty-Ninth Judicial Circuit, Jasper County, were as follows:

	Year Ended June 30, 2012
Civil	7,366
Criminal	7,901
Juvenile	986
Probate	998
Total	17,251

Thomas A. Schweich

Missouri State Auditor

Lee's Summit R-VII School District

February 2014

Report No. 2014-008

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Lee's Summit R-VII School District

Procurement Procedures

The district did not competitively bid several purchases in accordance with district administrative procedure and state law, including travel services ($29,172), installation of technology equipment ($21,866), and printing ($20,357), and did not always document in writing single feasible source justifications. District administrative procedures require competitive, advertised, sealed bids for construction of facilities costing $15,000 and above and require bids for individual non-construction purchases projected to cost $5,000 or more and quotes for non-construction purchases under $5,000. The district does not always document the evaluation and selection of architectural/construction management services for non-bond issue projects as required by board policy and state law. The district has not periodically solicited proposals for some professional services and has used the same vendors for several years. The district has used the same auditor for 15 years, diversity initiative provider for 6 years, and primary legal counsel for 4 years without periodically soliciting proposals.

Written Agreements

The district does not have written agreements with the entities providing legal services or the communications audit, and district officials did not sign an education services contract for the 2012-2013 school year until March 28, 2013. The district pays $25,000 to the Lee's Summit Economic Development Council for membership, but the council's website indicates maximum membership benefits are available for $10,000, and it is unclear what additional benefits the district receives for the additional contribution. The district subsidizes a significant portion of the operating expenses of the Lee's Summit Educational Foundation, a legally separate not-for-profit corporation, and has not entered into a written agreement with the foundation. The foundation's employees, its Director, and Administrative Assistant are housed in the district's main administration building free of charge, and the district pays their salaries and fringe benefits and other foundation expenses even though they spend only 10 percent of their time working on district activities.

Disbursements

The district did not adequately monitor contract payments, and a contractor overcharged the district $4,095 in the 2012-2013 school year. The contractor subsequently reimbursed the district. The district does not competitively bid significant changes to construction projects and does not always timely approve construction change orders. The district paid a $25,340 change order for a paving project at Lee's Summit North High School that was not included in the vendor's original bid proposal, and the Board did not approve and district officials did not sign the change order until at least a week after the work was complete. The district paid a $60,616 change order for carpet removal and replacement at Meadow Lane Elementary that was not included in the vendor's original bid proposal and approved by the Board. The district does not monitor purchasing card transaction limits, and limits for some individuals are excessive. The district has over 900 purchasing cards assigned to various personnel with monthly limits ranging from $1,000 to $600,000.

Vehicle Allowances	The district has historically paid a vehicle allowance to several employees who use their personal vehicles to conduct official business within the district, but, other than for the superintendent, the district does not include vehicle allowances in employee contracts, and the Board does not approve the allowances as additional compensation. The district has not performed an analysis to ensure the vehicle allowances meet the needs of these positions or are reasonable. Using the IRS-allowed mileage rate, the superintendent would need to travel over 26,000 business-related miles to earn the $15,000 vehicle allowance he would have been paid for the year ended June 30, 2014. This number of miles is considerably more than the 4,284 business-related miles he drove his district-provided vehicle during calendar year 2012. The Board indicated in its response to our recommendation that it will no longer provide the superintendent with the vehicle allowance.
Land Purchase	The district purchased approximately 51 acres of land in December 2012 for $775,000 to be used for the district's fourth middle school, but it did not obtain an independent appraisal, so it has less assurance it paid the fair value of the property.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Lee's Summit R-VII School District
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THOMAS A. SCHWEICH
Missouri State Auditor

To the Board of Education
Lee's Summit R-VII School District

The State Auditor conducted an audit of the Lee's Summit R-VII School District under authority granted in Section 29.205, RSMo. We have audited certain operations of the district in fulfillment of our duties. The district engaged Marr and Company, P.C., Certified Public Accountants (CPAs), to audit the district's financial statements for the year ended June 30, 2013. To minimize duplication of effort, we reviewed the report of the CPA firm for the year ended June 30, 2012, audit, since the year ended June 30, 2013, audit, had not been completed. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2013. The objectives of our audit were to:

1. Evaluate the district's internal controls over significant management and financial functions.

2. Evaluate the district's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; performing site visits during Missouri Assessment Program testing; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in our audit of the district.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Lee's Summit R-VII School District.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Kelly Davis, M.Acct., CPA, CFE
In-Charge Auditor:	Robert L. McArthur II
Audit Staff:	Angela M. McFadden
	Shannon Spicer

1. Procurement Procedures

Several purchases were not bid or documentation of bidding was not retained and the selection process for professional services was not always adequate.

1.1 Bidding

The district did not competitively bid several purchases in accordance with district administrative procedure and state law.

District administrative procedure DJC-AP1 requires competitive, advertised, sealed bids for construction of facilities costing $15,000 and above (based on Section 177.086, RSMo). The administrative procedure also requires bids for individual non-construction purchases that are projected to cost $5,000 or more and quotes are required for non-construction purchases under $5,000. The administrative procedure requires district staff to compare and document prices from at least two vendors or service providers, but allows for single feasible source purchases when it is documented in writing. Examples of purchases not bid or for which quotes were not requested in accordance with district administrative procedures during the year ended June 30, 2013, include:

Item	Cost
Travel services	$ 29,172
Installation of technology equipment	21,866
Printing	20,357
Student lockers	17,104
Aquatic Center flooring	9,735
Picnic tables and trash cans	9,301
Rough-in and installation of two sinks	5,750
Design, production, and mailing of post cards	2,932

For the student lockers purchase, bids were obtained but the purchase was not advertised in accordance with the district administrative procedure. The district identified the technology installation purchase as a single feasible source procurement because the vendor was the preferred vendor of the technology manufacturer. This justification was not documented in writing as required by the administrative procedure.

Competitive bidding helps ensure the school district receives fair value by contracting with the lowest and best bidders. In addition, bidding helps ensure all parties are given an equal opportunity to participate in the district's business. Written documentation of bids also provides evidence the district complied with its administrative procedure.

1.2 Architectural/ Construction management services

The district does not always document the evaluation and selection of architectural/construction management services for non-bond issue projects as required by board policy and state law.

Per a district official, the district formally evaluates firms upon the issuance of each new district bond issue for construction, the last of which was in 2010. Since then, the district has worked extensively with four firms for services generally including design, preparation of construction documents, bidding and negotiating contracts with subcontractors, and construction administration. The district does not always document the selection process when choosing these contracted services for non-bond issue projects and cannot demonstrate compliance with board policy and state law. Payments for these services totaled approximately $247,800 during the year ended June 30, 2013, for projects including the Lee's Summit High School serving line, Meadow Lane Elementary classroom remodeling, and roofing projects at Trail Ridge Elementary and Summit Lakes Middle School.

Board Policy FEB states that when considering the need for architectural services, interested firms may be requested to submit statements of their qualifications, performance data and also a fee schedule. The policy also states one of the top three qualified firms is to be hired based on demonstrated competence and qualifications for the services specified at a fair and reasonable price. Board Policy FEC states construction management service proposals should be solicited by advertisement and evaluated based on established criteria. In addition, Sections 8.285 to 8.291, RSMo, provide requirements for the selection of architectural services.

1.3 Professional services

The district has not periodically solicited proposals for some professional services, and the district has used the same vendors for several years. Examples of professional services selected without a competitive process during the year ended June 30, 2013, include:

Item	Cost
Disabled student transportation	$ 211,072
Additional student transportation	179,209
Behavioral support and consulting	149,679
Primary legal counsel	114,005
Audit	27,999
Diversity initiative	12,000

The district has used the same auditor for 15 years, diversity initiative provider for 6 years, and primary legal counsel for 4 years without periodically soliciting proposals. For other examples noted above, the district identified the purchase as a single feasible source procurement, but did not document this information in writing in accordance with district administrative procedure DJF-AP1. A district official also acknowledged the behavioral support provider was the only provider at the time the district originally procured the services, but the behavioral support and consulting field has expanded.

Periodically soliciting proposals for professional services is a good business practice, helps provide a range of possible choices, and allows the district to make better-informed decisions to ensure necessary services are obtained from the best qualified provider, taking expertise, experience, and/or cost into consideration. Documentation of sole source procurements is necessary to ensure the validity and propriety of such procurements, and demonstrate compliance with district administrative procedures.

Recommendations

The School Board:

1.1 Competitively bid for purchases in accordance with district administrative procedure and state law.

1.2 Ensure the district complies with board policies and state law when evaluating and selecting architectural/construction management services and document the evaluation and selection process.

1.3 Periodically solicit proposals for professional services in accordance with district administrative procedures.

Auditee's Response

The School Board provided the following written responses:

1.1 The District agrees, in accordance with District administrative procedures and state law, documentation, identified selection process, competitive bidding, and single feasible source purchase accompanied by written documentation ensures the District will receive fair value and lowest best bid considerations.

The District will utilize the Director of Purchasing and Distribution Services to review the items as presented to determine the circumstances that suggest discrepancies in the bidding practices, unit price extension, contract amendments, contingencies and/or expanded scope projects that may be exceptions to routine bid and documentation activities. This position will facilitate a Superintendent chartered process action team to align, in the Spring of 2014, various bidding and change order policies, practices, and procedures. The various Budget Managers will be responsible to follow these District policies, practices, and procedures, document the same, and clearly identify areas where single source purchase may be deemed necessary. Budget Managers will attend annual training sessions hosted by Purchasing and Distribution Services and Business Services and will be responsible for compliance with all applicable policies and state law. Enhancements to the purchasing website are scheduled and will provide more interactive FAQ's. Site leadership will also

have increased access to the Site Purchasing Specialist for larger scale procurement items.

Travel Services: The payment was for travel services provided to the District for the student trip to China. This vendor has provided similar services to the District since the inception of the China program. The itinerary for the student-based trip is complex in terms of coordination of activities in the multiple cities visited during the trip. This agency has provided excellent services to the District resulting in the on-going use of this agency for these specific travel services. The District agrees adequate bidding and documentation is not available. Budget Managers and other staff with procurement responsibilities and authorization will be made aware of the requirement to solicit and document bids.

Installation of Technology Equipment: The District has used services and purchased materials, supplies and equipment from Kansas City Audio Visual (KCAV) since 2011. Technology staff did check pricing and installation methods of various companies available to perform services and furnish the technology supplies/equipment needed. Each company's pricing was comparable. The District selected Kansas City Audio Visual because they partner with Smart Technologies (impacting pricing and service ability) and they are a member of the State of Kansas Purchasing Contract #36416, which the District was able to leverage per state statute. The Kansas Purchasing Contract includes hardware, labor and installation. In addition, KCAV has provided pricing below the rates stated in the Kansas Purchasing Contract resulting in lower rates for the purchase of Smart Boards and more efficient logistical equipment installation. The District agrees adequate documentation is not available. Budget Managers and others with procurement authorization will be made aware of the requirement to document bids.

Printing: This item noted in the report represented the payment of five invoices from two high schools for school year start-up supplies, including student planners. School staff indicated the vendor was selected several years ago following the solicitation of telephone, on-line, and catalog pricing. The District agrees adequate documentation is not available. Budget Managers and others with procurement authorization will be made aware of the requirement to document bids.

Student lockers: Academic and athletic student lockers were installed at Summit Lakes Middle School to accommodate increased attendance. Debourgh lockers were specified as "sole source" to match existing athletic lockers already installed at SLMS. Bids,

documented by quotes from the vendors and retained in Facility Services office, were received from the local dealer Carroll Seating and the next nearest dealer in Wichita, Kansas Contract Design. The contract was awarded in the amount of $17,104 to Carroll Seating based on the low bid. This bid was not processed in accordance with District guidelines for advertising and bidding.

Aquatic Center flooring: Existing concrete flooring at the Aquatic Center was a base cured concrete surface that was somewhat slippery and also difficult to clean. Site visits were made to various aquatic centers in the Kansas City metro area to evaluate a desired epoxy flooring installation and performance. Desco Flooring was awarded this project based on the quality of their finished product. Square foot pricing was evaluated by the architect, pool consultant, and construction manager and was found to be competitive within industry standards. The District agrees adequate bidding and documentation is not available. Budget Managers and others with procurement authorization will be made aware of the requirement to solicit and document bids.

Picnic tables and trash cans: The items noted in the report represent the payment of an invoice from one high school for the purchase of tables and trash cans to match existing furnishings. School staff indicated the vendor was selected due to the need to provide a visually appealing courtyard area for students and to procure these items from the same manufacturer used to purchase the existing furnishings. The District agrees adequate bidding and documentation is not available. Budget Managers and other staff with procurement responsibilities and authorization will be made aware of the requirement to solicit and document bids.

Rough-in and installation of two sinks: The installation of two sinks was requested as a Non-Allocated Capital Project by Summit Technology Academy to accommodate program growth in the bio-medical area. This scope of work was part of a larger renovation project and due to Lexington Plumbing being in-district when the work was needed to ensure timely completion; Facility Services secured pricing from Lexington Plumbing. The pricing for Lexington Plumbing was evaluated based on prevailing wage information and supplied materials. This project was awarded to Lexington due to pricing and responsiveness. The District agrees adequate bidding and documentation is not available. Budget Managers and other staff with procurement responsibilities and authorization will be made aware of the requirement to solicit and document bids.

Design, production, and mailing of post cards: The items noted in the report represented the payment of one invoice for the design, production, and mailing of postcards inviting parents to the school. School staff indicated the vendor was selected several years ago following efforts to identify one source to provide the entire range of services. The District agrees adequate bidding and documentation is not available. Budget Managers and other staff with purchasing responsibilities and authorization will be made aware of the requirement to solicit and document bids.

1.2 The District agrees that, in accordance with the specific requirements in state statute and Board Policy, the District process and procedures should be followed for the selection of Construction Management services and various Architectural services.

The District has reviewed the Construction Management and Architectural services selection process used in all four previous bond issues since 2002, for future construction of a proposed Elementary #19, and various other capital improvements in the areas of Performance Contracting, construction, remodeling and renovation, and Non-Allocated Capital Requests. The district has available the documentation to support proper advertisement when appropriate, specifications, selection methodology, and selection team composite rankings. A member of the school board is always a part of this team activity. Board of Education approval of the selection team recommendations for construction management occurred in each instance. Board of Education approval of Bond Issue recommendations for Architectural services also occurred. From the approved Architect selection pool, depending on the minor project location, scope of work, fee comparison, demonstrated competence, and experience, the best qualified Architectural services provider is then identified by Facility Services and assigned to a specific minor projects responsibility. The District will in the future require that the Facility Services assignment is supported by appropriate documentation.

1.3 The District agrees that bids and proposals should be solicited for all goods and services and sole source procurements should be adequately documented.

Disabled Student/Additional Student Transportation: Special and Student Services staff responsible for procurement will be made aware of the requirement to solicit and document pricing.

Behavioral Support and Consulting: Special Services staff have implemented a process with the assistance of legal counsel to develop a standardized contract template for a wide range of

student services within Special Services. Special Services staff responsible for procurement will be made aware of the requirement to solicit and document pricing.

The District has now developed a legal services agreement outlining expectations and costs of services from each legal firm providing services to the District. Prior to payment, legal invoices are reviewed by the appropriate administrator and approved for payment. The Accounts Payable staff also review invoices for compliance with the pricing submitted by the legal firm and appropriate general ledger coding prior to payment.

Audit: Prior to the last service agreement renewal, the District evaluated the audit costs for surrounding districts and compared the costs to the proposed fees from Marr and Company. The district determined the pricing from Marr and Company provided competitive pricing for audit services and Marr and Company provide satisfactory services to the District. The details of the audit services agreement were provided to the Board of Education prior to the approval on June 14, 2012.

Diversity Initiative: The Diversity initiative is an individualized program developed specifically for the District. This program's administrators have determined, to ensure on-going continuity within the diversity initiative, a sole-source vendor will provide services. The District agrees adequate documentation is not available. The program administrators will document the sole-sourcing of this service consistent with District policy. The program administrators understand and agree bids, quotes, and proposals will be solicited and documented for other services required for the program.

2. Written Agreements

Improvement is needed in the district's handling of written agreements.

2.1 Written agreements

The district did not always enter into formal written agreements defining services provided and benefits received, or enter into written agreements in a timely manner.

- The district does not have a written agreement with its primary legal counsel. The district paid this firm $114,005 in the year ended June 30, 2013.

- The district did not enter into a written agreement for an audit evaluating its communication strategies, community relations, branding, etc. The cost of this service was $11,700.

- The district annually pays $25,000 to the Lee's Summit Economic Development Council for membership. However, according to the council's website only a $10,000 investment by the district is required to receive the maximum benefits of membership (i.e. the Angel investment category).

  The district does not have a written agreement with this entity; therefore, it is unclear what additional benefits, if any, the district receives as a result of these additional contributions.

- District officials did not sign an educational services contract for the 2012-2013 school year until March 28, 2013. These services were required by student individualized education plans.

Clear, detailed, and timely written agreements are necessary to ensure both parties are aware of the services to be performed and the compensation to be paid for the services, provide a means for the district to monitor compliance with the agreement terms, and protect the district in the event of a dispute over the terms of the agreement. In addition, Section 432.070, RSMo, requires contracts for political subdivisions be in writing.

2.2 Foundation subsidization

The district subsidizes a significant portion of the operating expenses of the Lee's Summit Educational Foundation and has not entered into a written agreement with the foundation.

The foundation's employees, its Director and Administrative Assistant, are housed in the district's main administration building free of charge and their salaries, totaling approximately $119,400, and fringe benefits are paid by the district. However, according to district officials, these employees spend the majority of their time, approximately 90 percent, working on foundation activities and only 10 percent of their time working on district related activities. Foundation supplies, software and equipment, travel expenses, and other miscellaneous expenses are also paid by the district. For the year ended June 30, 2013, these expenses totaled approximately $22,800.

The foundation is a legally separate charitable not-for-profit corporation established to raise private funds to help support programs within the district. The foundation is governed by a 10-member board of directors. A district board member, the superintendent, and other district administrators serve on the foundation's advisory board.

The district has not entered into a written agreement with the foundation to address office space, services, and financial support provided, or a requirement to reimburse the district for the expenses paid on behalf of the foundation. A written agreement that clearly indicates the benefit to the district for these subsidizations is necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

Recommendations

The School Board:

2.1 Enter into timely written agreements defining services provided and benefits received, and monitor these agreements for compliance with the terms of the agreement.

2.2 Discontinue the practice of subsidizing operations and activities of foundation or enter into written agreements that clearly indicate the benefit to the district for these subsidizations.

Auditee's Response

The School Board provided the following written responses:

2.1 Legal Services: The District has now developed a legal services agreement outlining expectations and costs of services from each legal firm providing services to the District. Prior to payment, legal invoices are reviewed by the appropriate administrator and approved for payment. The Accounts Payable staff also review invoices for compliance with the pricing submitted by the legal firm and appropriate general ledger coding prior to payment.

Communication Audit Services: The District utilized the services of a local company familiar with the Lee's Summit school community. Understanding the Lee's Summit school community culture was determined to be a critical component in securing input from various focus groups within and outside the District. Budget managers and other staff with purchasing responsibilities and authorization will be made aware of the requirement to solicit and document bids or document sole sourcing of services, and entering into written agreements.

Lee's Summit Economic Development Council (LSEDC): The payment is established and approved annually by the Board of Education. LSEDC is a public/private partnership formed in 1986 by the District, the City of Lee's Summit, and the Chamber of Commerce. LSEDC by-laws establish the District Superintendent as a board member and Executive Committee member along with the Mayor and City Manager of Lee's Summit, and five private sector business leaders. LSEDC's purpose is to attract and retain

investment which creates jobs and a consumer economy characterized by residential and commercial development. Quality economic development requires qualitative and quantitative services, resulting in the building of a great community to attract and retain local investment. The District will develop a written "Memorandum of Understanding" with LSEDC.

2.2 The Lee's Summit Educational Foundation (Foundation) was officially established in February 1993. The initial establishment of the Foundation developed from the District's Strategic Plan. At the direction of former and current superintendents and the partnership with community stakeholders, the Foundation has expanded and provides significant alternate resources for district-wide instructional programs. For example, the Foundation was able to provide $4 million in alternative resources in a capital campaign and partially funded the construction of the District's early childhood center. In addition, the Foundation provides annual resources to fund additional learning opportunities and technology for students and staff. During the 2012-2013 school year, the Foundation contributed approximately $250,000 for these purposes through its Annual Fund Drive and nearly $151,000 for before and after school tutoring, robotics, music, and other school programs. Additionally, the Foundation awarded 51 continuing education scholarships to graduating seniors in the amount of $47,550 and raised another $25,000 for the Excellence in Education Endowment, which is the Foundation's long-range strategic effort to ensure future alternative resources for district staff and students. The Foundation Board includes the Superintendent, a Board of Education member, and several other district-level administrators. The Foundation annually prepares a report detailing their efforts and impact on District students and staff. The District will develop a written "Memorandum of Understanding" with the Foundation.

3. Disbursements

District disbursement procedures need improvement.

3.1 Transportation services

The district overpaid a transportation service provider. District personnel did not perform a sufficient comparison of invoice billing rates to contractually agreed upon billing rates. For one student the contracted billing rate was $100 per day, but the contractor billed the district $130 per day. This error resulted in an overpayment to the contractor of $510 for January 2013 services provided. After our review, a district official confirmed in April 2013 the contractor billed the district the incorrect amount for the 2012-2013 school year to-date and the contractor planned to reimburse the district for the entire amount overcharged. The district was subsequently reimbursed $4,095 in June 2013.

Adequate monitoring of contract payments is necessary to ensure agreement with contracted amounts and prevent overpayments.

3.2 Change orders

The district does not competitively bid significant changes to construction projects when appropriate and does not always approve construction change orders in a timely manner. In addition, the Board does not approve all change orders.

- A paving project completed at Lee's Summit North High School at a cost of $25,340 was not included in the vendor's original bid proposal. The original bid for $216,662 was for paving projects at 10 other schools and a waterline project at an eleventh school. A district official indicated unit pricing from the original bid proposal was used as a basis for the change order. While similar to the work originally bid, the Board did not approve the change order and district officials did not sign this change order indicating their approval until at least a week after the work was complete.

- Carpet removal and replacement completed at Meadow Lane Elementary (MLE) third through sixth grade classrooms, totaling $60,616, was not included in the vendor's original bid proposal. The original $788,000 bid included a serving line project at Lee's Summit High School and classroom modifications at MLE (estimated to cost $296,222, including only $250 for carpet work). A district official indicated replacement of the third through sixth grade classroom carpet was previously identified as a need; however, the carpeting replacement was not included in the original MLE classroom modification proposal. The Board did not approve this change order.

The district does not have a formal written change order policy; however, district officials stated and board meeting minutes indicate the Board made a decision in 2000 to require all change orders exceeding $10,000 go before the Board.

While change orders often occur on construction contracts, they are normally used to make adjustments for minor problems, which are unknown when construction projects are originally bid. Change orders should be kept to a minimum to ensure the maximum amount of construction costs are competitively bid. Change orders should not be used to make significant changes to existing contracts. If the scope of a project changes substantially, consideration should be given to bidding those parts of the project. As noted above, district administrative procedure DJC-AP1 requires school districts to advertise bids for construction of facilities that may exceed a disbursement of $15,000. Bidding of construction of facilities is also required by Section 177.086, RSMo.

3.3 Purchasing cards

The district does not monitor purchasing card transaction limits and limits for some individuals are excessive. The district determines the transaction limits when the cards are issued, but does not periodically review the limits.

The district currently has over 900 purchasing cards assigned to various personnel throughout the district and annual purchasing card expenditures exceed $6 million. Individual transaction limits range from $500 to $50,000 and monthly cycle limits range from of $1,000 to $600,000. However, a review of 15 employees' purchasing card transactions determined 10 employees had individual transaction and monthly cycle limits significantly greater than necessary to cover their actual credit card purchases. For example, we noted five employees that had individual transaction limits of $10,000 each, but the largest single purchase by any of these employees between July 1, 2011, and December 31, 2012, was $1,620. In addition, the monthly cycle limits for these same five employees was $15,000 each, but between July 1, 2011, and December 31, 2012, none of the employees made more than $7,300 in purchases, respectively.

Excessive or unneeded limits and purchasing ability create greater risk of abuse and potential large liabilities for the district. To strengthen controls over purchasing cards, the district should periodically compare the actual purchasing card activity of each employee to established individual transaction and monthly cycle limits. Adjustments to the limits should be made accordingly to reduce the district's risk to an acceptable level.

Recommendations

The School Board:

3.1 Monitor contracts to ensure compliance with contract terms.

3.2 Monitor change orders, give consideration to bidding when substantial project changes are needed, and ensure change orders are approved timely.

3.3 Evaluate and adjust employee purchasing card limits as deemed appropriate.

Auditee's Response

The School Board provided the following written responses:

3.1 Special services staff responsible for procurement of transportation services have been made aware of the requirement to secure and document pricing and to verify invoices are consistent with service agreements prior to payment authorization.

3.2 The District agrees change orders should be documented, and signed off by the contractor/vendor, Director of Facility Services,

appropriate Central Office administrator, and/or the Board of Education in a timely manner and current practices and proposed policies should be reviewed for consideration and implementation by the Board of Education.

The District has had a long history of minimizing costs on major and minor capital projects due to change orders. There is documentation to that effect for all Bond Issue projects from 2004 to the present. The work within the scope of Change Orders is not bid, rather a negotiation of existing unit prices along with Architect and Construction Manager market price analysis supported the added (or reduced) project cost.

The District will review, in Spring 2014, through a Superintendent charted process action team, the existing change order practices to ensure compliance and consistency with Board Policy and administrative procedures and practices that provide staff the ability to complete projects in a timely manner to avoid additional costs of goods and services. The current District practices consider the cost or value of the change, unit price extensions, unforeseen conditions, impact on the scope of work progress, impact on the targeted completion date(s), and whether or not a contingency situation may exist.

District teams are used to identify preferred providers of similar services and prior and current unit pricing. Consideration is also given to other capital projects reviewed and approved through the Non-Allocated Request Process that may "piggy back" on earlier bids. Field judgment and Central Office review, in unusual circumstances, may cause an occasional bypass of accepted change order practice. This could then result in follow up after the work is completed.

As presented, all change orders are processed in as timely a manner as possible. They are, however, dependent on both the contractor/vendor and professional services provider processing activities. Change orders, amended contracts, and contingency provisions are monitored on a regular basis, including the District Finance Committee and/or Board of Education review or approval.

The Lee's Summit North High School paving was publicly bid and awarded to Calvert's Paving as a part of our annual Capital Projects paving long-range plan. These unit costs were used as a basis for this paving change order. However, staff did not properly process these bids for approval and signature.

The Meadow Lane Elementary classroom modifications were bid by the District, awarded to Heartland Construction, and funded by the Operations Special Capital Projects budget. Limited carpet replacement was included in the original project bid. Additional replacement of deteriorated carpet was previously identified as a need by the site and administrative team. Favorable contractor bids allowed for additional carpet replacement in the third through sixth grade classrooms. A competitive material pricing was provided by Heartland Construction through two flooring suppliers. The Board, in this case, accepted the amendment to the Heartland contract for the additional project work.

3.3 The District agrees with the recommendation to annually review Purchasing Card utilization and is agreeable to reviewing suggested adjustments to purchasing card limits as may deemed appropriate. The Business Services department annually prepares a comprehensive report for review by the Board of Education. Current limits have not resulted in any fraudulent or excessive expenditure based on internal review of each transaction. All usage of Purchasing Cards and each transaction, is audited internally and no limit concerns have been noted by District Business office staff. The District has received rebates in the amount of $847,499 over the past nine years. Annually, a Purchasing Card usage report is presented to both the District Finance Committee and the Board of Education.

4. Vehicle Allowances

The district does not include vehicle allowances paid to several district employees, mostly administrators, in their contracts and the Board does not approve the vehicle allowances. In addition, the district has no documentation to support that vehicle allowance amounts are reasonable compared to actual expenses incurred.

The district has historically paid a vehicle allowance to several employees who use their personal vehicles to conduct official business within the school district. When employees use their personal vehicles to travel outside the district, they receive a separate mileage reimbursement. For the year ended June 30, 2013, the superintendent was provided a district vehicle and his personal usage of that vehicle in calendar year 2012 was reported on his W-2 in accordance with IRS guidelines. Effective with the 2013-2014 school year the superintendent no longer uses a district vehicle, but uses his personal vehicle and receives a vehicle allowance. Our review of vehicle allowances noted the following concerns:

- The district does not include vehicle allowances, other than for the superintendent, in employee contracts and the Board does not approve the allowances as additional compensation. In addition, the district has

not performed an analysis to ensure the vehicle allowances meet the needs of these positions or are reasonable.

According to district officials, individuals in certain positions (e.g. facility maintenance and operations) typically travel a significant number of miles each month. The district established these vehicle allowances several years ago and they range from $47 - $266 per month and totaled $27,657 for the year ended June 30, 2013.

District officials indicated they have discussed performing an analysis of vehicle allowances.

- The $15,000 vehicle allowance the superintendent will receive for the year ended June 30, 2014, appears unreasonable. Using the mileage rate allowed by the IRS for business travel during 2013 (56.5 cents per mile), the superintendent would have to travel over 26,000 business-related miles within the school district during the year to earn this vehicle allowance reimbursement. This number of miles is considerably more than the 4,284 actual business-related miles he drove his district-provided vehicle during calendar year 2012.

In order to fully disclose the total compensation of each employee, vehicle allowances provided should be included in annual employment contracts and approved by the Board. In addition, vehicle allowances should be based on a reasonable estimate of miles driven for in-district business purposes.

Recommendation

The School Board ensure vehicle allowances are included in employee contracts. In addition, the School Board should review vehicle allowances and set the allowances to reasonably reflect the actual expenses incurred by the applicable employees.

Auditee's Response

The School Board provided the following written response:

Beginning in April 2013 through June 30, 2013, the District required staff who received the vehicle allowance during the 2012-13 to document their business mileage to determine the appropriateness of the vehicle allowance amount. The analysis was reviewed resulting in the need for additional study to comprehensively address vehicle allowances. District administrative staff is currently investigating options to provide an adequate level of compensation for vehicle allowances while attending to the recommendations within this report. The Board of Education negotiates the Superintendent's contract and no longer provides the Superintendent with a vehicle allowance.

5. Land Purchase

The district purchased land without properly obtaining an appraisal. In December 2012, after consulting with applicable parties concerning the identification and evaluation of potential sites, the district purchased approximately 51 acres of land to be used for the district's fourth middle school at a cost of $775,000. The district negotiated this purchase with the seller, and comparable sales pricing and past district site purchase costs were utilized to validate the purchase price. However, without an independent appraisal of property purchased, the district has less assurance the price paid represents the fair value of the property.

To ensure a reasonable price is paid for land, good business practice requires the Board obtain formal appraisals prior to purchase for all potential sites under serious consideration.

Recommendation

The School Board obtain appraisals prior to purchase for any sites under serious consideration for purchase.

Auditee's Response

The School Board provided the following written response:

The District agrees that an appraisal, where appropriate, may provide an assurance of reasonable prices for land purchases.

The District utilizes a site selection process, under the supervision of the Comprehensive Facility Master Plan (CFMP) Team, to work with individuals, the development community, various municipalities, private property owners, architectural consultants and other organizations and agencies to procure future school sites. The most recently purchased property, a site for a proposed Middle School #4, was compared to five other site options, negotiated for sale, and presented by the CFMP Team to the Board of Education for approval. The budget was estimated at $1.3 million and purchased at a price of $750,000. The purchase price per acre was $15,196 as compared to the $28,031 average per acre cost of the last three District sites purchased. The District realtor and consultant did not recommend an appraisal. Two school board members serve on the selection team.

Lee's Summit R-VII School District
Organization and Statistical Information

The Lee's Summit R-VII School District is located in the southeast portion of the Kansas City metropolitan area. The district covers approximately 117 square miles and serves the communities of Lee's Summit, Greenwood, Lake Lotawana, Lake Winnebago, and a portion of Kansas City, as well as unincorporated areas of eastern Jackson County.

The school district operates 3 senior high schools (grades 9-12); 3 middle schools (grades 7-8); 18 elementary schools (grades K-6); an alternative secondary school; a secondary technology academy; an early education center; and a special-education, day-treatment school. Enrollment was 17,534 for the 2012-2013 school year. The district employed 2,343 regular full- and 159 regular part-time employees at June 30, 2013.

The Lee's Summit R-VII School District has been classified under the Missouri School Improvement Program as "Accredited" by the Missouri Department of Elementary and Secondary Education.

School Board

An elected board acts as the policy-making body for the district's operations. The board's seven members serve 3-year terms without compensation. Members of the board at June 30, 2013, were:

Ron Baker, President
Jack Wiley, Vice-President
Patti Buie, Member
Phyllis Balagna, Member
Terri Harmon, Member
Chris Storms, Member
Bob White, Member

Superintendent

The district's superintendent at June 30, 2013, was Dr. David McGehee. His annual compensation was $258,660, which included a deferred compensation allowance of $19,716, family medical insurance of $15,377, and association expenses of $12,000. He was also provided a district vehicle for business and personal use. The superintendent's compensation is established by the Board.

Thomas A. Schweich

Missouri State Auditor

Olive Graeser Transportation Development District

February 2014

Report No. 2014-009

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Olive Graeser Transportation Development District

Supervision	The Olive Graeser Transportation Development District (TDD) Board does not provide adequate oversight of the TDD's financial transactions. The Board does not receive monthly financial statements, copies of bank account statements, or copies of bank reconciliations performed by the development firm.
Compliance with Legal Provisions	The TDD's budgets do not contain all elements required by state law, and the Board did not obtain documentation from the contractor demonstrating compliance with prevailing wage provisions on the district's project.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Olive Graeser Transportation Development District
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THOMAS A. SCHWEICH
Missouri State Auditor

Steve Heitz, Chairman and Executive Director
and
Board of Directors
Olive Graeser Transportation Development District
Creve Coeur, Missouri

We have audited certain operations of the Olive Graeser Transportation Development District in fulfillment of our duties under Section 238.272, RSMo. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the district's internal controls over significant management and financial functions.

2. Evaluate the district's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in our audit of the district.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Olive Graeser Transportation Development District.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditors:	Rex Murdock, M.S.Acct.
	Wayne Kauffman, MBA

Olive Graeser Transportation Development District
Management Advisory Report
State Auditor's Findings

1. Supervision

The Olive Graeser Transportation Development District (TDD) Board does not provide adequate oversight of the financial transactions of the TDD. The Board is not receiving monthly financial statements, copies of bank account statements, or copies of bank reconciliations performed by the development firm.

District resolution 12-008 authorizes the City of Creve Coeur to perform accounting and bookkeeping services for the Board, but requires the Board to receive monthly financial reports and copies of bank reconciliations performed of district accounts. Without adequate reviews of financial documents, the Board has little assurance TDD financial transactions are proper.

Recommendations

The TDD Board review and approve financial records and bank reconciliations.

Auditee's Response

The TDD Board provided the following written response:

The District sales tax revenue is collected by the State of Missouri, and remitted directly to the Trustee. The Trustee makes all distributions of funds in accordance with the trust indenture. In addition, the Board reviews and approves the annual financial statements of the District. In addition, the City of Creve Coeur has been appointed by the Board to provide accounting services for the District. As such the City reviews and approves monthly bank reconciliations. Although we believe the aforementioned controls are sufficient to ensure accuracy of the District's financial records, monthly financial records and bank reconciliations will be distributed to Board members beginning with the month ended January 31, 2014.

2. Compliance with Legal Provisions

Budgets are not in compliance with state law and documentation for prevailing wages was not obtained.

2.1 Budgets

Budgets prepared and adopted by the Board do not contain all elements required by state law. The budgets for the years ended December 31, 2012 and 2011, did not include a budget message or a comparative statement of actual or estimated revenues or expenditures for the preceding 2 years.

Section 67.010, RSMo, requires the budget present a complete financial plan for the ensuing budget year and outlines the various information to be included in the budget. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool.

2.2 Prevailing wage

The Board did not receive documentation from the contractor to demonstrate compliance with prevailing wage provisions on the district's project. The Board Chairman indicated the Board did not believe monitoring

prevailing wage requirements was necessary because a union labor force was utilized on the project.

The cooperative agreement between the TDD and the Missouri Department of Transportation requires the district and its subcontractor to pay the prevailing hourly rate of wages for each craft or type of worker required to complete the roadway project as determined by the Missouri Department of Labor and Industrial Relations. In addition, Sections 290.210 to 290.340, RSMo, provide requirements regarding prevailing wages.

Recommendations

The TDD Board:

2.1 Ensure budgets contain all information required by state law.

2.2 Ensure adequate documentation is submitted to substantiate prevailing wages are paid on construction projects as required by state law.

Auditee's Response

The TDD Board provided the following written responses:

2.1 The District is now aware of the requirement to include a budget message and a comparative statement of actual or estimated revenues and expenditures for the preceding two years in its annual budget. This information was included in the 2013 Budget, and will be included in future years.

2.2 The District required in its contract with the general contractor that performed the TDD work that the general contractor comply with all laws pertaining to prevailing wages and that the general contractor include in all of its contracts with subcontractors the same provision. The District will require in any future construction projects performed by the District, in addition to the aforementioned requirement, a requirement that the contractor certify to the District that the contractor and its subcontractors have complied with all laws pertaining to prevailing wages.

Olive Graeser Transportation Development District
Organization and Statistical Information

The Olive Graeser Transportation Development District (TDD) is located in the City of Creve Coeur. The TDD was organized in December 2009 by petition of the property owners within the proposed TDD. The members of the Board of Directors of the district are elected by the property owners and include a property owner, a representative from both the City of Creve Coeur and St. Louis County, and other members representing the property owners.

In December 2009, the qualified voters of the TDD, in this case the property owners, approved the imposition of a sales tax of up to 1-cent (1 percent) on all taxable transactions within the boundaries of the district. The Board of Directors subsequently passed a resolution that set the sales tax rate at 1-cent (1 percent), effective April 1, 2010, for 40 years, unless terminated sooner. The retail establishments within the district collect and remit the sales tax to the Missouri Department of Revenue (DOR). In turn, the DOR distributes the sales tax monies to the district.

The TDD was formed for the purpose of installing traffic signals at the intersection of Olive Boulevard and the Dautel Lane/Graeser Road alignment, widening Olive Boulevard, and installing medians within Olive Boulevard. The Missouri Department of Transportation, the City of Creve Coeur, and St. Louis County are the public entities with jurisdiction over these projects. These projects were completed in February 2011.

The TDD has a fiscal year end of December 31, and did not have independent audits performed during the 2 years ended December 31, 2012.

District Board

An elected board acts as the policy-making body for the district's operations. The board's eight members serve 3-year terms without compensation. Members of the board at December 31, 2012, were:

Steve Heitz, Chairman and Executive Director (1)
Bill Bierman, Member (1)
Denise Chomicki, Member (1)
Rick Matejka, Member (1)
Stacey Manolakas, Member (1)
Jeffrey Gershman, Member (2)
Garry Earls, Member (3)
Les Steinberg, Member (4)

(1) Property owner representative
(2) Property owner
(3) County representative
(4) City representative

Financial Activity

Project costs of approximately $2.6 million were paid by the developer, City of Creve Coeur, and St. Louis County. In February 2010, the TDD issued a $1.2 million revenue note (Series 2010A) pledging future sales tax collections to the developer. In November 2012, the TDD issued revenue notes (Series 2012A and 2012B) of approximately $1.3 million each, pledging sales tax collections for the payment of these notes. The Series 2012A note replaces the Series 2010A note and was issued to the City of Creve Coeur due to the city paying the developer the value of the Series 2010A note. The Series 2012B note consists of 3 notes with approximately $900,000 issued to the developer and approximately $200,000 issued to both the city and county, representing their monetary contributions to the project. No payments will be made toward the Series 2012B note until the Series 2012A note has been repaid. The principal and interest payments reflected in the summary of financial activity presented below represent payments currently being made to the City of Creve Coeur related to the Series 2012A note.

A summary of the district's financial activity for the 2 years ended December 31, 2012, follows:

		Year Ended December 31,	
		2012	2011
RECEIPTS			
Sales taxes	$	87,589	84,640
Acceptance fees		655	0
Interest		1	4
Other		42	0
Total Receipts		88,287	84,644
DISBURSEMENTS			
Administrative fees		12,000	15,233
Principal and interest		74,203	56,711
Trustee expenses		1,885	0
Total Disbursements		88,088	71,944
RECEIPTS OVER (UNDER) DISBURSEMENTS		199	12,700
BEGINNING CASH		41,812	29,112
ENDING CASH	$	42,011	41,812

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

St. Louis Public School District

February 2014

Report No. 2014-010

http://auditor.mo.gov

St. Louis Public School District
Follow-Up Report on Audit Findings
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THOMAS A. SCHWEICH
Missouri State Auditor

To the Special Administrative Board
and
The Board of Education
St. Louis Public School District

We have conducted follow-up work on audit report findings contained in Report No. 2013-085, *St. Louis Public School District*, issued in September 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the district about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the district, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed the district's action plan, which was created in response to our audit report and is available on the district's website. We also reviewed supporting documentation submitted by district officials and held meetings with district officials. Documentation provided by the district included policies, contracts, and various financial records. This report is a summary of the results of this follow-up work, which was substantially completed during December 2013.

Thomas A. Schweich
State Auditor

St. Louis Public School District
Follow-Up Report on Prior Audit Findings
Status of Findings

1. Financial Condition

Although the district cut over $50 million in overall expenses from 2009 to 2011, the district had a deficit fund balance of approximately $55 million in its General (incidental) Fund at June 30, 2011. In November 2011, the district reached a settlement agreement to resolve school desegregation litigation with the state. The settlement provided funds to eliminate the district's deficit balance and provided additional revenues of $40.2 million through June 30, 2014, for several existing, new, or expanded programs.

Primarily as a result of the settlement agreement funding, at June 30, 2012, the district had a positive balance in its General Fund of approximately $12 million; however, the settlement agreement funding ends June 30, 2014, at which time the district may have to propose significant cuts or seek additional funding sources.

Proposed solutions were discussed in the district's 5-year financial plan, and included pursuing voter approval on a proposed property tax levy increase for operations and a bond issue, as well as continuing efforts to reduce workforce, and fixed and non-academic costs.

Recommendation

The Special Administrative Board closely monitor the district's financial condition due to the pending reduction in funding, and take appropriate actions as necessary.

Status

Implemented

At June 30, 2013, the district reported an unrestricted positive fund balance of $17.9 million. The district approved a fund balance policy with a goal of achieving an unrestricted fund balance in the General Fund equal to 10 percent of the aggregate expenditures in the General and Teachers Funds. If the unrestricted fund balance should fall below 3 percent, the Special Administrative Board (SAB) will develop a plan to replenish the unrestricted fund balance back to the designated minimum level within 12 to 24 months. Monthly financial statements and budget-to-actual reports are provided to the SAB.

2. Student Promotion and Retention

District policies and procedures regarding the promotion and retention of "at-risk" students were not fully compliant with state law.

The district's Office of Accountability performed an evaluation of 2011 summer school implementation and outcome data. This study concluded that the district's passing of "at-risk" elementary students who either failed to attend summer school or failed to progress enough during summer school to escape the "at-risk" category contradicted the intent of Section 167.645, RSMo, commonly referred to by the Department of Elementary and Secondary Education (DESE) and many school districts as Senate Bill 319.

Also, upon being classified as an unaccredited school district by the DESE in 2007, the district became subject to Section 162.1100.6, RSMo. When asked about the district's responsibility to comply with Section 162.1100.6, RSMo, a district official indicated the district did not have the resources to retain all students who were not reading at the required grade level, and full compliance with state law would place the district in undue financial hardship. The district adopted a new student promotion and retention regulation effective June 2012 to ensure compliance with Senate Bill 319, but did not address compliance with Section 162.1100.6, RSMo.

Recommendation

The Special Administrative Board comply with the recently adopted retention policy, continue to monitor the district's policies and procedures related to student promotion and retention, and work toward full compliance with state laws regarding student promotion and retention.

Status

In Progress

The district prepared a document titled Strategies and Timeline for Compliance, which details action steps to be implemented, estimated completion dates, and evidence available to support action step completion. The district provided professional development for school principals regarding promotion/retention policies, state laws, and the Strategies and Timeline for Compliance. The district has conducted reading assessments for students in grades 1-8 to determine reading levels and developed Individual Academic Plans for those students who are not reading at least one level below grade level. Completion of all action steps is expected by June 30, 2014.

3. Educational Programs

The district had not adequately evaluated numerous educational programs to determine their impact on student achievement. District policies, procedures, and regulations regarding the evaluation of educational programs were not followed or were out of date. In addition, the district's Accountability Plan was not adequately updated in a timely manner.

3.1 Curriculum management audit

A 2010 audit of the district's curriculum management included a review of program evaluation policies, plans, reports, and data pertaining to student assessment and program evaluation. The audit noted the existence of approximately 1,000 district programs, many of which were unknown to district administrators. The audit also noted that many programs were not subject to routine evaluation, and some applicable program evaluation policies were out of date or not being followed. The district reduced its Accountability Office staff from eight to two, limiting its ability to conduct program evaluations.

Recommendation

The Special Administrative Board identify all educational activities and programs and implement established policies which require regular reports

on the evaluation of programs. All evaluations should be coordinated and maintained by the Accountability Office. In addition, conflicting and/or out-of-date policies should be updated for consistency and accurately included on the district's website. Procedures should include written guidance for the continuation, modification, or termination of programs and require documented corrective action of formal evaluation findings and recommendations.

Status

In Progress

The district has updated its Evaluation Procedural Plan and various policies to be consistent with Missouri School Improvement Program 5 standards. The updated plan and policies have been placed on an upcoming meeting agenda for approval by the SAB. The district has also prepared updated lists of programs in place at elementary (205 programs), middle (147 programs), and alternative/secondary schools (188 programs). Selected program evaluations will be performed by the district Accountability Office and are due by September 30, 2014.

3.2 Accountability plan

The district's Accountability Plan was not always accurately updated in a timely manner. The district approved the plan in November 2009 to address action needed to fix issues identified during the Missouri School Improvement Program review, regain accreditation, and support the district's comprehensive long-range plan.

Due dates were established for the implementation of plan action steps, and progress was tracked throughout the year by the achievement of various benchmarks. The district's Project Management Office (PMO) periodically requested scorecards from action step owners to update the progress of each action step. Our review noted that owners of action steps did not always submit scorecard updates to the PMO in a timely manner, and evidence of completion of action steps was not always requested and reviewed by the PMO to ensure the accuracy of scorecard updates.

Recommendation

The Special Administrative Board ensure procedures are in place to accurately update the Accountability Plan in a timely manner, and ensure adequate documentation of completion of action steps is received and verified.

Status

In Progress

When the district achieved provisional accreditation in 2012, it was no longer required to maintain the Accountability Plan. The district has since created a Comprehensive District Improvement Plan, similar to the Accountability Plan, but with new goals and objectives. The draft 2013-2014 plan builds on prior plans, focusing on changes at the classroom level.

This plan is expected to be approved by the SAB after completion in February 2014.

4. Missouri Assessment Program Testing

The district did not perform timely follow up of Missouri Assessment Program (MAP) testing quality assurance monitoring. In addition, the district does not have a formal process in place to identify and investigate unusual fluctuations in MAP test scores.

In response to both national and local news articles regarding MAP testing irregularities, the district authorized monitoring procedures exceeding DESE requirements to help ensure 2012 MAP testing integrity. These steps included significantly increasing the number of testing monitors as well as the frequency of monitoring visits.

4.1 Quality assurance monitors

The district assigned at least one employee to each school to serve as Quality Assurance Monitors (QAM) for the 2012 MAP testing, and hired seven independent QAMs to provide additional monitoring at selected schools.

In early June 2012, we performed a review of Quality Assurance Assessment District Self-Monitoring Forms (monitoring forms) completed and submitted by QAMs to the district Accountability Office. At that time, the district had not received approximately 100 required monitoring forms from several QAMs for approximately 30 schools. At our request, the Accountability Office contacted the QAMs in an attempt to collect the missing monitoring forms. We performed a follow-up review in late June 2012 and noted no monitoring forms had been submitted for three schools, and less than the minimum four monitoring forms had been submitted for another 12 schools. In addition, two of the independent QAMs paid by the district had not submitted any monitoring forms. Per a district official, no monitoring tool was developed to determine if the independent QAMs complied with the agreed-upon procedures.

Recommendation

The Special Administrative Board ensure monitoring provided for future MAP testing is adequately documented, and follow up is performed to ensure all monitoring forms are submitted in a timely manner.

Status

In Progress

District officials indicated they will ensure monitoring provided for the Spring 2014 MAP testing is adequately documented and all monitoring forms are submitted in a timely manner. The district follows DESE-required procedures for MAP testing monitoring.

4.2 Analysis of test results

The district did not have a formal proactive process to identify and investigate unusual fluctuations in school MAP test scores from year to

year. In addition, the district did not adequately utilize test data to identify schools that should have been monitored more closely in subsequent years.

Recommendation

The Special Administrative Board adopt a formal proactive process to annually identify and investigate unusual testing occurrences.

Status

Partially Implemented

The district sent a survey to the St. Louis Assessment Resource Association requesting MAP testing follow-up procedures from area school districts. Of the 30 districts that responded most indicated they review test results and drill down after results are received; however, no districts reported a method for conducting investigations based on those results. District officials indicated they will implement a proactive process to identify and review unusual testing occurrences for the Spring 2014 MAP testing, and plan to use this analysis for instructional planning purposes, but they currently do not plan to perform investigations of unusual occurrences unless directed to do so by the DESE.

5. Purchasing Policies and Procedures

District procedures for procuring and selecting contractors for goods and services needed improvement.

5.1 Procurement procedures

The district did not always competitively bid purchases of goods or services or routinely solicit requests for proposals (RFP) for professional services. Multiple purchases in 2012 did not undergo competitive bidding, as required by the district's Purchasing Guide. In addition, we noted concerns with the documentation of sole source procurements.

Recommendation

The Special Administrative Board ensure bids and proposals are periodically solicited for all goods and services, and sole source procurements are adequately documented as required by district policy.

Status

In Progress

The district updated its Purchasing Manual to include additional guidance on procurement, bidding, and bid evaluations; contract payments; and monitoring vendor performance. This update includes the development of a Procurement Process Audit to be performed quarterly by the Chief Financial Officer. The updated manual also includes detailed procedures and flowcharts outlining each phase of the process, as well as several new or updated forms and reports to be utilized to more adequately document each phase of the process. Standard contract language has also been developed to be included in all district agreements. The district has developed a schedule to train approximately 800 staff and principals on the updated procedures. Training is expected to be completed in March 2014. A contract database is

also currently in development and will be used to identify the appropriate term/duration of all contracts and monitor the RFP/bid process.

5.2 Bidding procedures and evaluations

The district received only one bid for each of several large construction projects. The district had little response to bid solicitations for several construction projects at various schools related to the district's recent $155 million bond issue (Prop-S bonds). Bidding procedures for these projects included RFPs posted on the district's website, and mass email notifications sent out to a large number of vendors identified by the district. However, for one such mass email, recipients included non-construction companies and did not include other construction companies awarded previous district projects. For another project, the district could not provide documentation of sending a mass email notification to identified vendors.

The district received several proposals from vendors for employee benefit enrollment and eligibility services and employee benefit management services; however, the district could not locate the evaluation sheets and evaluation summary for this procurement decision.

In addition, district staff did not always complete evaluation sheets or a summary documenting the scoring of evaluation criteria for procurement decisions.

Recommendation

The Special Administrative Board implement improved bidding procedures, and ensure adequate documentation is maintained to support procurement decisions.

Status

In Progress

In addition to updating the Purchasing Manual and developing a training schedule as indicated in the status of finding number 5.1, district officials indicated the district has begun advertising bid opportunities in local publications on a weekly basis.

6. Contracts and Disbursements

District procedures for contracting for goods and services, classification of independent contractors, and payment of vehicle allowances needed improvement.

6.1 Legal services

The district had not performed a cost analysis to determine if it would be more economical to hire employees to provide legal services. In addition, the district used the same law firm as its primary legal counsel since 2007 without periodically soliciting proposals for these services. Legal services expenses averaged $2.46 million annually for the past 4 years.

Recommendation

The Special Administrative Board perform a cost analysis for legal services and consider appropriate action as necessary.

Status	**In Progress** A cost analysis prepared by the district indicates cost savings of over $500,000 annually could eventually be realized by hiring its own attorneys. The analysis suggests; however, that this transition would be made over time. The analysis highlights advantages and disadvantages for both hiring its own attorneys and continuing to contract with legal firms, and makes recommendations for implementation. District officials indicated further action is on hold until the State Board of Education makes a decision regarding reappointment of the members of the SAB, whose current tenure ends June 2014.
6.2 Contract payments	While board resolutions were adopted for the authority to spend money on certain contracts, the district made several payments to contractors prior to obtaining a signed contract or contract amendment.
Recommendation	The Special Administrative Board enter into timely written agreements and contract amendments prior to the commencement of services.
Status	**In Progress** See status of finding number 5.1 regarding updates to the district's Purchasing Manual and development of a training schedule and contract database.
6.3 Monitoring of vendor performance	The district did not adequately monitor some service contracts, and some contracts had vague or non-existent monitoring criteria. In addition, evaluation of prior year performance by vendors was not always documented, or was not documented prior to contract renewal as required by the district Purchasing Guide.
Recommendation	The Special Administrative Board enter into detailed written agreements defining the services to be provided and the benefits to be received. In addition, the SAB should ensure contracts are monitored for compliance and vendor performance is adequately documented.
Status	**In Progress** See status of finding number 5.1 regarding updates to the district's Purchasing Manual and development of a training schedule and contract database.
6.4 Contracts with former employees	The district may not have been following Internal Revenue Service (IRS) rules when hiring former employees as independent contractors.

For the year ended June 30, 2012, four former district employees who retired from the district and were receiving retirement benefits were paid as independent contractors to perform similar duties to the ones they previously performed as employees. Considering IRS rules and the district's control over the working hours of these individuals, it appears these persons should have been considered employees and paid wages with applicable taxes withheld, and the earnings reported on Forms W-2.

Recommendation

The Special Administrative Board follow IRS guidelines when hiring employees.

Status

Implemented

The four former employees who retired from the district and were working as independent contractors are no longer working for the district. District officials indicated IRS guidelines will be followed in future situations.

6.5 Vehicle allowances

The district did not properly report to the IRS monthly vehicle allowances paid to the Superintendent and the former Chief Financial Officer. Neither was required to submit to the district documentation of mileage incurred for district purposes, and these allowances were not reported on their W-2 forms. In addition, the vehicle allowances did not appear to be reasonable.

Recommendation

The Special Administrative Board follow IRS guidelines when paying vehicle allowances. In addition, the SAB should review all vehicle allowances and set the allowances to reasonably reflect actual expenses incurred.

Status

Implemented

The district no longer provides vehicle allowances to any district employees and provides reimbursements for actual mileage incurred for official district business.

7. Closed Session and Committee Meeting Minutes

The district did not publicly report some decisions made in closed SAB meetings or document how some issues discussed in closed meetings were allowable under the Sunshine Law. In addition, committee meeting minutes are not always prepared and approved in a timely manner.

7.1 Closed session minutes

The district did not announce in an open meeting, or otherwise publicly disclose, items that were approved in closed sessions as required by the Sunshine Law. Those approved items included the sale of school buildings and an amendment to a district lease agreement. In addition, we identified some instances where the closed meeting minutes disclosed discussion of issues not allowable under the Sunshine Law, such as approval of a

licensing agreement and an easement, the district budget, and lobbying and legislative issues.

Recommendation

The Special Administrative Board ensure all closed session votes and the related actions are publicly disclosed as and when required, and items discussed in closed meetings are allowable topics under the Sunshine Law.

Status

Implemented

District officials indicated they would ensure all closed session votes and the related actions are publicly disclosed as and when required, and items discussed in closed meetings are allowable topics under the Sunshine Law. The results of closed session meetings are now posted on the district's website along with comments explaining a record of each member's vote on certain matters is available to the public upon request and how to obtain this information.

7.2 Committee meeting minutes

Some SAB committee meeting minutes are not prepared and approved in a timely manner. For example, the Finance Committee minutes from March through June 2012 were not prepared until July 2012 and had not been approved as of July 31, 2012.

Recommendation

The Special Administrative Board ensure minutes are prepared and approved in a timely manner and maintained for all applicable committee meetings in accordance with the Sunshine Law.

Status

Implemented

Meeting minutes for district committee meetings are now available on the district's website.

8. Henry Elementary Follow-up

The district had not fully implemented all audit report recommendations cited in our audit report No. 2011-66, *St. Louis Public School District, Patrick Henry Downtown Academy - Enrollment and Attendance Recording and Reporting*, issued in September 2011. This audit was performed in response to concerns that school attendance and enrollment data were being falsified at the Patrick Henry Downtown Academy (Henry Elementary). From the evidence collected, it appeared enrollment and attendance data was manipulated; however, the district had not updated and corrected attendance data submitted to the Department of Elementary and Secondary Education, and had not fully implemented an audit trail logging feature to monitor changes to the student information system database.

Recommendation

The Special Administrative Board continue to review attendance data and update, correct, and approve the data submitted to the DESE for Henry Elementary as appropriate. In addition, the Board should ensure the audit

trail log is reviewed periodically and applicable changes to attendance investigated if necessary.

Status

In Progress

The district is in the process of quantifying the discrepancies noted in the audit, and the SAB has approved authorization to repay DESE up to $145,000 (the initial estimate of the potential liability) for any excess funds received. The district has formed an Attendance Committee to review attendance for every school on a weekly basis, identifying and examining major fluctuations and recommending any corrective action. The district is in the process of hiring an internal auditor whose job functions will include performing periodic audits of attendance records. The district's Student Information System was enhanced in 2012 to keep information on changes to any attendance records, including who made the change and the date of the change. The system does not produce an audit trail log, but allows the district to audit this additional information for any school or individual student attendance record.

9. Audit Functions

The district had not implemented many recommendations made by the district's independent auditor, some of which had been repeated for several years. In addition, the district did not have an internal audit function.

9.1 Annual independent audits

Numerous recommendations were made by the district's independent auditor in the district's financial statement audit report for the year ended June 30, 2012. Many of the recommendations had not been fully implemented and had been repeated from prior years, including several material internal control weaknesses over financial reporting. The auditors also identified material weaknesses in internal controls over compliance related to the district's federally funded programs. District officials indicated some of the audit recommendations had not been implemented due to accounting system, staffing, and/or budgetary constraints.

Recommendation

The Special Administrative Board ensure corrective action plans for audit findings are implemented in a timely manner.

Status

In Progress

The independent audit for the year ended June 30, 2013, indicates several of the prior recommendations have been fully or partially implemented. However, district officials indicated some of the recommended improvements would require additional financial commitments that would have to be approved by the SAB before further progress is made.

9.2 Internal audit

The district had financial activity of more than $370 million annually, and numerous compliance and policy requirements. Several control weaknesses

were noted by the district's independent auditor. However, the district did not have an internal audit function. The district had an internal auditor as recently as December 2011 and in the past had an employee that performed some internal audit functions; however, this employee was also assigned several non-audit related tasks. As a result, internal audits were limited mainly to emergency requests and fraud allegations. Interviews for the internal audit position were held in 2012 and a candidate was identified; however, contract terms could not be finalized. Also in 2012, the District issued a request for proposal and received bids for an internal business review; however, district officials indicated that project was put on hold when our audit began.

Recommendation

The Special Administrative Board consider hiring an internal auditor to conduct audits of district operations and activities and who reports directly to the Board.

Status

In Progress

The district has posted the opening for an Internal Auditor on its website and is in the process of receiving applications. District officials indicated they are considering hiring a search firm to help identify additional qualified applicants.

Thomas A. Schweich

Missouri State Auditor

Compilation of 2013 Criminal Activity Forfeiture Act Seizures

February 2014

Report No. 2014-011

auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Compilation of 2013 Criminal Activity Forfeiture Act Seizures

Compliance with Submitting Required Reports	For property seized during calendar year 2013, the State Auditor received all of the total possible 116 Criminal Activity Forfeiture Act (CAFA) reports from prosecuting attorneys and the Attorney General. All but two counties, Carroll and Cedar, submitted the required copy of the CAFA report to the State Auditor by the January 31, 2014, deadline, although Carroll County did timely submit its report to the Department of Public Safety (DPS). Five counties submitted the required copy of the report to the State Auditor but did not submit a copy of the report to the DPS as is also required.
Disposition of Seizures Reported	Of the $4,615,518 reported seized in 2013, the disposition was reported as follows: $1,776,653 pending, $384,568 returned, $2,300,764 transferred to a federal agency, $116,220 transferred to the state, $2,513 other, and $34,800 disposition not reported.
Compliance with Reporting Required Information	The 116 reports received reported 615 total cases. Some of the reports did not include all of the required information, such as date, time, and place of seizure, estimated value of property seized, criminal charges filed, and disposition of criminal actions.

Because of the nature of this compilation, no overall rating is provided.

Compilation of 2013 Criminal Activity Forfeiture Act Seizures Table of Contents

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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
Jefferson City, Missouri

As required by Section 513.607, RSMo, we have compiled the 2013 Criminal Activity Forfeiture Act (CAFA) seizure reports submitted to the State Auditor by prosecuting attorneys and the Attorney General. The compilation is limited to presenting information that is submitted. We have not audited the reports submitted and, accordingly, do not express an opinion or any other form of assurance on them. The primary objectives of this compilation were to:

1. Compile the 2013 CAFA seizure information reported.

2. Identify those officials who submitted 2013 CAFA seizure reports to the State Auditor.

Section 513.607, RSMo, requires prosecuting attorneys and the Attorney General to report CAFA seizures for the previous calendar year by January 31, to both the Director of the Department of Public Safety and the State Auditor. Of the 116 potential reporting entities, we received 116 CAFA seizure reports; 114 of these reports were submitted by the required due date of January 31, 2014.

Compliance with Section 513.653, RSMo, which requires law enforcement agencies involved in using the federal forfeiture system to submit reports regarding federal seizures and the proceeds therefrom to both the Department of Public Safety and the State Auditor's office, will be separately reported.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
In-Charge Auditor:	Becky Webb, CPA, CFE
Audit Staff:	Dana Wansing, MPA

Compilation of 2013 Criminal Activity Forfeiture Act Seizures Executive Summary

Compliance with Submitting CAFA Seizure Reports

The State Auditor received all of the total possible 116 CAFA seizure reports from prosecuting attorneys and the Attorney General for property seized during calendar year 2013. All but two of the 116 reports were received by the January 31, 2014, deadline. The following table lists the total number of CAFA seizure reports submitted to the State Auditor for 2013, 2012, and 2011.

Reporting Status	2013		2012 [1]		2011 [1]	
By January 31	114	98.3 %	114	98.3 %	95	81.9
After January 31	2	1.7	2	1.7	19	16.4
Total Reported	116	100.0	116	100.0	114	98.3
Did Not Report	0	0.0	0	0.0	2	1.7
Total Possible Reports	116	100.0 %	116	100.0 %	116	100.0

[1] Includes CAFA seizure reports submitted by prosecuting attorneys to the State Auditor after the annual compilation reports were issued.

Two counties (Carroll and Cedar) submitted the required copy of the CAFA seizure report to the State Auditor after the reporting deadline. The Carroll County report was submitted to the Missouri Department of Public Safety (DPS) prior to the deadline, but was not received by the State Auditor until after the deadline. Both agencies received the Cedar County report after the deadline.

In addition, we contacted the DPS to determine CAFA seizure reports received by the DPS. We determined five counties (Caldwell, Christian, Crawford, Dunklin and Howard) submitted the required copy of the CAFA seizure report to the State Auditor, but did not submit a report to the DPS.

Section 513.607.10, RSMo, states intentional or knowing failure to comply with any reporting requirement shall be a class A misdemeanor punishable by a fine of up to $1,000.

Disposition of the Seizures ReportedSeizures Reported

We compiled the disposition of all seizures as reported by prosecuting attorneys and the Attorney General for property seized during calendar year 2013. The following table lists the overall dollar value of the dispositions by category as reported to the State Auditor for 2013, 2012, and 2011.

Reported Disposition	2013		2012 [1]		2011 [1]	
Pending	$ 1,776,653	38 %	$ 1,982,551	32 %	$ 1,410,410	21 %
Returned	384,568	8	311,430	5	391,258	6
Transferred to Federal Agency	2,300,764	50	3,734,293	62	4,707,994	70
Transferred to State	116,220	3	83,868	1	158,589	3
Other	2,513	0	2,290	0	14,808	0
Disposition Not Reported	34,800	1	20,186	0	0	0
Total	$ 4,615,518	100 %	$ 6,134,618	100 %	$ 6,683,059	100 %

[1] Includes CAFA seizure reports submitted by prosecuting attorneys to the State Auditor after the annual compilation reports were issued. Reports of 2011 seizures that were received after the annual compilation report was issued did not include the dollar value of seizures; therefore, the 2011 information in this table did not change.

See Appendix I for a list of the 2013 CAFA seizures disposition reported by each prosecuting attorney and the Attorney General.

Compliance with Reporting the Required Information

Section 513.607.8, RSMo, requires prosecuting attorneys and the Attorney General to report the date, time, and place of the seizure; property seized; estimated value of the property seized; person(s) from whom the property was seized; criminal charges filed; and disposition of the seizure, forfeiture, and criminal actions. For the 615 cases reported in the CAFA seizure reports received, the following table lists the required information and the number of cases that reported each required item. Some reports did not include all of the required information; therefore, our compilation includes only the information reported.

Required Information	2013		2012 [1]		2011 [1]	
Date	614	99.8 %	556	99.6 %	510	100.0 %
Time	472	76.7	433	77.6	395	77.5
Place of Seizure	614	99.8	555	99.5	508	99.6
Property Seized	615	100.0	558	100.0	506	99.2
Estimated Value of Property Seized	604	98.2	536	96.1	493	96.7
Person(s) Property Seized From	615	100.0	558	100.0	510	100.0
Criminal Charges Filed	357	58.0	330	59.1	266	52.2
Disposition of Seizure	615	100.0	558	100.0	510	100.0
Disposition of Criminal Actions	498	81.0	425	76.2	412	80.8
Total Cases Reported	615	100.0 %	558	100.0 %	510	100.0 %

[1] Includes CAFA seizure reports submitted by prosecuting attorneys to the State Auditor after the annual compilation reports were issued.

See Appendix II for a list of the number of 2013 CAFA seizure cases that contained the required information reported for each prosecuting attorney and the Attorney General.

Appendix I
2013 CAFA Seizures Disposition Reported

Reporting Entity	Estimated Value of Cases Reported	Status Reported as of December 31, 2013					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Other	Not Reported
Adair	$ 0						
Andrew	0						
Atchison	0						
Attorney General	0						
Audrain	4,648	4,648					
Barry	0						
Barton	0						
Bates	0						
Benton	35,054	35,054					
Bollinger	0						
Boone	150,438	51,178	1,520	82,149	791		14,800
Buchanan	31,384	24,631			6,753		
Butler	3,655		3,655				
Caldwell	0						
Callaway	23,443	18,543	4,900				
Camden	92,674	92,674					
Cape Girardeau	0						
Carroll	259	259					
Carter	0						
Cass	1,649	1,649					
Cedar	15,206	15,206					
Chariton	0						
Christian	14,471	14,158				313 **	
Clark	0						
Clay	34,145	34,145					
Clinton	0						
Cole	54,208	32,814	3,753	7,109	10,532		
Cooper	3,130	2,761			369		
Crawford	21,797 *	12,297	9,500				
Dade	0						
Dallas	0						
Daviess	1,169	1,169					
DeKalb	0						
Dent	0						
Douglas	0						
Dunklin	3,200						3,200
Franklin	23,559	21,872	1,687				
Gasconade	356	356					
Gentry	0						
Greene	34,139	13,536		6,208	14,395		
Grundy	8,428	8,428					
Harrison	4,502	4,224			278		
Henry	0						
Hickory	0						
Holt	0						
Howard	0						
Howell	76,773	9,973		66,800			

Appendix I
2013 CAFA Seizures Disposition Reported

Reporting Entity	Estimated Value of Cases Reported		Status Reported as of December 31, 2013					
			Pending	Returned	Transferred to Federal Agency	Transferred to State	Other	Not Reported
Iron	11,100	*			11,100			
Jackson	529,751		492,543	35,342	1,866			
Jasper	11,927		8,840	3,087				
Jefferson	20,006		13,460	6,546				
Johnson	15,130		15,130					
Knox	0							
Laclede	800		800					
Lafayette	4,670		3,299			1,371		
Lawrence	0							
Lewis	0							
Lincoln	16,854		14,708	437		1,709		
Linn	0							
Livingston	0							
Macon	2,630		2,630					
Madison	0							
Maries	0							
Marion	0							
McDonald	19,544		19,544					
Mercer	15,000	*						15,000
Miller	2,453		2,453					
Mississippi	7,316		2,116		5,200			
Moniteau	2,993		2,993					
Monroe	0							
Montgomery	15,000		15,000					
Morgan	0							
New Madrid	32,892			420	20,406	12,066		
Newton	41,426		41,426					
Nodaway	0							
Oregon	3,015		3,015					
Osage	4,110			1,910			2,200	***
Ozark	25,000					25,000		
Pemiscot	0							
Perry	0							
Pettis	36,475		13,483		18,572	4,420		
Phelps	1,148,746		36,483	2,003	1,110,260			
Pike	970					970		
Platte	20,010		19,574	436				
Polk	0							
Pulaski	0							
Putnam	48,761		48,761					
Ralls	23,805			11,426	12,379			
Randolph	19,853		18,936					917
Ray	7,455		7,455					
Reynolds	0							
Ripley	4,499				4,499			
Saline	10,591		10,591					
Schuyler	0							

Appendix I
2013 CAFA Seizures Disposition Reported

Reporting Entity	Estimated Value of Cases Reported	Status Reported as of December 31, 2013					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Other	Not Reported
Scotland	0						
Scott	37,895	37,895					
Shannon	0						
Shelby	0						
St. Charles	901,740	27,896	8,609	865,235			
St. Clair	0						
St. Francois	2,154	1,271					883
St. Louis City	558,136	283,630	250,758		23,748		
St. Louis County	299,365	210,096	36,113	53,156			
Ste. Genevieve	0						
Stoddard	33,264	8,023		25,241			
Stone	6,903	2,323			4,580		
Sullivan	0						
Taney	20,852	10,268		10,584			
Texas	0						
Vernon	0						
Warren	2,436	2,436					
Washington	0						
Wayne	0						
Webster	1,022				1,022		
Worth	0						
Wright	10,682		2,466		8,216		
	$ 4,615,518	1,776,653	384,568	2,300,764	116,220	2,513	34,800

This appendix compiles only the information reported to the State Auditor by prosecuting attorneys and the Attorney General. We did not verify this data. In analyzing this appendix, some disparity may result due to different methods used by the various prosecuting attorneys and the Attorney General in presenting essentially the same information. In addition, not all seizure reports included an estimated value of the property seized.

* One case reported listed a dollar range for the estimated value of property seized. We used the higher value for this report.

** The prosecuting attorney refused the case, but the sheriff has not returned the seizure.

*** A seizure was reported as turned over to the county treasurer for distribution to schools.

Appendix II
2013 CAFA Seizures Required Information Reported

			Number of Cases that Reported Required Information								
Reporting Entity	Number of Cases Reported	Estimated Value of Cases Reported	Date	Time	Place Seized	Property Seized	Estimated Value of Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition	
										Seizure	Criminal Actions
Adair	0	$ 0									
Andrew	0	0									
Atchison	0	0									
Attorney General	0	0									
Audrain	3	4,648	3	3	3	3	3	3	3	3	3
Barry	0	0									
Barton	0	0									
Bates	0	0									
Benton	1	35,054	1	1	1	1	1	1	1	1	0
Bollinger	0	0									
Boone	22	150,438	22	0	22	22	22	22	19	22	22
Buchanan	5	31,384	5	5	5	5	5	5	5	5	2
Butler	1	3,655	1	0	1	1	1	1	1	1	1
Caldwell	0	0									
Callaway	5	23,443	5	5	5	5	5	5	4	5	5
Camden	8	92,674	8	8	8	8	8	8	8	8	8
Cape Girardeau	0	0									
Carroll	1	259	1	0	1	1	1	1	1	1	1
Carter	0	0									
Cass	1	1,649	1	1	1	1	1	1	0	1	1
Cedar	4	15,206	4	2	4	4	4	4	3	4	4
Chariton	0	0									
Christian	11	14,471	11	10	11	11	11	11	9	11	10
Clark	0	0									
Clay	7	34,145	7	7	7	7	7	7	3	7	3
Clinton	0	0									
Cole	23	54,208	23	23	23	23	23	23	21	23	23
Cooper	6	3,130	6	6	6	6	6	6	6	6	6
Crawford	5	21,797	5	3	5	5	4	5	5	5	5
Dade	0	0									
Dallas	0	0									
Daviess	1	1,169	1	1	1	1	1	1	1	1	1
DeKalb	0	0									
Dent	0	0									
Douglas	0	0									
Dunklin	1	3,200	1	1	1	1	1	1	1	1	1
Franklin	20	23,559	20	16	20	20	20	20	17	20	5
Gasconade	2	356	2	0	2	2	1	2	2	2	2
Gentry	0	0									
Greene	4	34,139	3	0	4	4	4	4	1	4	0
Grundy	1	8,428	1	1	1	1	1	1	1	1	1
Harrison	3	4,502	3	1	3	3	3	3	3	3	3
Henry	1	0	1	1	1	1	0	1	1	1	1
Hickory	0	0									
Holt	0	0									
Howard	0	0									

Appendix II
2013 CAFA Seizures Required Information Reported

			Number of Cases that Reported Required Information								
Reporting Entity	Number of Cases Reported	Estimated Value of Cases Reported	Date	Time	Place Seized	Property Seized	Estimated Value of Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition	
										Seizure	Criminal Actions
Howell	6	76,773	6	6	6	6	6	6	6	6	6
Iron	1	11,100	1	1	1	1	0	1	1	1	1
Jackson	89	529,751	89	71	89	89	88	89	11	89	89
Jasper	6	11,927	6	0	6	6	6	6	6	6	6
Jefferson	17	20,006	17	17	17	17	17	17	5	17	0
Johnson	3	15,130	3	3	3	3	3	3	0	3	0
Knox	0	0									
Laclede	1	800	1	1	1	1	1	1	1	1	1
Lafayette	4	4,670	4	4	4	4	4	4	4	4	4
Lawrence	0	0									
Lewis	0	0									
Lincoln	7	16,854	7	0	7	7	7	7	7	7	2
Linn	0	0									
Livingston	0	0									
Macon	1	2,630	1	1	1	1	1	1	1	1	1
Madison	0	0									
Maries	0	0									
Marion	0	0									
McDonald	5	19,544	5	5	5	5	5	5	5	5	5
Mercer	1	15,000	1	0	0	1	1	1	1	1	1
Miller	1	2,453	1	1	1	1	1	1	1	1	1
Mississippi	3	7,316	3	3	3	3	3	3	3	3	3
Moniteau	3	2,993	3	3	3	3	2	3	3	3	3
Monroe	0	0									
Montgomery	1	15,000	1	1	1	1	1	1	1	1	1
Morgan	0	0									
New Madrid	4	32,892	4	0	4	4	4	4	4	4	4
Newton	8	41,426	8	0	8	8	8	8	8	8	8
Nodaway	0	0									
Oregon	3	3,015	3	3	3	3	3	3	3	3	3
Osage	2	4,110	2	2	2	2	2	2	2	2	2
Ozark	1	25,000	1	0	1	1	1	1	1	1	1
Pemiscot	0	0									
Perry	0	0									
Pettis	5	36,475	5	0	5	5	5	5	4	5	5
Phelps	14	1,148,746	14	14	14	14	14	14	2	14	3
Pike	1	970	1	1	1	1	1	1	1	1	1
Platte	13	20,010	13	13	13	13	13	13	12	13	13
Polk	0	0									
Pulaski	0	0									
Putnam	1	48,761	1	0	1	1	1	1	1	1	1
Ralls	1	23,805	1	1	1	1	1	1	1	1	1
Randolph	19	19,853	19	0	19	19	18	19	19	19	19
Ray	4	7,455	4	1	4	4	3	4	3	4	3
Reynolds	0	0									
Ripley	1	4,499	1	0	1	1	1	1	1	1	1

Appendix II
2013 CAFA Seizures Required Information Reported

			Number of Cases that Reported Required Information								
Reporting Entity	Number of Cases Reported	Estimated Value of Cases Reported	Date	Time	Place Seized	Property Seized	Estimated Value of Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition	
										Seizure	Criminal Actions
Saline	4	10,591	4	4	4	4	3	4	4	4	4
Schuyler	0	0									
Scotland	0	0									
Scott	10	37,895	10	10	10	10	10	10	10	10	10
Shannon	0	0									
Shelby	0	0									
St. Charles	35	901,740	35	35	35	35	35	35	6	35	6
St. Clair	2	0	2	0	2	2	0	2	2	2	2
St. Francois	2	2,154	2	0	2	2	2	2	2	2	2
St. Louis City	76	558,136	76	72	76	76	76	76	53	76	53
St. Louis County	98	299,365	98	98	98	98	98	98	23	98	98
Ste. Genevieve	0	0									
Stoddard	3	33,264	3	2	3	3	3	3	3	3	3
Stone	2	6,903	2	0	2	2	2	2	2	2	2
Sullivan	0	0									
Taney	14	20,852	14	0	14	14	14	14	11	14	14
Texas	0	0									
Vernon	0	0									
Warren	3	2,436	3	3	3	3	3	3	3	3	3
Washington	0	0									
Wayne	0	0									
Webster	2	1,022	2	0	2	2	2	2	2	2	2
Worth	0	0									
Wright	2	10,682	2	1	2	2	2	2	2	2	2
	615	$ 4,615,518	614	472	614	615	604	615	357	615	498

This appendix compiles the total number of 2013 CAFA seizure cases, the total estimated value of cases reported, and the number of cases that reported the required information by each prosecuting attorney and the Attorney General. We did not verify this data. In analyzing this appendix, some disparity may result due to different methods used by the various prosecuting attorneys and the Attorney General in presenting essentially the same information. In addition, not all seizure reports included an estimated value of property seized.

Thomas A. Schweich

Missouri State Auditor

Hickman Mills C-1
School District

March 2014

Report No. 2014-012

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Hickman Mills C-1 School District

Financial Condition	The district's financial condition has improved but is still below the minimum recommended level. While further reductions in expenditures may be necessary, some reductions can be accomplished through more efficient management practices and more effective controls and procedures.
Superintendent Search Process	The Board did not follow its policies or state law when selecting a new superintendent. The Board did not solicit proposals for a search firm and allowed the search firm to participate in negotiating the new superintendent's contract, even though its fee was contingent on the starting salary. The search process was not well planned and the fee arrangement was significantly higher than it would have been had the Missouri School Board Association been used to conduct the superintendent search.
Superintendent's Leave Usage and Payout	The district did not solicit proposals for auditing and legal services related to former Superintendent Dr. Marjorie Williams' leave balances and did not make the completed audit public or share it with the full Board. District records showed Dr. Williams was owed $195,000 in leave payout, the formal audit determined she was owed $150,000, but the Board paid only $72,000. Subsequently, Dr. Williams sued and the district had to pay an additional $90,000. The Board did not monitor Dr. Williams' absences or leave, and, according to district records, she used only 3 days of vacation leave during her last 7 years of employment, the accuracy of which some Board members have questioned.
Board Oversight and Contract Payments	Board members have not been providing adequate oversight. The Board made several decisions with less than a majority of members' approval and failed to obtain written contracts with some vendors. In addition, some contracts were not provided to district administrative personnel and the failure to compare supporting documentation to a contract resulted in an overpayment to one vendor.
Sunshine Law	The district did not always comply with the Sunshine Law and held numerous improper closed meetings.
Capital Assets	The district's capital assets records are not complete, accurate and up to date, and the district cannot account for all iPads purchased and assigned to district personnel.
Procurement Cards	The district needs to improve controls over procurement cards. Approval of procurement card statements and supporting documentation is not done in accordance with administrative procedure, numerous purchases were unallowable or appear unreasonable, and the district lacks policies and controls for the use and distribution of student incentives.
Staff and Board Meals	The district does not separately account for meals and food purchases for the Board or employees, and food purchases were often made without documenting the purpose or those in attendance.
Employee Attendance	Board policy prohibits teachers from using more than 10 professional leave days in a year, but 25 teachers used more than 10 days and two teachers used more than 20 days. Board policy also prohibits employees from using more than 20 days of leave in a year, but 23 employees exceeded 20 days.

Questionable Transactions	The district made several disbursements that did not have a clear school district or educational purpose.
Travel	Board members and/or employees traveled to numerous conferences in out-of-state locations. The district spent $26,000 for all 7 members of the Board, the former Interim Superintendent, and former Board Secretary to attend a 3-day conference in Boston, during which former Board President Anderson attended only one training session, Board member Mims attended only 2 training sessions, and the former Board Secretary attended 5 sessions, none of which covered board secretary duties. Four Board members attended the same 3-day conference in San Diego, CA in 2013, at which former Board President Anderson received only 181 minutes of training. Meal advances were not calculated correctly, and audit staff found a net overpayment of $515 for the tested transactions. Former Superintendent Dr. Marjorie Williams was on travel 39 days during her last year before retirement, including two out-of-state conferences during her last month of employment with the district. The district has no policy in place for employees traveling by car to the same destination on the same dates.
Purchases and Contracts	District personnel did not always solicit bids or proposals for purchases when required by district policy. The district has used the same provider to serve as financial advisor and bond underwriter for several general obligation bond issues, and sold these using a negotiated sale, which violates district policy. In addition, the district does not adequately monitor employment contracts with several employees retired under the Public School Retirement System.
MAP Testing	The district did not ensure all Missouri Assessment Program testing administrators completed the required training prior to administering tests in April 2012.
Backup Data	Some backup data is not stored at a secure off-site location, which could impair the district's ability to recover in the event of a disaster.
Mileage and Fuel Logs	The district has not established effective monitoring procedures regarding fuel and vehicle use, increasing the risk of loss, theft or misuse.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Hickman Mills C-1 School District
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THOMAS A. SCHWEICH
Missouri State Auditor

To the Board of Education
Hickman Mills C-1 School District

The State Auditor conducted an audit of the Hickman Mills C-1 School District under authority granted in Section 29.205, RSMo. We have audited certain operations of the district in fulfillment of our duties. The district engaged Westbrook & Co., P.C., Certified Public Accountants (CPAs), to audit the district's financial statements for the year ended June 30, 2012. To minimize duplication of effort, we reviewed the CPA firm's audit report. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2012. The objectives of our audit were to:

1. Evaluate the district's internal controls over significant management and financial functions.

2. Evaluate the district's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; site visits; inspection of capital assets; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the district's management and audited financial reports and was not subjected to the procedures applied in our audit of the district.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the district.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Richard Stuck
Audit Staff:	Richard Mosha, MBA
	Lindsay Pearson, CPA

Hickman Mills C-1 School District
Management Advisory Report
State Auditor's Findings

1. Financial Condition

The financial condition of the district has improved over the last 3 years, but is still below the minimum level recommended by the district's independent auditor, which is a cash balance as a percentage of expenditures of 24 percent. An already low unrestricted cash balance, along with falling revenues, required reductions in district expenditures to improve the district's reserve balance. These reductions in expenditures were primarily accomplished through reductions in the numbers of teachers and teachers' aides. The following table depicts actual school years 2010 through 2012 financial information for the unrestricted operating funds (General Fund and Special Revenue Fund):

	School Year		
	2011-2012	2010-2011	2009-2010
Beginning Balance	$ 7,107,231	6,102,149	5,372,536
Revenues	73,941,219	73,274,447	79,459,043
Less: Expenditures	71,290,694	71,469,721	77,716,696
Less: Net Transfers	167,151	799,644	1,012,734
Ending Balance	$ 9,590,605	7,107,231	6,102,149
Ending Balance as Percentage of Disbursements	13.45%	9.94%	7.85%

Source: District's Annual Secretary to the Board Report (ASBR)

During school year 2012-2013, the district continued to make improvement in its overall financial condition. The district ASBR report shows revenues remained fairly steady, increasing to $74.1 million, while expenditures decreased to $68.6 million, resulting in an unrestricted fund balance of $15.1 million at June 30, 2013. Reductions in the number of teachers and teachers' aides were again one of the reasons for the decrease in expenditures.

Enrollment has fluctuated, going from 6,445 students in school year 2009-2010 to 6,131 in school year 2010-2011 to 6,052 in school year 2011-2012, and then rising to 6,348 in school year 2012-2013. The ratio of students to classroom teachers has gone from 16 to 20 during this same period. While improvement in the financial condition of the district is underway, our audit identified numerous instances of inefficient spending and a general lack of regard for procurement/purchasing policies, or in some instances override of district policies by the elected Board members and administration. Ensuring district funds are spent in the most efficient and effective manner should be a top concern of the Board to avoid further reductions in teaching resources.

The district was downgraded to provisional accreditation in September 2012 for failing to meet the number of accreditation standards required for full accreditation. While improvement in the areas discussed in this report will not affect the accreditation status of district, it will likely make available valuable resources that can be used in addressing the district's educational

deficiencies. These areas include questionable selection methods for some consulting contracts done in a less than transparent manner, lack of bids or proposals for many purchases, lack of accountability over capital assets, and inappropriate or unreasonable purchases and expenditures. The Board needs to take action to ensure policies, procedures, and records are in place to address the areas of concern included in this report.

While further reductions in expenditures may be necessary, some of these reductions can be accomplished through more efficient management practices and more effective controls and procedures.

Recommendation

The School Board closely monitor and take appropriate action to ensure the long-term stability of the district's financial condition.

Auditee's Response

The School Board provided the following written response:

The district accepts the State Auditor's findings. The Board will closely monitor the financial condition of the district. Prior to the receipt of the audit report, the current Superintendent and Board enacted processes to prevent the cited instances of questionable conduct from continuing to occur. The specific measures undertaken are discussed in more detail as responses to specific concerns cited later in this audit.

2. Superintendent Search Process

The district's former Superintendent, Dr. Marjorie Williams, retired in June 2012 and the process followed by the Board to select a new superintendent was not conducted in a public manner, did not adhere to established Board policies or state laws, and was likely more costly than necessary.

Some Board actions taken during school year 2012-2013 regarding this transition and the review of the former Superintendent's leave balance, were not conducted in public or with the full knowledge of all Board members. The State Auditor's office was forced to issue a subpoena to obtain many of the documents discussed in this finding and Management Advisory Report (MAR) finding number 3, some of which should have been approved or disclosed publicly. In addition, we deposed former Board President Anderson in October 2012 to answer questions under oath regarding the matters discussed in sections 2.1 and 2.2 and MAR finding number 3.

As early as March 2011, the meeting minutes document Board discussion of former Superintendent Dr. Marjorie Williams' intent to retire as of June 30, 2012. A succession plan was orally presented by the former Superintendent to the Board in August 2011. This plan called for the promotion of Dr. Everlyn Williams to Deputy Superintendent in September 2011, and her to become the Interim Superintendent in July 2012. The minutes of the August 2011 meeting indicate there was some discussion at this meeting about performing a superintendent search at that time, but ultimately the Board approved the succession plan presented and delayed the search process. The

former Superintendent submitted her official resignation to the Board in December 2011. Deputy Superintendent Dr. Everlyn Williams took over as Interim Superintendent in July 2012. However, just 4 months later in October 2012 the Board, without any documented open or closed meeting discussions regarding the Interim Superintendent's performance, took action to hire Acting Superintendent Barbara Tate (see MAR finding number 4.1). Former interim Superintendent Dr. Everlyn Williams was reassigned in October 2012 within the district to other duties, which remained unspecified as of December 2012, and without a change in salary ($150,000) or title. She was assigned to a district elementary school to assist the principal, whose salary was approximately 60 percent of her salary. It is unclear how this action benefited the school or the principal since Dr. Williams' official duties were never documented.

The current Superintendent, Dennis L. Carpenter, Ed.D., who was identified by a search firm, officially started on July 1, 2013.

The manner in which the Board went about replacing the former superintendent lacked clear direction and was not well planned. The decision-making process and the availability of information and documents were less than transparent and casts doubt on the integrity of the search process.

2.1 Superintendent search

The district did not solicit proposals for superintendent search services. In addition, the fee arrangement with the selected search firm was significantly higher than it would have been had the Missouri School Board Association (MSBA) been used to conduct the superintendent search.

While the district knew in March 2011 the former Superintendent was retiring, no public discussion of finding a permanent replacement for the superintendent was held by the Board until July 2012. At its July 26, 2012, closed meeting, the minutes indicate the Board voted to suspend its rules and immediately voted to approve a contract with Gallagher Benefit Services, Inc. (Gallagher) for superintendent search services. At the previous Board meeting, held on July 19, 2012, former Interim Superintendent Dr. Everlyn Williams distributed information to the Board on the superintendent search services offered through the MSBA. It is unclear why the Board took no action to solicit a proposal from the MSBA or even contact the association about these services. In sworn testimony, former Board President Anderson stated Gallagher was recommended to him, he determined the firm performed search services, and no other proposals were sought regarding these services.

Considering the length of time the district had to prepare for the search process, suspending rules for procuring professional services and not acting on the Interim Superintendent's suggestion of contacting the MSBA to seek

a proposal points to poor decision making and appears unjustified. A thoughtful, well-documented process, obtained at a reasonable cost, is important to ensure quality candidates are identified and taxpayer dollars are spent wisely.

2.2 Conflict of interest and search fee

Gallagher, the search firm which performed the superintendent search for the district, was involved in the contract negotiations with the new superintendent. Allowing the search firm to be involved in contract negotiations gives the appearance of a conflict of interest, as the firm's fee was contingent on the starting salary. In addition, the amount actually paid to Gallagher exceeded the contractual fee and was significantly higher than the MSBA's estimated fee to perform the superintendent search.

The contract with Gallagher, which was among the documents subpoenaed by our office, called for a fee of 20 percent of the successful candidate's first year compensation. A Gallagher representative was allowed to participate in the contract negotiations discussed at the November 20, 2012, closed meeting of the Board. Discussion at this Board meeting included salary amounts, which would appear to be a conflict since Gallagher's fee would later be based on the negotiated starting salary. In addition, we discussed the selection of and fee structure for the Gallagher contract with several Board members in April 2013 and most of those members we spoke with recalled both the Gallagher proposal and a firm representative stating a set fee of $30,000. They indicated they were not allowed to keep a copy of the proposal from Gallagher and had not seen the contract with this firm (see MAR finding number 4.2). The compensation for the new Superintendent is $180,000, which based on contract terms should have resulted in a fee of $36,000. However, the actual amount paid to Gallagher was $36,490 (see MAR finding number 4.2).

We contacted the MSBA to determine its fee structure for superintendent search services. A MSBA representative told us the charge would have been a fee of 8 percent of the first year compensation ($14,400 in this situation) plus a maximum of $1,500 in expenses. The representative also stated MSBA searches typically identify at least 15 to 20 qualified candidates for a district this size. One Board member, who served on the committee reviewing applications submitted to the district, told us in his opinion only 2 of 9 applicants were actually qualified for the position.

Having a contingency contract and allowing the contractor to be involved in the negotiation of salary, upon which the fee is based, appears to be a conflict of interest. In addition, approving a contract where the terms and compensation are not clear to all Board members can result in misunderstandings and potentially lead to the district paying more for services than was anticipated.

Recommendations

The School Board:

2.1 Ensure Board policy is followed in procuring professional services and Board decisions and votes on contracts are appropriately publicly disclosed.

2.2 Ensure vendors paid through contingency contracts are not involved in associated contract negotiations.

Auditee's Response

The School Board provided the following written responses:

2.1 The District accepts the State Auditor's findings. While deficiencies were noted in past conduct, the District has a renewed focus on accountability. The current Superintendent has implemented procedures to ensure that contracts for professional services are publicly bid. Additionally, the current Superintendent added a monthly Work Session to discuss contract issues and other related items that were previously included under the Consent agenda and consequently not discussed.

Most recently, Requests for Proposals for legal services and architectural services were published, publicly discussed and approved at properly noticed public meetings.

2.2 The District accepts the State Auditor's findings. Prior to receiving this audit, the District began working with MSBA to review and revise its policies. By June 2014, the District will adopt modified MSBA policies. The District will include a policy that prohibits contingency contracts with vendors.

3. Superintendent's Leave Usage and Payout

The former Superintendent, Dr. Marjorie Williams, accumulated a significant amount of accrued leave (vacation and sick) that she was to be paid for upon retirement per her employment contract. In December 2011 she provided written notice to the Board of her intent to retire on June 30, 2012, and indicated she would be requesting a payout of her accrued leave upon retirement. The district hired an audit firm to review the leave balances of the former Superintendent and a law firm to handle the legal aspects of this matter. The actions taken by the Board related to this payout request were not transparent and were often not done in accordance with district policies or state laws. Our review of these actions revealed the following concerns.

3.1 Audit of former Superintendent Dr. Marjorie Williams' leave balance

Proposals were not taken to select a firm to conduct a human resource audit of the former Superintendent Dr. Marjorie Williams' leave balances. In addition, upon completion of the audit, the final report was not issued publicly and, in fact, was not provided to the full Board. Former Board President Anderson received the audit from People Wise of Missouri, Inc., (People Wise), a human resource management firm hired to do the audit, and did not provide it to the other members of the Board.

At the closed Board meeting on May 17, 2012, a request was made to the district's general counsel to provide information regarding the superintendent's accumulated leave balances at the next Board meeting in June 2012. The minutes indicate the board then voted to suspend its rules to allow approval of a contract with People Wise to audit the leave balances of the former Superintendent. No reason was given for suspending the bidding rules, although the amount paid exceeded the threshold established by Board policy when solicitation of bids or proposals would be required. In addition, the contract was not disclosed in any subsequent Board meeting and had to be subpoenaed by our office (see MAR finding number 4 for further discussion of this contract).

The audit report issued by this firm was dated June 25, 2012, but was not presented to the Board. The results of the audit indicated that all uses of leave by the former Superintendent were not reflected in the district's leave records and various audit adjustments were made. The audit concluded the adjusted records equated to an accrued payout of approximately $150,000 and recommended the district negotiate a settlement and address deficiencies in its leave record keeping procedures. The cost of the audit was approximately $5,200.

Section 610.021(17), RSMo, states all final audit reports are to be considered open records. Board policy 1075 requires bids or proposals for all goods or services in excess of $5,000. In addition, Board policy 1230 indicates no one Board member has the authority to act on his/her own in making decisions for the Board.

3.2 Superintendent leave payout

Proposals were not solicited for legal services related to the leave payout of former Superintendent Dr. Marjorie Williams. In addition, there was no contract or engagement letter detailing the scope and cost of the services (see MAR finding number 4.2). Former Board President Anderson was authorized at the June 12, 2012, Board meeting, in closed session, to work with the district's legal counsel to select an attorney to review the requested leave payout. A law firm, Holman Schiavone, LLC, was identified and selected by the former Board President to provide legal services for matters involving the former Superintendent, but there is no documentation this action was voted on and approved by the Board.

In the closed Board meeting held on June 26, 2012, an attorney from this firm presented her findings and opinion regarding the leave payout and orally recommended paying the former Superintendent approximately $72,000. This amount is significantly lower than the amount due according to district records, approximately $195,000, and the approximately $150,000 leave payout determined by the audit. Board members received no documentation supporting this recommended payout. Board members we interviewed indicated the attorney made reference to reviewing the leave audit report in her presentation, but they were not provided a copy of it. The Board approved paying approximately $72,000 to the former Superintendent for her accrued leave in this closed meeting on the oral advice of the attorney, apparently without knowing the leave audit reported significantly different conclusions.

We requested the district provide us the documentation prepared by the attorney to support the payout, but we were originally denied access to it. We issued a subpoena to the district for this documentation and received the document the attorney prepared. A comparison of the calculations made by the attorney and calculations in the leave audit report identified a mathematical error regarding the leave balance. This error carried forward to the attorney's documentation of the payout amount. While this error only overstated the accrual by one day, or approximately $700 (one day's pay for the former Superintendent), it may have been identified had the Board been provided the documents in question prior to approving the payout.

The district paid Holman Schiavone, LLC $16,770 for its work on this matter. Dr. Marjorie Williams filed a lawsuit against the district in May 2013 and the matter was turned over to the district's insurance carrier to handle all legal aspects of the lawsuit. A settlement was reached between Dr. Marjorie Williams and the district in November 2013. The settlement terms called for the district to make 3 payments totaling $90,000 to Dr. Marjorie Williams or her representatives. These payments are in addition to the approximately $72,000 previously paid to her. Considering the amount spent for the attorney and leave audit, the total amount expended by the district to settle this matter was approximately $184,000. In addition to the settlement payments made to Dr. Marjorie Williams, the district also paid its share of the payroll taxes and benefits on the gross settlement amounts. Had the results of the leave audit been shared with the Board and the recommendation to pursue a settlement been followed, the district may have been able to settle this matter for less money and without incurring additional legal costs.

3.3 Leave monitoring

The Board did not monitor former Superintendent Dr. Marjorie Williams' absences, approve leave requests, or monitor vacation and sick leave used by the former Superintendent. The contracts between the former Superintendent and the district allowed her to accumulate a significant

amount of leave days. District records show the former Superintendent used only 3 days of vacation leave during her last 7 years of employment. Several Board members indicated they believe this number of days was inaccurate based on their knowledge of her absences. Failing to require anyone to approve or monitor the former Superintendent's leave balances resulted in the district not knowing the accuracy of the balances. Had district personnel or the Board been actively monitoring leave usage and balances, this issue could likely have been settled without expending additional taxpayer dollars for an audit and without litigation.

Recommendations

The School Board:

3.1 Ensure all district documents are made available to the full Board and release the final audit of the former superintendent's leave balance as required by state law.

3.2 Ensure proposals are sought for legal services in the future and approval of contracts for services are clearly documented.

3.3 Develop procedures to ensure leave usage and balances of the superintendent are monitored.

Auditee's Response

The School Board provided the following written responses:

3.1 The District accepts the State Auditor's findings. By June 2014, the Board will adopt a policy to ensure that all public documents are available for review by Board members. Further, the District will make public the audit of leave days conducted by People Wise of Missouri, Inc.

3.2 The District accepts the State Auditor's findings. In September 2013, the District published a Request for Proposal for Legal Services. In October 2013, the District selected legal counsel and entered into a three-year contract for legal services. The contract sets forth the duties and responsibilities of legal counsel as well as the rates for said services.

3.3 The District accepts the State Auditor's findings. The District has implemented a procedure for the Superintendent to submit leave requests to the Board President for approval. By contract, the Superintendent will use vacation in the year accrued or be paid for accrued days at the end of the year.

4. Board Oversight and Contract Payments

Board members have not provided adequate oversight to ensure established controls are in place and followed. Deviations from normal procedures were allowed and controls were circumvented by certain members of the board.

4.1 Board decisions

We identified instances where decisions were made on behalf of the Board by less than a majority of the members, which overrides Board policy. Some decisions were made by a single member of the Board, or based on discussions between multiple Board members, but not a quorum. The following instances were noted where decisions were either made by less than a quorum, or if made by a quorum, there is no supporting documentation:

- The minutes of the closed session on May 17, 2012, indicate a contract with People Wise was approved on that date; however, an invoice indicates the firm charged the district 1.5 hours for work on May 15, 2012, two days prior to the meeting and contract approval. There is no documented discussion of this topic in any previous meeting, and during sworn testimony the former Board President stated he acted on his own in identifying this audit firm. This leaves us to conclude the work was authorized to start prior to obtaining Board approval.

- During discussions with several Board members, we learned they were unaware former Board President Anderson was planning to propose reassigning Interim Superintendent Dr. Everlyn Williams and hire an Acting Superintendent at the October 15, 2012, closed session of the Board. A review of the minutes shows no discussion on this topic was held in the months prior to this action. It is unclear who on the board contacted the former Acting Superintendent to gauge her interest in the job, but this matter was placed on the agenda of that meeting by the former Board President.

- A letter dated July 16, 2012, was sent to the district's health insurance company informing it the district was changing its insurance broker, even though this action was not approved by the Board until a July 19, 2012, public meeting. Committee minutes noted discussion among the finance committee members regarding making a change, but the change in broker appears to have occurred before being approved by the Board.

- A payment of $250 was made in October 2012 to the Alpha Kappa Alpha debutante ball fundraiser for a one page ad in its brochure advertising the event. This payment was made on behalf of the former Board Secretary's daughter, who was not a student in the district. This request was identified as questionable by district administrative staff and was not originally paid when requested. District staff stated to us

they were instructed by former Board President Anderson to prepare the check and have it ready to be picked up by him. Several Board members we interviewed indicated they were unaware this payment was made. This payment is an improper use of district funds and should not have been paid.

Allowing less than a majority of the Board to make decision undermines the authority of the Board and violates district policy. Board policy 1230 states the Board shall act as a committee-of-the-whole and no individual members or group comprised of less than the full membership shall exercise the powers of the full Board. In addition, Board policy 1050 states no contract shall be let, teacher employed, bill approved, or warrant ordered unless a majority of the whole board shall vote therefore.

4.2 Contracts and payments

Controls requiring district personnel to compare documentation supporting disbursements to a written contract were overridden by former Board President Anderson, resulting in an overpayment to one vendor. Written contracts were not obtained with some vendors or were not provided to district personnel in some instances.

- The district does not possess a signed contract with People Wise, the firm hired to audit the leave records of former Superintendent Dr. Marjorie Williams (see MAR finding number 3.1). While the minutes of the closed meeting on May 17, 2012, indicate a contract was presented for review, we were informed, and later confirmed during discussions with several Board members, that former Board President Anderson was the only Board member who had seen or had a copy of the contract. We made repeated requests for this contract with district officials who informed us they did not have the contract for this service. Eventually, after attempting to get a copy of this contract for months, we were forced to issue a subpoena to obtain the contract from the former Board President. The copy provided to us is unsigned.

- The contract with Gallagher, the firm selected to perform the superintendent search (see MAR finding number 2.1), was not provided to district administrative officials. The contract called for a fee of $36,000, or 20 percent of the first year compensation paid to the Superintendent, which was $180,000. The contract states all expenses will be covered in the overall fee and there would be no additional costs. The district received and paid 5 invoices from Gallagher totaling $36,490. The invoices also included reimbursement for expenses of $1,958. Based on the allowable fee per the contract, the vendor was overpaid $490. Four of these 5 invoices documented approval for payment by former Board President Anderson. The normal expenditure approval process does not involve Board members reviewing and signing off on invoices. Board members indicated to us they had

concerns that the proposal they were provided to review when considering approval of this agreement included different terms than the actual contract possessed by the former Board President. One Board member was actually forced to make a Sunshine Law request to obtain the signed contract with this firm. Our office made repeated requests for this contract and eventually had to issue a subpoena before being provided a copy by the former Board President. Had this contract been provided to district personnel, the overpayment likely would have been identified.

- The Board, subsequent to the superintendent search contract, voted to hire Gallagher to audit the district's human resources personnel files, but again, no contract was provided to administrative personnel. In August 2012, Former Board President Anderson expressed concerns about the way the former Human Resources (HR) Director was handling personnel files and indicated to former Interim Superintendent Dr. Everlyn Williams his intent to have the former HR Director reassigned and hire Gallagher to audit the personnel files. The former Interim Superintendent provided us an email she sent to all board members prior to the August 23, 2012, closed meeting reminding them of bidding policies and that the state offered assistance in identifying firms with expertise in human resources matters. She stated to us she informed the Board members she was against reassignment of the HR Director, and stated an audit of HR was unnecessary, the selection of Gallagher was in conflict with board policy 1075, and was a potential conflict of interest. The Board subsequently voted to reassign the former HR Director to another school and approved hiring Gallagher. We had to subpoena the district to obtain a copy of this contract. The contract called for a payment of $3,000 for the HR audit, but the district stated no invoice was ever presented for these services. The audit report was not provided to Board members or administrators for their review.

- The district paid the law firm selected to review the leave matters related to former Superintendent Dr. Marjorie Williams $16,770 (see MAR finding number 3.2) without administrative personnel being provided a contract for these legal services. There is no documentation in the minutes to indicate hiring this firm was approved by the board. Former Board President Anderson reviewed and approved 5 of the 6 invoices submitted by this firm. The normal expenditure approval process does not involve Board members reviewing and approving individual invoices.

Section 432.070, RSMo, requires all contracts be in writing. Written agreements should clearly specify the services to be rendered and the amount of compensation to be paid. Such written contracts lessen the opportunity for misunderstandings between the parties involved. In addition,

those contracts should be on hand for review by district personnel when invoices are submitted to be paid ensuring the district is receiving the services for which it is being billed.

Recommendations

The School Board:

4.1 Ensure decisions are not made by less than a majority of Board members and ensure all contracts are signed and in writing in accordance with state law.

4.2 Ensure written contracts exist for all services and are provided to district administrative officials.

Auditee's Response

The School Board provided the following written responses:

4.1 The District accepts the State Auditor's findings. The District conducts all business in duly called and noticed meetings. All contracts are approved by a majority of Board members and are available to Board members, staff and the public for reference and review.

4.2 The District accepts the State Auditor's findings. The District recognizes that contracts provide a framework for services and allow the District and the public to understand the scope and nature of services provided to the District. RSMo §432.070 states that all contracts shall be in writing; however, the vendor bears the ultimate risk in not having a contract as that vendor may have no redress against the District.

Prior to receiving this audit, the District began working with MSBA to review and revise its policies. By June 2014, the District will adopt modified MSBA policies. The District will include a policy that will require written contracts for professional services and will ensure that all written contracts are available to Board members, staff and the public for reference and review.

5. Sunshine Law

The district did not always comply with the Sunshine Law and held numerous improper closed meetings.

5.1 Closed meetings

The Board held 28 closed meetings from July 2011 through December 2012, but did not always follow various requirements in Chapter 610, RSMo (the Sunshine Law).

- The Board did not provide evidence that notice was provided to the public of the time, date, place, and specific reason for the closed meeting regarding any of the 28 closed meetings as required by state

law. Agendas for these closed meetings were either not available publicly or did not disclose the specific reason for the closed meeting.

- The Board discussed some topics in closed meetings that are not allowable under the Sunshine Law. According to minutes of closed meetings, unallowable topics included the information technology (IT) director discussing the need for additional network storage, budget issues and amendments, and the need to improve Missouri Assessment Program (MAP) scores.

- The Board voted on and approved several contracts in closed session and did not subsequently disclose those votes in an open meeting. In several instances, such as the Superintendent search contract and the Superintendent leave records audit contract; the approved contracts were not treated as public records and were handled by former Board President Anderson as closed records. As a result, there are various contracts the district is a party to that the public has no knowledge of.

- The district did not notify former Interim Superintendent Dr. Everyln Williams she was being reassigned in October 2012 before notifying the public of this decision.

To ensure compliance with state law, the Board should give advance notice of its closed meetings and the specific reason for the closure, restrict discussion in closed meetings to the allowable topics listed in the Sunshine Law, disclose in open session the approval of all contracts, and ensure employees are properly notified of personnel actions taken against them.

5.2 Public disclosure

The Board does not always make public the final disposition of legal matters discussed in closed meetings. Three lawsuits were approved for settlement by the district during school year 2011-2012. The district's financial responsibility in these settlements was $205,000. The final resolutions were not publicly disclosed as required by law.

Section 610.021(1), RSMo, requires any minutes, vote or settlement agreement relating to legal actions, causes of action or litigation involving the school district or any agent or entity representing its interests or acting on its behalf or with its authority, including any insurance company acting on behalf of the district as its insured, shall be made public upon final disposition of the matter voted upon or upon the signing by the parties of the settlement agreement, including the terms of the settlements.

5.3 Custodian of records and sunshine law requests

The district has not developed a policy regarding public access to district records and does not maintain a log of public requests for records. A formal policy regarding access to district records would establish guidelines for the district to make the records available to the public. This policy should establish a custodian of records, allowable methods for submitting a request

for access to records, and a fee schedule for document retrieval and research. Without a log of public requests, the district cannot ensure or document all requests are handled in compliance with the Sunshine Law. In addition, the district did not maintain the minutes of board and committee meetings in an orderly manner. Minutes of meetings were not always readily available upon request. For example, some minutes we requested in June 2012 were not provided by the former Board Secretary until December 2012.

Section 610.023, RSMo, lists requirements of making district records available to the public and provides each request for access to public records shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received by the custodian of records of a public governmental body. To ensure compliance with state law, the district should document adequate information in a log to determine if requests are completed timely and all requests are adequately filled. Necessary information includes, but is not limited to, the date of request, a brief description of the request, the date the request is completed or reason why the request cannot be completed, and any associated costs of filling the request.

Recommendations

The School Board:

5.1 Ensure notice and the specific reasons for a closed meeting is given to the public, items discussed in closed meetings are allowable topics under state law, all votes to approve contracts are announced publicly, and the guidelines for notifying personnel of decisions made in closed session are followed.

5.2 Ensure the final disposition of legal matters discussed at closed meetings is made public as required by state law.

5.3 Establish written policies and procedures regarding public access to district records, maintain a public request log, and maintain minutes of all meetings in an orderly manner so they are readily available when requested.

Auditee's Response

The School Board provided the following written responses:

5.1 The District accepts the State Auditor's finding. The District uses Electronic School Board (ESB) that does not allow the posting of a closed agenda without disclosure of the full agenda and attached items. Because of that, ESB does not contain the District's public notice of closed meetings. The District posts agendas of closed meetings in its lobby consistent with State law. It is the only notice required by State law. The copies of agendas for the period in

question were not kept by the former Board Secretary and consequently weren't available to provide to the State Auditor.

The minutes reflect that some items were discussed in closed session that were not allowed by the Sunshine Law; however, no action was taken on any such item and these items were related to items properly on the closed meeting agenda. The District will ensure that discussions during future closed meetings relate only to items properly on the agenda.

The District did not notify Dr. Everlyn Williams of her change of assignment prior to former Board President Anderson announcing the decision at an open Board meeting immediately following the decision. Under the current Superintendent employees will be informed of personnel actions within 72-hours of the action and prior to public disclosure of the personnel action in accordance with State law.

In response to a complaint investigated by the Missouri Attorney General's office regarding Sunshine Law violations from a meeting led by former Board President Anderson in April 2013 to terminate legal counsel, the District received training on requirements of the Missouri Sunshine Law. Recommendations were implemented to ensure that the District currently complies with the Missouri Sunshine Law.

5.2 *The District accepts the State Auditor's findings, but disputes the legal conclusion drawn from the District's conduct. The District does not publish a list of settled or resolved lawsuits, but treats the information as public and provides such information upon request. The District believes that its practice complies with the Sunshine Law requirement that such information shall be made public.*

5.3 *Prior to receiving this audit, the District began working with MSBA to review and revise its policies. By June 2014, the District will adopt modified MSBA policies. The District will adopt a policy that designates the Board Secretary as the Custodian of Records and requires a log of all Sunshine Law requests. Currently, all Sunshine Law requests received by persons other than the Board Secretary are treated as received by the appropriate records custodian.*

The current Superintendent has directed the Board Secretary to keep a log of all Sunshine Law requests that includes a copy of the response.

Auditor's Comment

5.2 The meaning of the phrase "shall be made public" in Section 610.021(1) RSMo, is not defined in Missouri case law or through an Attorney General's opinion. However, employing the normal rules of statutory construction of giving words their plain and ordinary meaning, the phrase "shall be made public upon final disposition" is in active voice requiring a more affirmative action rather than just a passive response of making settlement agreements available only upon a request. Our interpretation of the meaning of the phrase "shall be made public upon final disposition" as it relates to settlement agreements leads us to conclude some action is required by the district to meet this requirement. Had the legislature's intent been for the final disposition of legal settlements to only be made available to the public upon request, we believe the language would convey that, since other sections of Chapter 610 use similar language in referencing disclosure of matters discussed and voted on in closed meetings. The district is using taxpayer money to settle lawsuits and should err on the side of full disclosure once all parties agree to a settlement and it is finalized.

6. Capital Assets

District personnel have not implemented adequate procedures to ensure property records are complete and accurate, and provide a basis for determining proper insurance coverage and accountability.

6.1 Records and procedures

The district's capital asset listing is inaccurate, is not always updated timely when purchases are made, and does not include some important information. In addition, an annual physical inventory of district assets has not been performed since at least 2006. As a result, district assets are more susceptible to theft or misuse. The capital asset listing as of September 30, 2012, included over 16,000 property items, which are located at the various schools and buildings within the district. It is unclear the total value of district capital assets because the listing does not include information on cost or market value of assets. During school year 2011-2012, the district purchased approximately $2 million in capital assets.

Of 60 items selected from the listing, only 24 items were present at the location the asset listing indicated. District personnel followed up on the remaining 36 items and located 14 of those items in different locations. Twenty-two items were not found, 3 of which were laptop computers. Based on our work documented in section 6.2, we determined iPads are not added to the capital assets records when purchased.

District administrative procedure 2012 details procedures for inventorying, disposing, and tracking asset transfers/movements. Board policy 2055 requires departments/schools to notify the administrative office when capital assets are disposed of so a listing can be presented before the Board for approval. Administrative directive 4000 (inventory instructions) states that

district building contents are to be updated annually and that the administrator in charge of each site will keep the purchasing agent informed of all building content changes in location. This directive does not indicate how the agent is to be notified and does not refer to any specific property movement forms.

Adequate capital asset records are necessary to secure better internal control over district property and provide a basis for determining proper insurance coverage on district property. Capital asset records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur, and include a detailed description of the assets such as acquisition cost, descriptions, make and model numbers, and asset identification numbers; the physical location of the assets; and the date and method of disposition of the assets. All capital assets should be identified with a tag or other similar device, and the district should conduct annual physical inventories and compare the results to detailed records.

6.2 iPads

The district does not enforce its policy regarding the ordering of electronic equipment for the district. Administrative directive 9000 states to ensure compatibility, timely installation, training, and support, all orders for computer systems/software will be processed through the information technology (IT) department. Due to the lack of inventory procedures, discussed in section 6.1, and failure to ensure all electronic equipment is ordered through the IT department and added to the capital asset records, the district cannot account for all iPads purchased and assigned to district personnel.

As of September 30, 2012, asset records indicated the district owned 79 iPads and had an additional 25 iPads on loan from another school district as part of the Science Matters program. Based on discussions with personnel in the IT department, who expressed concerns that all electronic devices were not being ordered through their department, we requested the district provide an updated listing of iPads. District personnel then went through purchasing records and determined the district owned 139 iPads and had 47 on loan at that time. Based on this information, the initial district asset records only accounted for approximately half of the purchased and borrowed iPads. An additional 10 iPads were identified as being purchased by the district in October and November 2012.

We performed an inventory test of all iPads purchased by and on loan to the district as of November 30, 2012, which totaled 149 iPads purchased and 47 loaned iPads. Each school in the district was contacted and requested to make all district owned or borrowed iPads available for our review. After visiting all schools, some several times, we were able to locate only 83 of the 149 iPads purchased by the district (leaving 66 unaccounted for) and 25 of the 47 iPads on loan for the Science Matters program (leaving 22

unaccounted for). We were told at many schools that teachers did not have their iPads with them when we visited, even though we made multiple visits to some schools and notified the schools of our plans to locate the various iPads.

We provided a list of the unaccounted for iPads to district personnel for further follow up, and after several weeks district personnel were able to locate 58 of the 66 unaccounted for district owned iPads and all 22 of the borrowed iPads. Personnel indicated they believed at least 2 of the 8 missing iPads were stolen, but had no documentation to support this claim, such as a police report.

Other concerns identified during our test included:

- One employee informed us her iPad, purchased by the district, was her personal iPad and was given to her by the district in lieu of a monetary stipend for serving on a development committee. We followed up with district administrative personnel who indicated the district had originally planned to give the committee members iPads in lieu of compensation, but the stipends were instead paid and the iPads were district owned. Apparently there was a miscommunication in informing this teacher about the change in plans.

- Several iPad accessories, such as external keyboards and mice were purchased on procurement cards (P cards) without knowledge of the IT Department. We noted during our site visits some of these accessories were not being utilized and in fact some were still in their original packaging and had not been opened. If all accessories were purchased and distributed through the IT department, ensuring staff have the accessories necessary for their jobs would be more efficient and less wasteful.

- Many iPads did not have a district tag identifying them as district property.

Similar tests were not performed for other types of electronic equipment purchased by the district. Based on the poor results of our iPad accountability test work, the district needs to consider whether similar problems exist with accountability of other types of electronic equipment.

To reduce the risk of loss, misuse, or theft of district property, the district should complete an inventory of all assets, update capital assets records timely, tag all assets as district property, and ensure compliance with district policy regarding centralized purchasing of electronic equipment.

Recommendations

The School Board:

6.1 Ensure complete and detailed capital asset records are maintained, assets are properly tagged for identification, and annual physical inventories are performed and compared to detailed records. In addition, follow established policies and procedure when capital asset items are disposed of or moved to a different location.

6.2 Enforce district policy over how electronic devices and accessories in the district are purchased and ensure all those devices have a district tag attached. In addition, the administration should evaluate needs when determining who will be issued electronic devices, including iPads.

Auditee's Response

The School Board provided the following written response:

In March 2014, the District will ask the Board to approve a new inventory management system that will allow the District to create an inventory and track capital asset location and perform physical inventories to compare to the database in the inventory management system. The District will tag and identify all capital assets. The Superintendent will ensure district policy is followed regarding the purchase of electronic devices and will evaluate the issuance of devices in the future.

7. Procurement Cards

Controls over district P cards need improvement. The district had 44 P cards in use during school year 2011-2012. Approximately $328,000 was spent on P cards during this period. P cards are primarily assigned to board members, administrators, principals, and department heads. We reviewed P card purchases for 21 employees during school year 2011-2012, which included 945 transactions totaling over $132,000. District administrative procedure 2010 sets forth district policies for use of P cards. Several concerns were identified during our review.

7.1 Approval

Approval of purchase orders detailing P card purchases is not done in accordance with administrative procedure. The Associate Superintendent of Business is required by administrative procedure 2010 to approve all purchase orders prepared for P card purchases, except for purchase orders for purchases on his card, which are to be reviewed by the Superintendent. He was not always documenting a review of the purchase orders and supporting documentation for P card purchases.

Failure to follow district policy in the review and approval process for P cards has allowed some unnecessary and unreasonable charges to be paid with district funds.

7.2 Purchases

We identified numerous purchases that either are not allowed under district administrative procedures or appear unreasonable and do not appear to benefit the school district.

- District personnel used P cards to purchase numerous items specifically prohibited by administrative procedure 2010. These purchases included airline tickets ($7,870), car rentals ($1,557) and numerous capital expenditures (computer equipment and digital camera - $2,577), all of which are prohibited purchases with a P card.

- The former Superintendent had a recurring monthly charge for a data plan for her tablet computer, totaling $350 during school year 2011-2012. Recurring charges are prohibited by administrative procedure.

- We identified three district employees who parked a total of 11 times in the circle parking garage at Kansas City International airport, at a cost of $794, rather than the less expensive satellite parking lot, which is approximately half the cost of the garage.

- Flower and plant purchases totaling $682, including twelve dozen roses for the former Superintendent's retirement party at a cost of $180.

- A bath products purchase totaling $80 for a gift on administrative assistant's day.

- Teacher birthday celebration purchases totaling $403.

- Teacher appreciation dinners held by several principals totaling $1,317.

- iPad accessory purchases for 7 individuals totaling $901.

Enforcement of P card policies help prevent unnecessary or unreasonable charges. Public funds should be spent only on items which are necessary and beneficial to the district. District residents have placed a fiduciary trust in their public officials to spend district revenues in a prudent and necessary manner.

7.3 Incentives

The district has not developed policies regarding the use of student incentives and does not maintain documentation to support the distribution of student incentives purchased by teachers and school administrators. We identified approximately $6,100 P card purchases for student incentives during school year 2011-2012. Student incentives included electronics such as digital cameras, karaoke machines, Kindle tablets, laptop computers, and printers. Students are given these incentives for academic and athletic achievements, but the district maintains no records identifying the students,

the achievements met, the date of distribution, or evidence of receipt by the student.

Student incentives can be a valuable tool in improving attendance or other achievement standards set by the district. Adopting an overall district policy, including setting limits and procedures for issuing incentives, as well as documentation requirements for the distribution, will help ensure all gifts and awards are distributed equitably to students and used for the intended purposes.

Recommendations

The School Board:

7.1 Ensure policies and procedures are followed in regards to proper review of P card statements and supporting documentation.

7.2 Ensure prohibited purchases are not made on P cards and all purchases made on P cards are reasonable and prudent uses of public funds.

7.3 Develop a district-wide policy regarding the awarding of student incentives and ensure adequate documentation is maintained for the distribution of student incentives.

Auditee's Response

The School Board provided the following written responses:

7.1 The District accepts the State Auditor's findings. At the direction of the current Superintendent, the District reduced the number of procurement cards from forty-four (44) to four (4) to ensure better oversight and control of use of procurement cards. One card is utilized in the office of the Superintendent. The second card is utilized in the Robotics program at Ruskin High School. This card is "pre-loaded" by the business office with designated funds before purchases can be made. The third card is utilized in the business office and is only used upon the approval of the Comptroller. The fourth card is utilized in the business office for grant-related expenditures. This card is kept in the business office under the authority of the Comptroller and is used only after approval by the Assistant Superintendent or Superintendent, depending upon the type of expenditure.

7.2 The District accepts the State Auditor's findings. At the direction of the current Superintendent, the District reduced the number of procurement cards from forty-four (44) to four (4) to ensure better oversight and control of use of procurement cards. This oversight and control includes establishing and enforcing spending limits on the four procurement cards retained by the District.

7.3 The District accepts the State Auditor's findings. In response to a similar concern raised by the District's internal auditor, Westbrook and Co., P.C., the District instituted internal controls to verify that student incentives are actually received by the students. These controls include record keeping and reporting requirements confirming what incentives were purchased and to whom the incentives were given. Parents/guardians are required to sign a form acknowledging that the incentive was received by the student. The signed forms are kept in the business office.

8. Staff and Board Meals

The district does not separately account for meals and food purchases for the Board prior to meetings, employee meetings, training sessions, retirement receptions, employee recognition events, or lunches at local restaurants. As a result, total actual disbursements for food and meals cannot be determined, and the district's ability to monitor such purchases is hampered. In addition, food purchases were often made without documenting the purpose or those in attendance, and the district does not have comprehensive policies regarding district provided food and meals.

Our test work on expenditures to local restaurants, catering businesses, or grocery stores indicated a significant amount of money is spent for food and meals paid for through the accounts payable process. We reviewed 16 expenditures, totaling $10,700, for catered meals for staff or board meetings and retreats or other staff functions during school year 2011-2012. For example, in August 2011, the district spent $3,330 on breakfast and lunch for a 3 day staff retreat and $788 in June 2012 for a building and grounds staff meeting luncheon. Two of the 16 expenditures ($202) tested were for meals preceding Board meetings. The same vendor provided these services. Further review of food purchases from this vendor identified approximately $2,300 in additional expenditures for Board meeting related meals during school year 2011-2012.

We also identified a significant amount of food purchases from local grocery stores or local restaurants on P cards during school year 2011-2012. During our review of the 21 administrators' P card purchases (see MAR finding number 7.2), we found approximately $10,400 was for food or snacks for teachers or staff. These purchases included catered meals, pizza, sandwiches, bagels, donuts, etc., which appeared to be for groups of teachers or staff at various schools. Since we did not review all P card purchases, there could have been additional amounts spent for food.

To effectively monitor meals and food purchases, the district should implement an effective and accurate tracking system. Adequate documentation of food purchases including a list of attendees and/or general information stating who was served should be provided to substantiate food costs and these costs should be tracked by the district. In addition, the

district should develop comprehensive policies regarding food purchases in an effort to control and reduce these expenditures.

Recommendation

The School Board develop comprehensive policies regarding district-provided food purchases. These policies should establish specific guidelines regarding proper and allowable disbursements in this area along with documentation requirements for these expenditures.

Auditee's Response

The School Board provided the following written response:

The District accepts the State Auditor's findings. For the 2014-15 school year, the District will identify approved vendors from whom food/meals may be purchased. By establishing approved vendors, the administration will be better able to track and account for food/meal purchases.

As part of its policy review, the District will attempt to develop guidelines for when and how food/meals are provided for in-district meetings including but not limited to Board meetings, staff development and training.

9. Employee Attendance

The district needs to improve its enforcement of leave policies and monitoring of leave usage. According to district leave records, as of June 30, 2012, the district had an accrued leave liability of approximately $1.2 million for accrued sick/personal days and vacation for certain employees.

We reviewed sick/personal, vacation, and professional leave usage for all 984 staff members during school year 2011-2012, and identified the following violations of Board policy:

- Twenty five teachers used more than 10 professional days during the school year. Two teachers used more than 20 professional days, with one using 24.5 days. The district hires a substitute to work on days regular personnel are absent from the classroom.

  Board policy 3136 states no teacher will be absent for more than 10 days for professional leave during any school year.

- Twenty three staff members, 11 being teachers, used more than 20 days of leave during school year 2011-2012. None of these violations involved special circumstances, such as teachers covered under the Family Medical Leave Act (FMLA).

  Board policy 3025 states employees will not utilize more than 20 cumulative leave days during a school year unless the absences qualify for coverage under FMLA.

These violations of policy occurred because principals and/or other district administrative staff do not adequately monitor leave usage. The district explained that some violations of policies were necessitated to meet grant training requirements. However, our concern was that some district personnel were not aware of the policy limits, or the policies were simply disregarded.

Recommendation

The School Board ensure policies and procedures regarding employee attendance are followed or revised as necessary with supervisory review performed periodically to evaluate compliance.

Auditee's Response

The School Board provided the following written response:

The District accepts the State Auditor's findings. Prior to receiving this audit, the District began working with MSBA to review and revise its policies. By June 2014, the District will adopt modified MSBA policies. The District will review and update its policies and procedures regarding employee attendance as needed. Further, the District will include training for its administrators at its annual administrator training prior to the start of the 2014-15 school year.

10. Questionable Transactions

The district made various disbursements that did not have a clear school district or educational purpose; and in some cases there was no documentation to show that district personnel or students attended the event. In addition, the district may have improperly used federal Title I funds, which are restricted for improving the education of disadvantaged children, for some of these disbursements.

- The district purchased four tickets in April 2012 for the AdHoc Group Against Crime President's birthday party at a cost of $720. The invoice indicated no district personnel attended the function.
- The district paid $2,000 for a sponsorship for the 5th Annual Urban Summit - Youth Conference.
- The district paid $250 in October 2012 to the Alpha Kappa Alpha debutante ball fundraiser for an advertisement in its brochure for the former Board Secretary's daughter (see MAR finding number 4.1).
- The Board purchased flowers and plants for employees at a cost of $2,186
- The district paid for 50 parent registration fees for a charitable Restoration Walk/Run in May 2012 at a cost of $1,000. These registration fees were allocated to the federal Title I program.

- A sponsorship for the 2011 Kansas City Black Expo was purchased in September 2011 at a cost of $7,500, of which $5,000 was federal Title I funds. District personnel indicated the expenditure was for 2 booths at the Expo, at which Special Education tutors for the district were to recruit prospective students into their Special Education program. It is unclear why the district felt this Expo would be the most efficient way to identify students needing Title I services; however, a booth at the Expo only cost $500. The district also purchased a sponsorship, which included: VIP passes, advertisement on all Expo materials; and multiple booth spaces. The district maintained no records of personnel/individuals who used the VIP passes to attend this event. In addition, the district did not have documentation of how many students were contacted at the Expo or its method for determining what portion of the cost should be allocated to the federal Title I program was determined.

The Title I program is designed to help disadvantaged children meet high academic standards by participating in either a school-wide or a targeted assistance program.

Article VI, Section 25 of the Missouri State Constitution prohibits the use of public money or property to benefit an individual, association, or corporation, except as provided by the Constitution. In addition to being prohibited by the Constitution, these types of expenditures do not appear to clearly benefit the school district.

Recommendation

The School Board refrain from expending district funds on items that do not clearly benefit the district. In addition, ensure Title I funding is used in the manner for which it is intended and documentation is maintained for those expenditures.

Auditee's Response

The School Board provided the following written response:

The District accepts the State Auditor's findings. The current Superintendent has instructed the Comptroller and business office staff on protocols to determine the appropriate expenditure of funds. Further, the current Superintendent and current Board President will monitor requests for payment to outside groups to ensure an educational component exists and that the expenditure is reasonable for the educational benefit received.

The District will continue its practice of sending flowers or a plant upon the death of a staff member or the immediate family of a staff member because it is the District's belief that such an action demonstrates concern for its team and general decency.

11. Travel

During the fiscal year ending June 30, 2012, Board members and/or employees traveled to conferences in many out-of-state cities including: Alexandria, Virginia; Anaheim, California; Huntington Beach, California; Dana Point, California; Washington D.C.; Charlotte, North Carolina; Phoenix, Arizona; Knoxville, Tennessee; Salt Lake City, Utah; Orlando, Florida; New Orleans, Louisiana; Las Vegas, Nevada; Houston, Texas; and Boston, Massachusetts. In-state travel locations included: Lake of the Ozarks, Jefferson City, St. Louis, Sedalia, Columbia, Osage Beach, and Union.

As part of our testing, we reviewed travel expenses paid for 16 individuals (7 Board members, 1 secretary, 4 administrators, and 4 teachers) during the 2011-2012 school year.

11.1 Board travel

Travel costs for the Board more than doubled during the 2011-2012 school year from the previous year, primarily due to the increased attendance by Board members at the 2012 National School Board Association (NSBA) conference. District records indicate Board travel costs of approximately $36,000, $16,000, and $13,000 during the 2011-2012, 2010-2011, and 2009-2010 school years, respectively. We had concerns regarding the NSBA conference trips in both 2013 and 2012.

In April 2012, all 7 members of the Board, along with the former Interim Superintendent Dr. Everlyn Williams and the former Board Secretary traveled to Boston for the NSBA annual 3-day conference. There were multiple sessions offered for individuals to attend each of the 3 days of the conference and it was up to each individual attending to determine the sessions attended. The cost to the district for that trip was approximately $26,000, or almost $3,000 per attendee. These costs included approximately $1,500 spent for 3 rental cars for attendees to use while in Boston, even though the training sessions were held at the same hotel where the district representatives were staying.

We obtained the attendance data for each of the district representatives from the NSBA and noted the following:

- Former Board President Anderson only attended one session of training for less than one hour (56 minutes), which was not long enough to qualify for credit, during the 3-day conference. This session was on the morning of the first day of the conference.

- Board Member Mims only attended 2 sessions on the final conference day, for a total of 160 minutes of training.

- The former Board Secretary attended 5 sessions, completing 4, for 332 minutes of training. We also noted none of the courses she attended

were specifically designed for duties generally performed by board secretaries. It is unclear why the former Board Secretary attended this conference.

- Board members Curls, Cushing, Brown, Lowe, and Osman, and former Interim Superintendent Everlyn Williams attended from 7 to 9 sessions, averaging 583 minutes of training.

Based upon these concerns related to the 2012 NSBA conference, we applied limited procedures to determine the participation by Board members at the April 2013 conference held in San Diego, California. The 3-day conference was attended by 4 Board members, at a cost of approximately $2,000 per member. The 2013 NSBA conference attendance records showed the following:

- Former Board President Anderson attended 5 training sessions, although 2 of the sessions were at the same day and time. He attended one session for just 4 minutes and went to a different session. He completed 3 of the other 4 sessions, receiving just 181 minutes of training during the 3-day conference.

- Board members Curls, Osman, and Lowe, who also attended the conference, each attended 9 or 10 sessions, receiving an average of 710 minutes of training.

To incur significant costs to attend conferences and have certain Board members not use the opportunity to the fullest advantage possible does not seem reasonable and calls into question the necessity of attendance by some Board members.

11.2 Travel meals

Meals advances paid to district employees and Board members were not calculated correctly for some items we tested. The district typically prepays for meals at a per diem rate, which is established by Board policy, when employees and Board members travel. We reviewed various meal advances paid to certain district employees and Board members and identified numerous under and overpayments. There was a net overpayment of $515 for the individuals we tested. For example, the Board members and former Board Secretary were each advanced $225 for the NSBA conference in Boston in April 2012, although the advance allowable by policy was $200 for each attendee. The majority of the incorrect advances involved Board members or Superintendents, who apparently were not completing their own travel request forms, but were instead relying on the former Board Secretary to complete them.

To ensure compliance with Board policy regarding meal costs advanced for travel trips, each district employee or Board member should complete

his/her own travel per diem request form and the amounts should be checked for accuracy.

11.3 Former Superintendent's travel

Former Superintendent Dr. Marjorie Williams was out of the district offices 39 days for travel while attending conferences in various states during the school year 2011-2012. There is no limit set on the amount of travel a Superintendent can incur, but the travel incurred seems excessive considering she was retiring from the district on June 30, 2012. She attended training sessions or other conferences in Virginia, California (twice), Washington, D.C., Arizona, North Carolina, and Tennessee, as well as several events held in Missouri. Two of these out-of-state trips occurred during her last month of employment with the district.

District travel should be limited to necessary trainings or conferences to ensure district funds are spent wisely and teachers and administrators are making the best use of their time.

11.4 Former Board Secretary

The former Board Secretary attended both the NSBA training in Boston in April 2012 and the MSBA training held at the Lake of the Ozarks in September/October 2011. As indicated in section 11.1, the Board Secretary attended 5 training sessions in Boston, at a cost of approximately $3,000, although all 5 were geared toward Board members, not administrative personnel. It is unclear how many sessions were attended at the MSBA training, but former Interim Superintendent Dr. Everlyn Williams indicated only a part of one day's training was pertinent to a Board Secretary and in past years the Board Secretary only attended the MSBA trainings for the sessions applicable to her work. She also indicated she was unaware of the Board Secretary ever attending the NSBA training in the past several years.

Having a district employee travel unnecessarily for training is neither a prudent use of district funds nor efficient use of employee time.

11.5 Car pooling

The district does not have a policy in place for employees traveling by car to the same destination on the same dates. The district could operate more economically by limiting the number of personal cars for which mileage will be paid. We noted multiple instances where Board members and administrators attended trainings and most, if not all, of the attendees drove their own car and were reimbursed for mileage. A few examples include:

- The district reimbursed mileage of $177 each to 5 Board members, the former Interim Superintendent and the former Board Secretary when attending the MSBA conference at the Lake of the Ozarks in September and October 2011. Two Board members carpooled for this trip.

- The former Interim Superintendent and the former Associate Superintendent of Secondary Education traveled to the Lake of the

Ozarks for the same conference in June 2012 and were each reimbursed $177 for mileage.

- The former Superintendent and former Interim Superintendent traveled to Jefferson City for a legislative dinner in February 2012 and were each reimbursed $162 for mileage.

- The former Superintendent, former Interim Superintendent, and the former Associate Superintendent of Secondary Education traveled to the same meeting in Columbia in July/August 2011 and were each reimbursed $144 each for mileage.

To ensure districts funds are spent efficiently, the Board should evaluate the travel costs of attending educational conferences and consider requiring that employees carpool, if applicable.

Recommendations

The School Board:

11.1 Re-evaluate the amount of Board travel incurred and ensure Board members attending future trainings provide evidence of participation.

11.2 Ensure meal advances are calculated correctly and consider seeking reimbursement for overpayments.

11.3 Considering limiting and more closely monitoring the amount of travel allowed by the Superintendent.

11.4 Reconsider the amount of training required for the Board Secretary.

11.5 Adopt a policy for efficient travel by multiple district employees attending the same functions.

Auditee's Response

The School Board provided the following written responses:

11.1 The District accepts the State Auditor's findings. The District believes that attendance at the NSBA conference is important to Board member education and to understand and develop strategies necessary to effectively educate children. The District believes that its membership in the Council of Urban Boards of Education ("CUBE") is important in establishing relationships with other member districts and will assist the Board in providing effective leadership of an urban district. The current Board President will develop a protocol for Board member attendees to report on the sessions attended and for publication of attendance data for Board members.

11.2 The District accepts the State Auditor's findings. In the past, meal and mileage expenses were paid prior to attendance at the conference or seminar attended. The current Superintendent requires Board and staff members to seek reimbursement after attendance at a conference or seminar. Further, the attendees are required to submit agendas. If the agenda states that a meal is provided, the appropriate meal cost is deducted from the per diem. The current Board Secretary has been trained on this procedure and on the appropriate per diem amount. Also, each attendee is responsible for submitting his or her own request. The Board will consider whether the amounts in question are significant enough to warrant seeking reimbursement.

The amount of the meal allowance mirrors state and federal guidelines for travel.

11.3 The District accepts the State Auditor's findings. The current Superintendent recognizes the need to balance financial resources with the opportunity to participate in conferences and activities that will provide educational benefit to the District. The current Superintendent will submit to the Board President information on out-of-district and out-of-state conferences so that the amount of time and travel can be monitored by the Board.

11.4 The District accepts the State Auditor's findings. The current Superintendent and current Board President agree that it is not necessary for the Board Secretary to attend the NSBA conference; however, the MSBA conference has specific training for board secretaries. It is a one-day training and occurs prior to the start of the MSBA conference. The current Board President will monitor the Board Secretary's attendance at this conference to ensure that the Board Secretary attends only that portion of the conference necessary for appropriate training commensurate with her duties.

11.5 The District accepts the State Auditor's findings. Where possible, the District will ensure the most efficient use of travel by Board members and staff attending conferences and training; however, the District recognizes that many different factors go in to travel arrangements and it is not possible to adopt a single policy or procedure to effectively govern the travel of multiple attendees at the same function.

12. Purchases and Contracts

Bids or requests for proposals are not solicited for some major purchases and "550-Retiree" employment contracts are not monitored adequately. In addition, terms of bond sales are negotiated rather than bid.

12.1 Bids and proposals

District personnel made several purchases of goods or services without utilizing a bid or request for proposal (RFP) process in violation of district policy. The district bidding policy states competitive bids shall be sought in the purchase of supplies, goods, or services exceeding $5,000. The district did not competitively bid or solicit proposals for the following purchases made during school year 2011-2012:

Item	Amount
Transportation services - taxies for students	$776,758
After school activity program	207,915
Family resources specialist	290,000
Computers	264,565
Library books - Smith Hale Middle School	242,440
Leadership consulting services	157,000
Legal services	142,489
Star Academy program - reduce dropouts	59,534
Athletic trainer services	34,917
Professional development	24,488
iPads	23,980

In addition to being required by district policy, periodically soliciting proposals or bids for goods and services is a good business practice, helps provide a range of possible choices, and allows the district to make better informed decisions to ensure necessary goods or services are obtained from the best qualified provider, taking expertise, experience, and/or cost into consideration. To ensure the validity and propriety of procurements, sole source procurement documents should be completed in accordance with district procedures. Soliciting proposals and bidding helps ensure all parties are given an equal opportunity to participate in district business.

12.2 "550-Retiree" contracts

The terms of employment agreements with several employees retired under the Public School Retirement System of Missouri (PSRS) are not clearly defined and the hours worked by each is not monitored to ensure compliance with state law. For the 2011-2012 school year the district contracted with ten "550-Retiree" employees who received compensation totaling about $276,000.

Per Section 169.560, RSMo, a teacher or school employee retired and currently receiving a retirement allowance may be employed in any capacity in a school district on either a part-time or temporary-substitute basis not to exceed a total of 550 hours in any one school year, and through such employment may earn up to 50 percent of the annual compensation payable under the employing district's salary schedule for the position or positions filled by the retiree, given such person's level of experience and education, without a discontinuance of the person's retirement allowance. The district

typically pays 40 percent of the normal salary for the position filled by a "550-Retiree" employee.

None of these employees submitted documentation supporting the number of hours worked. In general, employees of the district who are exempt from the overtime requirements of the Fair Labor Standards Act are not required to prepare time sheets. However, because the "550-Retirees" employees are restricted to working 550 hours, it is necessary to document the hours worked and provide the district with a method to monitor the hours worked, regardless of position. These employees worked as counselors, speech therapists, and instructional coaches. In addition, the contracts do not clearly define work to be performed by these employees during the 550 hours. Each of the ten contracts reviewed indicate the individual will perform duties as assigned by the district and will be paid in equal installments.

The PSRS requires employers to track retiree hours and salary to ensure compliance with state law. The PSRS can request to review records and if limits are exceeded a person's retirement benefits can be put on hold. Contracts should be written to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

12.3 Bonds

The district used the same provider to serve as both financial advisor and bond underwriter for several general obligation bond issues, and sold these bonds using a negotiated sale rather than a competitive bid process, which violates district policy.

During fiscal years 2003 through 2012, the district sold four general refunding bond issues totaling approximately $29 million and two general obligation bond issues totaling approximately $35 million through negotiated sales in which the bond underwriter also served as a financial advisor to the district. Using the same provider to act in the dual capacity of underwriter and financial advisor for a bond issue creates an inherent conflict of interest. In addition, the district relied on the advice of the bond underwriter instead of seeking open bids to assure the most competitive rate of return for taxpayers. The district's bond underwriter, who also acted as the financial advisor received underwriter fees for the six bond issues totaling approximately $460,000.

The lack of independent financial advice could result in the district not being adequately informed of bond issuance options or being unable to adequately evaluate bond proposals. The underwriter does not have a fiduciary responsibility to the district.

District policy 2030 requires all bonds issued in the district to be competitively bid. While Missouri law does not require competitive sales of these types of financing instruments or competition in selecting bond underwriters and financial advisors, competitive sales would likely result in

lower interest costs for the district, and competition in selecting bond underwriters and financial advisors is important to ensure services are obtained from the best qualified providers at a fair price.

Recommendations

The School Board:

12.1 Ensure district policy is followed by soliciting bids or requests for proposals for all services over $5,000. Documentation of bids received and the bid process should be retained. If sole source procurement is necessary, the district should retain documentation of the circumstances.

12.2 Require "550-Retiree" employees submit supporting documentation of time worked to support compensation and more clearly define the duties of these employees.

12.3 Discontinue using an underwriter who also acts in a dual capacity as financial advisor and follow district policy to competitively bid interest rates for any future bond sales.

Auditee's Response

The School Board provided the following written responses:

12.1 The District accepts the State Auditor's findings. Prior to receiving this audit, the District published RFPs for both Legal Services and Transportation Services – taxies for students. Contracts for these services were approved by the Board following the RFP process.

The District believes that certain contracted services are not amenable to the bid process. As an example, professional development services were contracted for the current school year based upon the District's knowledge and experience with a provider. To seek bids or an RFP in this instance would have been a waste of taxpayer money and District staff time.

The District will document sole source procurement.

At times, the District has contacted vendors to seek the costs on goods and services so as to ensure that prices paid by the District are reasonable and customary. This more informal bid process ensures the timely purchase of goods and services while ensuring costs are within an acceptable norm.

The District will endeavor to seek bids and RFPs where appropriate in accordance with its policy and in accordance with state law.

12.2 The District accepts the State Auditor's finding. The District uses a standard contract for employing all certificated employees including 550-hour employees. The contract provides that the employees will perform duties as assigned by the District. This general description is used so that the District has flexibility in assigning staff. In the past, employees objected to changes of assignment based upon language in their contracts specifying their job duties.

Prior to receiving this audit, the District changed its practice to pay all 550-hour employees by the hour as those hours are submitted to ensure that the employees do not work more than 550 hours in a school year. Further, the District now participates in the OASIS program through the Public School Retirement System that uploads the number of hours worked by 550-hour employees directly to the retirement system.

12.3 The District accepts the State Auditor's findings. The District will seek bids for any future underwriting services and will consider separating the roles of financial advisor and underwriter.

Prior to receiving this audit, the District began working with MSBA to review and revise its policies. By June 2014, the District will adopt modified MSBA policies. The District will consider adopting a policy that does not require bidding future bond sales, but leaves the option to conduct a negotiated sale if that is determined to be in the best interest of the District.

Auditor's Comment

12.1 Unless a sole source provider is utilized and this fact is clearly documented and the only option, a competitive procurement of services would not be a waste of taxpayer money.

12.3 Based on extensive work done by our office regarding this topic and most recently reported in our Report No. 2013-116, *General Obligation Bond Sales Practices*, issued in November 2013, it would not be in the best interest of the district to change its policy allowing negotiated sales.

13. MAP Testing

The district did not ensure all MAP testing administrators completed the training required by the Department of Elementary and Secondary Education (DESE) prior to administering tests in April 2012. We identified two special education teachers at the Junior High School who signed out MAP tests, but did not take the test examiners training prior to administering tests. District officials indicated they believed the Special Education department administered the training for teachers in that department.

Pre-test training for all test examiners is required by the DESE quality assurance program to ensure the integrity of MAP testing in school districts in the state.

Recommendation

The School Board work with district administrators to ensure all MAP test administrators complete the training required by DESE.

Auditee's Response

The School Board provided the following written response:

The District accepts the State Auditor's findings. The current Superintendent will work with District administrators to ensure that all MAP test administrators complete training required by DESE.

14. Backup Data

Some backup data is not stored at a secure off-site location. While backup of all district data is performed daily, only the backup of financial data is stored at a secure offsite location. Backup of other data, such as student attendance records, student grades, and teachers attendance is stored in the same building as the original data. The effect of the loss of this type of data would be significant and detrimental to the district accomplishing its mission.

Failure to store computer backup data at a secure off-site location results in the backup data being susceptible to the same damage as the data on the computer. Preparation of backup data, preferably on a daily or at least weekly basis, periodic testing to ensure it is adequate, and off-site storage would provide increased assurance district data could be recreated if necessary.

Recommendation

The School Board work with district officials to ensure backup data is stored in a secure off-site location and tested on a regular, predefined basis.

Auditee's Response

The School Board provided the following written response:

The District accepts the State Auditor's findings. The District currently maintains two "off-site" back-ups from the main data storage at Baptiste Education Center. One off-site storage is with Net Standard, a company in Overland Park, Kansas. The second off-site storage is located at the District's Administration Center. Net Standard verifies the back-up nightly and reports any errors to the District's Information Technology department.

15. Mileage and Fuel Logs

The district has not established effective monitoring procedures regarding fuel and vehicle use. Without effective procedures, fuel could be purchased by employees for non-district use and the district's vehicle fleet may not be used in an efficient and appropriate manner. The district maintains 31 vehicles for various district services including building and grounds, food

service, technology, security, and the band. During school year 2011-2012, the district incurred fuel costs of approximately $64,000.

Fuel purchases were charged at a local gas station per a district contract. Usage and fuel logs are not maintained for some district vehicles. Building and grounds and security personnel indicate mileage is recorded in a log weekly, but these logs do not indicate when fuel purchases are made and no comparison of miles driven to fuel used is made to ensure fuel purchases and vehicle usage are reasonable. No fuel or usage logs are maintained for vehicles in the other departments. In October 2012, the district began using credit cards assigned to each vehicle for fuel purchases.

Mileage and fuel logs are necessary to document the appropriate use of equipment and vehicles and to support fuel charges. The logs should include sufficient information to determine reasonableness of miles driven and allow reconciliations of fuel use to fuel purchases. Failure to document and monitor fuel use could result in loss, theft, or misuse going undetected.

Recommendation

The School Board require logs for all vehicles. These logs should be reviewed and reconciled to fuel purchases and any significant discrepancies investigated.

Auditee's Response

The School Board provided the following written response:

The District accepts the State Auditor's findings. The District purchased mileage and fuel tracking software that requires persons purchasing fuel to input the vehicle mileage at each fuel purchase. These logs are reviewed by the business office to ensure that fuel purchases are consistent with expectations. Any significant discrepancies will be investigated.

Hickman Mills C-1 School District
Organization and Statistical Information

The Hickman Mills School District is located in Jackson County approximately 10 miles southeast of downtown Kansas City and covers 56 square miles.

The district operates eight elementary schools (grades K-5), one middle school (grades 6-7), one junior high school (grades 8-9), one senior high school (grades 10-12), two residential special education schools (grades K-12), along with a comprehensive gifted program, an early childhood center, and an alternative school. Enrollment was 6,052 for the 2011-2012 school year. The district employed 931 full-time and 345 part-time employees at June 30, 2012.

The Hickman Mills School District has been classified under the Missouri School Improvement Program (MSIP) as "Provisionally Accredited" by the Missouri Department of Elementary and Secondary Education. A provisionally accredited district has not met enough of the MSIP standards and indicators to be fully accredited.

School Board

An elected board acts as the policy-making body for the district's operations. The board's seven members serve 3-year terms without compensation. Members of the board at June 30, 2012, were:

Breman Anderson Jr., President
James "JT" Brown, Vice-President
Bonnaye Mims, Member
Darrell Curls, Member
April Cushing, Member
Dan Osman, Member
Eric Lowe, Member

Superintendent

The district's superintendent at June 30, 2012, was Dr. Marjorie Williams and her annual compensation was $187,900. The superintendent's compensation is established by the School Board.

Thomas A. Schweich

Missouri State Auditor

Twenty-Third Judicial Circuit

City of Pevely Municipal Division

March 2014

Report No. 2014-013

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Twenty-Third Judicial Circuit, City of Pevely Municipal Division

Bond Account Liabilities

The court administrators have not adequately reviewed the status of open bonds. The list of open bonds includes 22 bonds that are over 10 years old, with 7 bonds dating back to 2000. We reviewed case files for 15 bonds on the open bond list and determined 2 bonds (totaling $2,000) should have been transmitted to the city and 7 other bonds (totaling $2,500) should have been refunded to the person posting the bond. If disbursement is appropriate, but proper payees cannot be located, the monies should be disposed of in accordance with state law.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Twenty-Third Judicial Circuit
City of Pevely Municipal Division
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge
Twenty-Third Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
Pevely, Missouri

We have audited certain operations of the City of Pevely Municipal Division of the Twenty-Third Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.

2. Evaluate the municipal division's compliance with certain legal provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) a deficiency in internal controls and (2) no significant noncompliance with legal provisions. The accompanying Management Advisory Report presents our finding arising from our audit of the City of Pevely Municipal Division of the Twenty-Third Judicial Circuit.

A petition audit of the City of Pevely, fulfilling our obligations under Section 29.230, RSMo, is still in process, and any additional findings and recommendations will be included in the subsequent report.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Chris Vetter, CPA
In-Charge Auditor:	David Olson
Audit Staff:	Morgan Alexander
	Andrew Roley

Twenty-Third Judicial Circuit
City of Pevely Municipal Division
Management Advisory Report - State Auditor's Findings

1. Bond Account Liabilities

The court administrators have not adequately reviewed the status of old open bonds held in the court's bond account. The list of open bonds consists of 175 bonds totaling approximately $48,000 as of July 31, 2013. Twenty-two of the bonds are over 10 years old, with 7 of those dating back to 2000. We reviewed case files for 15 bonds on the list and determined 2 bonds totaling $2,000 should have been transmitted to the city and 7 other bonds totaling approximately $2,500 should have been refunded to the person posting the bond because the cases had been disposed. The court administrators indicated they had attempted to contact some of these individuals, but were unsuccessful due to not having their current addresses.

The failure to routinely review open bonds and disburse monies when appropriate increases the volume of cases which must be monitored and deprives the state, city, or others the use of those monies. If disbursement is appropriate, but proper payees cannot be located, the monies should be disposed of in accordance with state law.

Recommendation

The City of Pevely Municipal Division routinely review the list of open bonds and disburse or dispose of monies as appropriate.

Auditee's Response

The Chief Administrative Judge provided the following written response:

On March 8, 2013, I assumed the administrative duties of the Pevely Municipal Court. At that time, during the court's own internal reviews of operations, I discovered the issue of open bonds still deposited in the Judicial Bond Account. I immediately issued an order instructing the court personnel to begin a process of reviewing each individual bond file to determine the correct processing of the bond payment. The process has been completed. Payment of all outstanding bond deposits have been forwarded to the City of Pevely on Bond Forfeitures, to 14 individuals who never reclaimed their bonds after the disposition of their cases, and to the State of Missouri Treasurer's office for 13 individuals who could not be located and never reclaimed their bond.

Additionally, an administrative procedure was established whereby court action regarding bond disposition is recorded on the individual defendant's file, recorded in the court's electronic records of the defendant's file and bond payment is processed within 48 hours. Further, monthly review of the outstanding bond account is conducted to verify the accuracy of the bond account.

It is a pleasure to state that the current court personnel have completed the above task of reviewing the bond account and that the present day bond account is accurate to the individual file. The Municipal Court of the City of Pevely is no longer holding bond money that is not assigned to an open pending case.

Twenty-Third Judicial Circuit
City of Pevely Municipal Division
Organization and Statistical Information

The City of Pevely Municipal Division is in the Twenty-Third Judicial Circuit, which consists of Jefferson County. The Honorable Troy A. Cardona serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau in which fines and court costs are collected at times other than during court and transmitted to the city treasury.

Personnel

At December 31, 2012, the municipal division employees were as follows:

Title	Name
Municipal Judge (1)	Denis Huston
Court Administrator	JoAnn Bates
Court Administrator	Evelyn Haithcoat

(1) Because the elected Municipal Judge was unable to fulfill his duties for personal reasons, Steven Davis was appointed Chief Administrative Judge in March 2013. Municipal Judge Huston's term ends April 2014.

Financial and Caseload Information

	Year Ended December 31, 2012
Receipts	$290,665
Number of cases filed	2,109

Thomas A. Schweich

Missouri State Auditor

Economic Development

Low Income Housing Tax Credit Program

March 2014

Report No. 2014-014

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Department of Economic Development, Low Income Housing Tax Credit Program

Background

The Department of Economic Development (DED), Missouri Low Income Housing Tax Credit (LIHTC) Program started in 1990. The Missouri Housing Development Commission (MHDC) manages this tax credit program, which is designed to supplement the federal LIHTC. Tax credits must be used for new construction, rehabilitation, or acquisition and rehabilitation. The LIHTC is the state's largest tax credit program and had $144 million in redemptions in fiscal year 2013.

Program Cost and Efficiency

While the LIHTC program has helped provide thousands of units of affordable housing for low income Missourians, options exist to improve the efficiency of the tax credit model. Annual redemptions are projected to increase to and remain around $200 million per year through 2018. Of the 10 states with state LIHTC programs, Missouri ranked highest in state LIHTC funding, and was one of only two states with a per capita rate exceeding $20. Six states had per capita rates of $5.14 or less. Actual state LIHTCs issued and redeemed have greatly exceeded 1997 MHDC projections provided to the General Assembly. In the fiscal note, the MHDC estimated the average allocation rate would be 50 percent of the federal credit, but the MHDC has allocated essentially 100 percent of the federal amount since 1998. Since fiscal year 1997, the MHDC has authorized $842 million more LIHTCs than projected. The MHDC has taken action to reduce costs by implementing some of the recommendations in our prior LIHTC audit.

Currently, only $0.42 of every tax credit dollar issued actually goes toward the construction of low income housing; the remainder goes to the federal government in the form of increased federal income taxes; to syndication firms; and to investors. The MHDC could improve the efficiency of Missouri's LIHTC by (1) converting to a certificated credit model (possibly combined with the use of not-for-profits or government entities to eliminate federal taxation), (2) making the credits refundable, (3) using a direct appropriation to fund low income housing directly from state revenues, also utilizing not-for-profit organizations or government entities, and (4) reducing the number of years over which the tax credits are spread.

The program has no sunset provision. By adopting a sunset provision for the LIHTC program, the General Assembly could better determine whether the program is achieving its intended purpose and whether program funding levels are appropriate. In addition, state law allows claiming the same project costs under two or more tax credit programs. This "stacking" of tax credits can be lucrative for developers, but generates no additional economic activity or state benefit.

Economic Impact

The economic impact of the LIHTC program reported to the legislature by the DED is likely overstated. The department's analysis assumes no low income housing construction would occur if not for the state credit; however, since the federal LIHTC is available, some low income housing activity would likely occur even without the state LIHTC program. Moreover, even considering the overstatement, the LIHTC program results in a very low return on investment. The fiscal year 2013 analysis shows the program returned $0.08 in state revenue for every dollar spent and created approximately 63 new full-time jobs. With redemptions of $144 million in 2013, the program costs the state approximately $61,000 per unit of housing or $2.3 million per job.

In the areas audited, the overall performance of this program was **Fair.***

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Missouri Low Income Housing Tax Credit Program
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jay Nixon, Governor
and
Kip Stetzler, Acting Executive Director
Missouri Housing Development Commission
and
Mike Downing, Director
Department of Economic Development
Jefferson City, Missouri

We have audited certain operations of the Missouri Low Income Housing Tax Credit Program in fulfillment of our duties under Chapter 29, RSMo and Section 620.1300, RSMo. The scope of our audit included, but was not limited to 2 years ended June 30, 2013. The objectives of our audit were to:

1. Analyze the costs and benefits of the program to determine if it is an effective and efficient use of state resources.

2. Evaluate the internal controls over significant management and financial functions related to the program.

3. Evaluate compliance with certain legal requirements related to the program.

4. Evaluate the economy and efficiency of certain management practices and operations.

For the areas audited, we (1) determined the current program structure is an inefficient method of funding low income housing activity, but due to weaknesses in program data, other aspects of program effectiveness and efficiency could not be adequately determined, (2) identified no deficiencies in internal controls, (3) identified no significant noncompliance with legal provisions, and (4) identified the need for improvement in management practices and procedures.

Except for the matter discussed in the last paragraph of the Scope and Methodology, we conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Management Advisory Report presents our findings arising from out audit of the Missouri Low Income Housing Tax Credit Program.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Robert Showers, CPA, CGAP
In-Charge Auditor:	Rex Murdock, M.S.Acct.
Audit Staff:	Wayne Kauffman, MBA
	Colby Dollens

Missouri Low Income Housing Tax Credit Program Introduction

Background

Missouri Low Income Housing tax credit (LIHTC) program started in 1990 and is established under Section 135.350 to 135.363 RSMo. The tax credit has no sunset or expiration date. The Missouri Housing Development Commission (MHDC)[1] manages this tax credit program that is designed to supplement the federal LIHTC, which began in 1986. Tax credits must be used for new construction, rehabilitation, or acquisition and rehabilitation. The LIHTC had $144 million in redemptions in fiscal year 2013, making it the state's largest tax credit program. See Appendix C for redemption information on all state tax credits.

The Internal Revenue Service (IRS) allocates federal LIHTCs[2] to each state based on population. The funding level was $1.75 per capita in 2002 and has been adjusted annually for inflation beginning in 2003. For 2013, federal funding levels were $2.25 per capita, which for Missouri equals $13.5 million (per year for 10 years). Guidelines for the federal LIHTC are contained in Section 42 of the IRS tax code.

Owners of a project to which the federal credit is allocated receive a federal credit equal to 9 percent of the qualified basis[3] of the project for 10 years. Projects financed with tax-exempt bonds receive a federal tax credit equal to 4 percent of the qualified basis.[4] Projects seeking 9 percent credits are awarded on a competitive basis. Projects seeking 4 percent credits have historically been awarded based on the availability of tax-exempt bond financing. Starting in 2007, the MHDC implemented a process that prioritizes 4 percent project applications to help ensure the best projects receive priority access to available bond funding.

In 1990, Missouri began supplementing the federal program by allocating state income tax credits equal to 20 percent of the federal total. In 1994, the state credit increased to up to 40 percent of the federal credit for areas that lost housing in the 1993 flood. In 1997, the state credit increased to up to 100 percent of the federal credit for all areas and remains at that level.

[1] The MHDC includes the Governor, Lieutenant Governor, Attorney General, State Treasurer and six persons appointed by the governor with the advice and consent of the Senate. An Executive Director manages MHDC operations. MHDC is part of the Department of Economic Development.

[2] The allocation relates to 9 percent projects only.

[3] Qualified basis is the total cost to develop the property, less items not subject to depreciation (land and reserves) and the cost of market rate units. A project's qualified basis may be increased by 30 percent if it is located in a difficult to develop area as determined by the federal Department of Housing and Urban Development (HUD).

[4] Actual tax credit rates are not exactly 9 percent and 4 percent, and vary on a monthly basis. The tax credit rate is determined so that the actual expected present value of the subsidy over the 10-year period equals 70 percent of the project's eligible basis in the case of the 9 percent credit, and 30 percent for the 4 percent credit. The rates are calculated and released monthly by the United States Treasury.

The credit is limited to a percentage of the qualified basis, based upon depreciable basis, and the percentage of affordable units in the development. The minimum number of qualifying units is (1) 40 percent of the total number of units affordable to persons at 60 percent of the median income or (2) 20 percent affordable to persons at 50 percent of the median income. Missouri's annual Qualified Allocation Plan (QAP) establishes the selection criteria, federal preferences, and MHDC priorities for proposal selection. Congress has delegated the administration of the federal LIHTC to state housing agencies (the MHDC in Missouri) to assure that good quality housing would be available where it is most needed. The MHDC is responsible for the allocation of federal and state credits and assuring compliance with the regulations. The compliance process includes periodic physical inspections of the property as well as reviews of management and occupancy procedures during a minimum 15-year compliance period.

The tax credit is non-refundable,[5] and non-transferable. Section 135.352.4, RSMo, allows the credits to be carried back 3 years to offset prior tax liability or carried forward for 5 years to offset future tax liability. The tax credits are used by investors who must acquire an ownership interest in the development partnership and may be redeemed against state income tax, corporate franchise tax, financial institution tax, or insurance company premium tax.

Housing tax credits in other states

Missouri is one of 13 states that have established state tax credits for housing. Seven states[6] utilize a state LIHTC in addition to the federal credit, three states[7] utilize a contribution credit that is dependent upon contributions to not-for-profit organizations, and three states (Arkansas, Missouri, and Vermont) use a combination of a LIHTC and contribution credit. Missouri's contribution credit is called the Affordable Housing Assistance Program, and is separate from the state LIHTC program. Of the 10 states that utilize a state LIHTC, six use a 10-year credit period like Missouri, while four use a shorter timeframe. See Appendix B for 2012 funding information on each state utilizing a LIHTC.

Application and approval process for state and federal credits

Developers (for-profit and not-for-profit) are eligible to apply for tax credits. Applicants must demonstrate prior, successful housing experience and engage the services of housing professionals, such as architects, attorneys, accountants, contractors, and property managers with demonstrable tax credit and housing experience. Developers must have the

[5] The tax payer must have a tax liability the credit can be offset against.

[6] States that utilize only a state LIHTC in addition to the federal credit are California, Georgia, Hawaii, Massachusetts, New York, North Carolina, and Utah.

[7] States that utilize only the contribution credit are Connecticut, Illinois, and New Mexico.

financial capacity to successfully complete and operate the proposed housing development. Proposed housing developments must:

- Meet a demonstrated affordable housing need
- Provide housing for low income persons and families
- Demonstrate local support
- Leverage tax credit funding with other financing and/or rental assistance
- Be economically feasible
- Balance sources and uses of funds

The MHDC sets the application and selection schedule annually. Typically, a Notice of Funding Availability is published during the month of June. Once the notice is released, an application packet is available on the MHDC website or by mail. The deadline for proposal submission is typically in late September, and MHDC staff make recommendations to the commission in December. The MHDC sets project cost limits at 125 percent of established HUD guidelines for 8 designated metropolitan areas[8] in the state; with any projects outside these areas limited to 100 percent of the HUD guideline cost limit. Tax credits are issued to approved project owners over a 10-year period once the housing is ready for occupancy, which is typically 2 years after project approval. The MHDC will not approve projects for state LIHTCs without also approving the project for federal credits. Projects are generally limited to $7 million[9] in state credits and $7 million in federal credits. The state credit has the same guidelines as the federal credit.

Tax credit sale and investment process

Developers typically recruit investors to become part of a limited partnership arrangement where tax credits are transferred. The arrangement is often administered by a syndicator who is responsible for ensuring project compliance with federal tax code rules. Several of the more active syndicators in the state are directly affiliated with developers who are also active in the program. As a general partner, the developer has a small ownership percentage in the project, but has the authority to build and maintain the project on a day to day basis. The investors, as limited partners, have a large ownership percentage in the project with an otherwise passive role. Investors look at the credit, which can be used to offset tax liabilities, as part of their return on investment. Investors may also receive tax benefits related to project operating losses, interest on debts, and deductions such as depreciation and amortization.

[8] The eight designated metropolitan areas established are Jefferson City, Columbia, St. Louis, Springfield, McDonald County, Kansas City, St. Joseph, and Joplin.
[9] $700,000 in annual credits over 10 years.

Syndicators told us the investors receiving the federal tax credit are usually different than the investors receiving the state tax credits. Insurance companies have become big investors in LIHTC projects in Missouri and are redeeming a large portion of the state LIHTCs. The insurance companies use the credits to offset insurance company premium taxes.

Tax credit recapture

MHDC staff monitors compliance with federal LIHTC requirements. If non-compliance is identified the owner has up to 45 days to correct the problem, unless an extension is granted. MHDC staff will re-inspect the project, evaluate the status of the compliance problem and file a report with the IRS regardless of whether or not the problem was corrected. Reported uncorrected non-compliance issues may result in recapture of a portion of federal and state tax credits redeemed on the projects. IRS staff determines if federal LIHTCs will be recaptured.

State law[10] mirrors the federal law regarding recapture of tax credits Projects receiving federal LIHTC allocations since 1987 must comply with eligibility requirements for a period of 15 taxable years, beginning with the first taxable year of a project's credit period. Projects receiving credit allocations after December 31, 1989 are required by the IRS code to comply with eligibility requirements for an additional 15 years beyond the initial 15-year compliance period, a total of 30 years. This additional 15-year period is referred to in the IRS code as the "extended use period." However, after the initial 15-year compliance period some low income housing projects may be eligible[11] for conversion to market-based rents if the property owner chooses to opt out of the low income housing program.

Tax credits authorized redeemed

The MHDC has authorized an average of $143.4 million in credits per year in 9 percent state credits for fiscal years 2012 and 2013, with the same amount being authorized in federal credits, while redemptions averaged $154 million per year. In addition, while the annual level of 4 percent credits was limited to $60 million with a legislative change in 2009, the MHDC authorized an average of $38.6 million per year in 4 percent state credits during fiscal years 2012 and 2013. In contrast, 4 percent tax credit authorizations averaged $89.7 million per year for the 5 years prior to the legislative change. Appendix A, lists detailed information of credits authorized and redeemed by fiscal year, and cumulative credits outstanding or pending issuance.

[10] Section 135.355, RSMo.

[11] Depends on the other types of financing besides tax credits used on the project and other conditions.

Low income housing units built

Approximately 46,700 low income housing units have been approved for construction using the state LIHTC since 1998.[12] The table below lists the number of units approved with state LIHTC during the 5 years ended June 30, 2013.

Low income units approved by credit type - state fiscal years 2009 through 2013

Type	2009	2010	2011	2012	2013	Total
9 Percent	913	1,529	1,017	751	1,359	5,569
4 Percent	1,272	864	51	1,009	1,004	4,200
Total	2,185	2,393	1,068	1,760	2,363	9,769

Source: MHDC data

Reporting

The DED provides the General Assembly and the public key program information for the LIHTC program through the tax credit activity report.

Agencies administering tax credit programs are required under Section 33.282, RSMo, to submit the estimated amount of tax credit activity for the next fiscal year to the State Budget Director for submission to the Chairmen of the Senate Appropriations and House Budget Committees. In addition to the estimates of tax credit activity, the agencies must also include a cost-benefit analysis of the program for the preceding fiscal year. The annual estimates and cost-benefit analyses are submitted on forms called tax credit activity reports. State law requires the tax credit activity report be submitted to the State Budget Director by October of each year and to the Chairmen of the Senate Appropriation and House Budget Committees by January 1 each year.

Scope and Methodology

To gain an understanding of the performance of the state LIHTC program, we interviewed various individuals involved in all aspects of the program, including MHDC staff, developers and their representatives, tax attorneys, an architect; representatives of three syndication firms, a lobbyist representing developers, and a Certified Public Accountant with a firm involved in the program. We also discussed tax credit redemptions with a representative of the Department of Revenue (DOR), and discussed tax credit reporting with representatives of the Department of Economic Development (DED). Our review also included visits to two completed LIHTC project sites.

We obtained data from MHDC staff on the number of housing units approved by the commission, and the number of projects converted to market-based housing during the 5 years ended June 30, 2013. We also obtained information on tax credit authorizations from MHDC staff and tax credit redemptions from MHDC and DOR staff.

[12] Data prior to 1998 was not obtained due to the time required for MHDC staff to compile it.

To understand how Missouri's state LIHTC program compares to the LIHTC programs of other states, we obtained information from various sources, including interviews with state housing agency representatives with the states of Arkansas, California, Connecticut, Georgia, Hawaii, Illinois, Massachusetts, New Mexico, New York, North Carolina, Utah, and Vermont.

To develop projections of future tax credit activity and liability, we reviewed historical trends in tax credits awarded, authorized, issued and redeemed including data presented in Appendix A. We also reviewed historical information related to the federal LIHTC allocation, including population and allocation rates. We based projections for future years on historical trends, with an emphasis on more recent history. Future 4 percent tax credit activity is limited to a maximum issuance of $60 million per year ($6 million per year for 10 years).

To evaluate aspects of program management, we reviewed the project selection process, project cost review process, and planning process to determine the state's long-term housing needs. We also reviewed the annual LIHTC cost-benefit analysis the MHDC reports to the legislature as part of the state budget process. In addition, we compared Missouri's program to best practices established by the National Council of State Housing Agencies.

To evaluate potential improvements to the program, we reviewed reports from the Missouri Tax Credit Review Commission. The commission was created by the Governor in July 2010, and charged with reviewing the state's tax credit programs and making recommendations for greater efficiency and enhanced return on investment. The commission released reports in November 2010 and December 2012.[13]

To evaluate state LIHTC recapture procedures, we interviewed MHDC staff and obtained information from MHDC on project non-compliance reported to the IRS during the 2 years ended June 30, 2013. We tested procedures in place to monitor ongoing projects for any noncompliance, which would result in potential recapture, and observed a sample of related site inspections.

We obtained aggregate totals of annual tax credit redemptions for state tax credits and recaptured LIHTCs for fiscal years 2008 through 2012 from the DOR. In accordance with the Missouri Supreme Court decision in the case of *Director of Revenue v. State Auditor* 511 S.W.2d 779 (Mo. 1974), auditors are not provided individual tax returns. As a result, auditors were

[13] The December 2012 report included a supplemental report that we also reviewed.

not able to verify the completeness and accuracy of redemption data provided.

Missouri Low Income Housing Tax Credit
Management Advisory Report
State Auditor's Findings

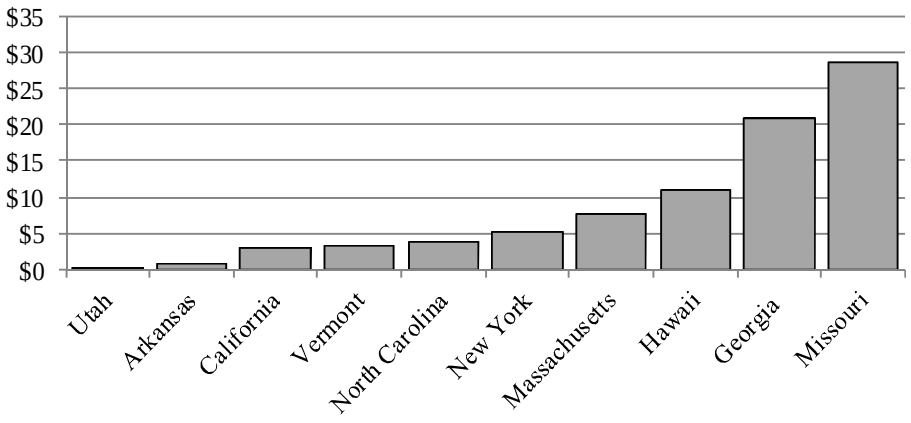
1. Program Cost and Efficiency

While there is no dispute the Low Income Housing Tax Credit (LIHTC) program has helped provide thousands of units of affordable housing for low income Missourians, this audit evaluates the economic efficiency of the current program. Missouri leads the nation in state LIHTC spending, on a per capita basis, and the amount of tax credits issued for low income housing has exceeded initial fiscal note projections. Options exist to improve the efficiency of the tax credit model, since currently only $0.42 of every tax credit dollar issued goes toward the construction of low income housing, with the remainder going to the federal government in the form of increased federal income taxes, to syndication firms, and to investors. In addition, the program has no sunset provision and applicants can receive multiple tax credits for the same expenditures.

1.1 Total program costs

In 2012, Missouri ranked highest in state LIHTC funding, with $28.60 spent on a per capita basis. Of the 10 states with state LIHTC programs, Missouri was one of only two states with a per capita rate exceeding $20, while 6 states had per capita rates of $5.14 or less.

2012 Per Capita Funding for States with State LIHTC Programs

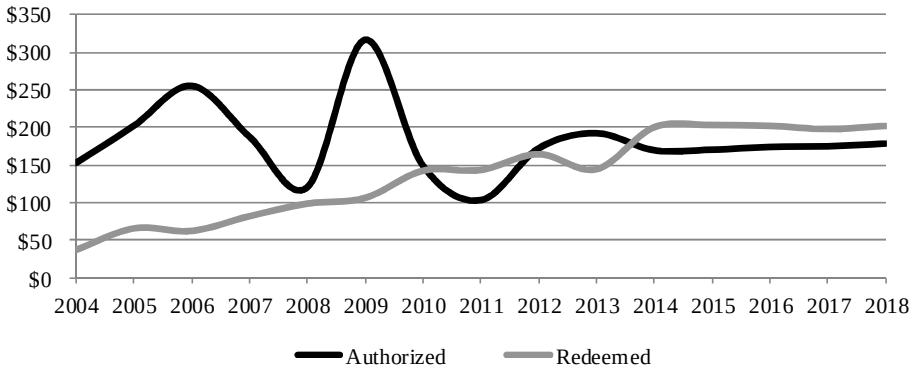


Source: SAO analysis

Projection of future tax credit activity

Based on actual tax credits awarded in recent years, we projected tax credits to be authorized, redeemed, and outstanding through 2018. Assuming tax credits are awarded at a pace consistent with prior years, our projections estimate a cumulative total of $3.4 billion in credits will be authorized and approximately $2.1 billion in credits will be redeemed, leaving an estimated $1.3 billion in credits outstanding or pending issuance by 2018. The chart on the following page depicts actual credits authorized and redeemed from 2004 through 2013, and projected authorizations and redemptions through 2018. Annual redemptions are projected to increase to and remain around $200 million per year through 2018.

Actual and estimated LIHTC authorized and redeemed - Fiscal year 2004 to 2018



Source: SAO projections based on MHDC and DOR data

Limits on total tax credits issued are high

Missouri's annual limit on 9 percent LIHTCs is significantly higher than all but one of the other 9 states with state LIHTC programs. State law limits the amount of 9 percent credits to 100 percent of the federal LIHTC allocation. All 10 states with state LIHTC programs limit the annual amount of credits authorized. Missouri is one of 4 states that utilizes a percentage of the federal allocation to determine the annual limit. While Missouri and Georgia authorize credits of 100 percent of the federal allocation, Hawaii limits state LIHTCs to 50 percent, and Utah to only 10 percent of the annual federal allocation. The remaining 6 states utilize some form of set dollar value limit.

Prior to 1997, Missouri law[14] primarily limited the annual amount of state credits to 20 percent of the federal allocation. In 1997, the law was changed to allow the MHDC to authorize up to 100 percent of the federal allocation. Missouri law[15] currently limits the amount of 4 percent credits to $60 million per year.

Credits issued and redeemed exceed MDHC projections

Actual state LIHTCs issued and redeemed have greatly exceeded 1997 MHDC projections provided to the General Assembly. In 1997, state law changed to increase the state credit to up to 100 percent of the federal credit. In the final fiscal note to the house bill, MHDC staff reported state credits would continue to be allocated at 20 percent of the federal credit in most parts of the state, but the MHDC would increase the allocation to 100 percent in rural areas and areas where it is difficult to develop affordable housing. MHDC estimated in the fiscal note the average allocation rate would be 50 percent of the federal credit. However, the MHDC has allocated essentially 100 percent of the federal amount since 1998. In addition, the estimate did not consider increases in the amount of annual federal LIHTCs available for 9 percent projects, and did not consider any estimate of credits issued for 4 percent projects. In total, since fiscal year

[14] Section 135.352.2, RSMo.
[15] Section 135.252.3, RSMo.

1997, the MHDC has authorized $842 million more LIHTCs than projected (based on the average annual authorizations estimated in the 1997 fiscal note).

Prior recommendations implemented

The MHDC has taken action to reduce costs by implementing some of the recommendations in our prior LIHTC audit,[16] including reducing the builder's fee percentage to be consistent with National Council of State Housing Agencies guidance, and reducing project cost limits. The MHDC reduced project cost limits from a maximum of 140 percent of HUD guidelines in metropolitan areas, down to 125 percent of HUD guidelines for 2011 and 2012. Our review of the 67 projects (9 percent only) approved in 2011 and 2012 showed development costs for 21 of those projects (31 percent) exceeded the HUD guideline, which represents an improvement from our prior LIHTC audit where we found 55 percent of projects to be over the HUD guideline, To reduce costs further, MHDC reduced the project cost limits down to 100 percent of HUD guidelines for fiscal year 2014. In addition, MHDC has made improvements in the project selection and evaluation process based on recommendations from the prior report.

1.2 Efficiency

The current LIHTC model is inefficient because only a portion of each dollar of tax credit goes toward low income housing. The current model finances low income housing construction at an effective interest rate of over 19 percent.[17] The MHDC awarded $192 million in state LIHTCs during fiscal year 2013, which will be redeemed over the next 10 to 15 years. The 2013 tax credits awarded will be converted into approximately $80.6 million in equity[18] to be used for the construction and development of low income housing.

The primary cause of the credit's inefficiency is the federal tax implications of end users using the tax credit to reduce their amount of state taxes paid. The reduction of a user's state taxes paid results in the loss of a portion of the federal tax deduction for state taxes paid, thereby increasing the user's federal tax liability. As a result, the price of the state credit is automatically reduced by approximately 35 percent.[19] The value of credit is further reduced by the 10-year discount period and syndicator discounts (if the developer uses a syndicator to sell the credits).

[16] Report number 2008-23, *Analysis of Low Income Housing Tax Credit Program*, issued in April 2008.
[17] Rate calculated by assuming $42 million was borrowed and $100 million was paid over 10 years to repay the debt.
[18] Assuming MHDC's current pricing floor of $.42 per $1 of credit.
[19] The highest marginal federal corporate tax rate for 2012 and 2013.

The inefficiency of the current model was noted in the Tax Credit Review Commission's December 2012, supplemental report, which stated "the state is borrowing money in connection with (the LIHTC) at a higher rate than that charged to the most risky of borrowers at a time when Missouri's credit rating is among the highest of all states. This should be a source of great embarrassment to Missouri." However, the Tax Credit Review Commission's primary recommendation to improve the efficiency of the current LIHTC model was to eliminate the existing tax consequences by getting the federal tax law changed, which does not appear likely.

Options to improve efficiency

Several options exist to improve the efficiency of Missouri's LIHTC, including (1) converting to a certificated credit model, potentially combined with the use of not-for-profit organizations to eliminate federal taxation, (2) making the credits refundable, (3) the use of a direct appropriation to fund low income housing directly from state revenues, also utilizing not-for-profit organizations, and (4) a reduction in the number of years the tax credits are spread over.

Certificated credit model

Under a certificated credit model a state housing agency issues certificates investors could purchase to reduce their state tax liability. Under this model, the end investor does not join the developing partnership, but instead is purchasing a transferable asset, increasing the attractiveness of the state credit to potential investors.

Missouri could achieve a sales price of approximately $.65 per credit dollar[20] utilizing a certificated credit model. The majority of the price increase that results from a change to a certificated model is due to a change in the tax treatment of state tax credits. As opposed to Missouri's current system where a portion of federal tax deduction is lost due to a reduction of state taxes paid, the use of certificates allow investors to apply state tax credits used as deduction on their federal income taxes. However, the sale of a certificated credit would then be treated as the sale of an asset and would be subject to capital gains taxes at the federal level.

An industry professional said to avoid tax consequences to the development partnership, tax credits would have to be issued to not-for-profit housing organizations. These agencies convert the credits into cash, without paying taxes on the transaction, allowing the partnership and its investors to avoid any federal tax consequences associated with the income provided by the state tax credits. This approach was endorsed by the 2010 Tax Credit Review Commission.

[20] Price assumes a 10-year credit and is similar to the price achieved for New York state credits. States utilizing a 5-year credit, such as Massachusetts, can receive prices in the mid-to-upper $.70 range.

Refundable credit model

In a refundable model the credits could be redeemed by the user regardless of their existing tax liability, and would provide an advantage to the state by making redemptions of the credits more predictable. A refundable option would be particularly effective if the credits were to become certificated, since transferable and refundable credits would be very marketable. If a refundable feature was added to the LIHTC, it would need to be structured such that each of the annual 10-year installments would be refundable separately over the 10-year stream. The Tax Credit Review Commission did not discuss the refundable credit option for the LIHTC in either report issued.

Direct appropriation

The simplest and most economically and administratively efficient change possible to the state's low income housing program would be the use of a direct appropriation from the state. Not-for-profit organizations would also need to be involved in a direct appropriation model to avoid federal tax consequences and for 100 percent of the state's money to go towards the construction of low income housing. If not-for-profit organizations were not used, the efficiency of the program would still be improved over the current model since tax credits would not need to be sold to third parties. This method would subject low income housing funding to the annual budget process.

Issuance timeframes

Reducing the timeframe tax credits are issued over would help improve the efficiency of the credit. With credits currently being issued in a 10-year stream, the value of the stream of credits is significantly discounted when developers convert the credits to equity for construction. By reducing the timeframe the credits are issued over, a reduced amount of credits can produce the same amount of equity for construction. This change was endorsed in the Tax Credit Review Commission's November, 2010 report, which indicated as much as a 30 percent increase in equity due to the reduction of the tax credits from a 10-year stream to a 5-year stream.

1.3 Sunset provision

As noted in Report No. 2010-47, *Tax Credit Cost Controls*, issued in April 2010, state law does not include a sunset provision for many tax credits, including the LIHTC program. The Sunset Act, passed in 2003, provides for new programs to sunset after a period of not more than 6 years unless reauthorized by the General Assembly or the program is exempted from the Sunset Act. The Act requires the Committee on Legislative Research to review applicable programs before the sunset dates and present a report to the General Assembly regarding the sunset, continuation, or reorganization of each affected program. However, the LIHTC program was created prior to the Sunset Act and is exempted.

By adopting a sunset provision for the LIHTC program, the General Assembly can better determine whether the program is achieving its intended purpose and whether program funding should be increased, decreased, or eliminated.

1.4 Use of multiple incentives

As noted in Report No. 2012-117, *Division of Business and Community Services*, issued in September 2012, state law does not prohibit claiming the same project costs under two or more tax credit programs. This "stacking" of tax credits can be lucrative for developers and additional tax credits are issued while no additional economic activity or state benefit is generated.

Companies may claim certain project costs under the Low Income Housing, Historic Preservation, Brownfield Remediation, and the Neighborhood Preservation Tax Credit programs. Between fiscal years 2000 and 2011, the state issued tax credits totaling approximately $738 million for 117 projects that received funding from two or more of these tax programs.

In December 2012, the Tax Credit Review Commission recommended changes when Brownfield, Historic Preservation, and Low Income Housing Tax Credits or any combination thereof are awarded to a single project. The commission recommended a specific ordering process and Brownfield credits would be calculated first based on eligible remediation expenditures. Next, the eligible Historic Preservation credit expenditures would be reduced by the amount of Brownfield credits. Finally, the Brownfield and Historic Preservation credits would be deducted from the total expenditures eligible for the Low Income Housing Tax Credit. The DED should work with the General Assembly to establish cost containment provisions regarding project costs claimed under multiple tax credit programs.

Similar conditions previously reported

Similar conditions to sections 1.1 and 1.2 were noted in our prior audit report on the LIHTC.

Recommendations

The General Assembly:

1.1 Evaluate and consider implementing a limit on the amount of LIHTCs awarded annually.

1.2 Evaluate and consider changes to improve the efficiency of the current LIHTC model.

1.3 Establish a sunset provision for the LIHTC program.

1.4 Establish cost containment provisions regarding project costs claimed under multiple tax credit programs.

2. Economic Impact

The economic impact the DED reports to the legislature regarding the LIHTC is likely overstated. However, even considering this overstatement, the LIHTC program results in a very low return on investment. The fiscal year 2013 analysis for the LIHTC shows the program returns $.08 in state

revenue for every dollar spent,[21] and created approximately 63 new full-time jobs. With redemptions of $144 million in 2013, the program cost the state approximately $61,000 per unit of housing, or $2.3 million per job. DED staff prepare the cost-benefit analysis for MHDC based on information and assumptions provided by MHDC staff.

The economic impact reported to the legislature appears overstated because it assumes *no* low income housing construction would take place if not for the state credit. However, since the federal LIHTC is available to the state, some low income housing activity would occur even without the state LIHTC program. The fiscal year 2012 tax credit activity report provided to the legislature estimates approximately 40 percent of LIHTC units would still be feasible without the state credit. Therefore, it is not reasonable to attribute all low income housing economic impact to the state credit. Considering only the low income housing activity that occurs due to the state program would allow the DED to provide the legislature a more accurate assessment of the economic impact of the state LIHTC program.

Recommendation

The Department of Economic Development consider the low income housing activity that would take place without the state LIHTC when calculating the economic impact attributable to the program.

Auditee's Response

The LIHTC, like several other tax credit programs, was not primarily designed to impact the economy; therefore, while a fiscal cost-benefit analysis is required by statute, it should be viewed in context of the program's other goals. Many non-economic tax credit programs also provide community value that cannot be easily quantified in dollar terms further disadvantaging the activity when fiscal analyses is done. Cost-benefit analyses can still be informative in these situations, but should be viewed with these constraints in mind and with other measures that more directly relate to the program's goals.

Since a standard reporting of fiscal cost-benefit analyses is required, regardless of the tax credit's goals, the DED strives to conduct assessments with as much consistency as possible. If findings support a lower activity level assumption in the LIHTC program then those figures can be incorporated into the annual assessment.

[21] $11.9 million in total economic benefit to the state, divided by $151.8 million in total cost equals $.08 returned per $1 invested.

Low Income Housing Tax Credit Activity

The following table shows the amount of LIHTCs authorized and redeemed, as well as the cumulative balance of credits outstanding or pending issuance.

Fiscal Year		Amount Authorized	Amount Redeemed	Cumulative Outstanding or Pending Issuance[1]
1994	$	22,027,870	55,706	21,972,164
1995		22,862,860	646,237	44,188,787
1996		30,106,140	1,072,649	73,222,278
1997		54,177,540	2,027,362	125,372,456
1998		85,806,200	2,907,544	208,271,112
1999		101,367,660	4,323,281	305,315,491
2000		80,455,840	10,105,111	375,666,220
2001		113,735,120	12,368,170	477,033,170
2002		125,558,880	19,474,343	583,117,707
2003		134,388,920	29,978,473	687,528,154
2004		202,644,630	36,916,831	853,255,953
2005		183,106,160	65,392,601	970,969,512
2006		273,640,430	61,963,798	1,182,646,144
2007		169,445,790	81,646,784	1,270,445,150
2008		120,120,070	98,305,085	1,292,260,135
2009		316,175,550[2]	105,967,104	1,502,468,581
2010		149,068,200	142,141,458	1,509,395,323
2011		102,960,000	143,055,387	1,469,299,936
2012		171,894,310	164,208,547	1,476,985,699
2013		192,000,000[3]	144,082,976	1,479,238,119
Totals	$	2,651,542,170	1,126,639,447	

[1] The $1.48 billion in outstanding credits may include some credits no longer eligible for redemption due to time expiration or project non-compliance. Current law does not require the Department of Revenue to maintain this information.

[2] MHDC's administrative process has historically resulted in the authorization of credits one fiscal year after commission approval. In fiscal year 2009, the MHDC changed its procedures to align the authorizations with the fiscal year in which credits are approved. The fiscal year 2009 authorizations account for credits approved in both fiscal year 2008 and 2009.

[3] Credits are issued upon completion and occupancy for an approved project, which can take up to 2 years for most projects. Few if any credits have been issued for fiscal years 2012 and 2013 approved projects as of August 2013. Issued credits for a project may be slightly more or less than the amount authorized for the project.

Source: MHDC and SAO analysis

Per Capita Low Income Housing Funding by State

Based on interviews with other state housing agencies we determined the amount of state LIHTCs awarded in 2012, by state. Using 2012 Census Bureau population data, we calculated per capita LIHTCs awarded.

State	Credits Awarded	2012 Population	Per Capita
Missouri	$ 171,894,310	6,010,688	28.60
Georgia	205,000,000	9,815,219	20.89
Hawaii	15,122,910	1,374,810	11.00
Massachusetts	50,000,000	6,587,536	7.59
New York	100,000,000	19,465,197	5.14
North Carolina	37,000,000	9,656,401	3.83
Vermont	2,000,000	626,431	3.19
California	111,831,403	37,691,912	2.97
Arkansas	2,500,000	2,937,979	0.85
Utah	750,000	2,817,222	0.27

Source: Interviews with other state housing agency officials and MHDC.

The credit amount represents the annual tax credit awarded, multiplied by the duration of the tax credit. Like Missouri, state credits in Georgia, Hawaii, New York, Arkansas, and Utah are 10-year credits (10 percent redeemable each year for a period of 10 years). The other states' credits varied, with North Carolina having a one year credit, California having a 4-year credit, and Massachusetts and Vermont having 5-year credits.

Tax Credit Redemptions

The following table shows redeemed tax credits for fiscal years 2010 through 2013 for all state tax credit programs. We did not audit the information.

Program	Year Ended June 30, 2010	2011	2012	2013
Adoption (Special Needs)	$ 1,894,187	1,346,454	1,036,226	744,155
Affordable Housing Assistance	11,647,956	4,880,797	5,629,466	7,406,988
Agricultural Product Utilization Contributor	114,674	466,048	1,468,156	1,267,239
Alternative Fuel Vehicle Refueling Property[1]	0	23,365	45,690	69,454
Bank Franchise	2,013,584	4,233,673	2,333,619	2,559,444
Bank Tax Credit for S Corporation Shareholders	1,823,612	2,787,708	5,523,276	4,533,837
Brownfield Jobs/Investment	1,650,222	1,620,384	1,660,626	68,693
Brownfield Remediation	17,590,273	11,432,109	16,967,400	6,378,613
Business Use Incentives for Large-Scale Development (BUILD)	8,306,413	10,976,914	6,591,948	8,212,533
Business Facility	2,883,729	5,682,965	4,867,041	4,572,711
Certified Capital Business[2]	495,459	586,135	411,014	590,235
Charcoal Producers[1]	14,642	521,380	59,595	0
Children in Crisis	420,857	587,137	629,456	792,368
Community Development Corporation[2]	5,915	22,703	224	231
Development	1,589,618	1,001,142	3,856,648	3,863,814
Developmental Disability Care Program	n/a	n/a	0	7,819
Disabled Access	12,526	26,273	24,791	14,603
Distressed Areas Land Assemblage	6,731,635	13,534,347	7,558,203	1,651,415
Domestic Violence	789,233	757,609	988,996	851,517
Dry Fire Hydrant[1]	2,634	7,715	3,124	0
Enhanced Enterprise Zone	2,916,392	4,000,689	7,324,093	6,451,698
Enterprise Zone	1,479,702	1,128,432	232,990	557,312
Examination Fees and Other Fees	5,227,134	4,974,981	4,926,191	5,886,105
Family Development Account	3,000	25,000	10,616	95
Family Farms Act	104,798	49,825	53,948	32,032
Film Production	1,925,158	1,563,218	4,839,217	56,665
Food Pantry	793,734	1,081,076	796,156	72,822
Health Care Access Fund	0	0	0	0
Historic Preservation	107,973,542	107,767,393	133,937,747	78,814,711
Homestead Preservation[1]	2,478,624	773,465	0	0
Life and Health Guarantee Association	0	3,260,829	3,306,409	5,664,124
Low Income Housing	142,141,458	143,055,387	164,208,547	144,082,976
Maternity Home	762,701	726,355	1,354,431	1,138,969
MDFB Bond Guarantee	0	0	0	0
MDFB Infrastructure Development	13,970,215	25,597,348	33,444,754	14,804,416
Missouri Automotive Manufacturing Jobs Act	n/a	0	0	0

Appendix C
Tax Credit Redemptions

Program	Year Ended June 30, 2010	2011	2012	2013
Missouri Health Insurance Pool	7,896,391	10,931,565	14,318,218	16,874,865
Missouri Property and Casualty Guarantee Association	592,308	(53)	0	0
Missouri Quality Jobs	14,238,179	27,936,799	35,431,828	39,278,156
Neighborhood Assistance	10,065,993	8,513,472	9,757,095	7,392,113
Neighborhood Preservation	6,739,123	4,427,639	2,159,654	1,232,214
New Enterprise Creation[2]	77,098	11,499	25,000	0
New Generation Cooperative Incentive	3,287,882	1,984,424	826,953	2,100,091
New Jobs Training	3,228,601	3,175,559	4,090,193	3,081,261
New Market	0	1,199,285	15,385,989	12,934,464
Pregnancy Resource	1,198,394	1,103,384	1,892,183	1,194,477
Property Tax	118,594,589	114,886,668	117,603,638	113,962,551
Public Safety Officer Surviving Spouse	11,910	16,861	32,793	78,249
Qualified Beef	0	9,447	219,062	522,858
Rebuilding Communities	1,553,894	1,277,135	1,388,190	1,430,329
Qualified Research Expense[1]	890,135	n/a	n/a	n/a
Residential Dwelling Accessibility	23,040	20,086	6,501	10,258
Residential Treatment Agency	47,599	323,376	283,501	292,396
Retain Jobs	8,145,996	5,758,163	2,403,687	1,960,931
Self-Employed Health Insurance	652,850	1,428,143	1,847,045	1,811,060
Shared Care	159,222	44,152	70,004	41,645
Small Business Incubator	219,014	107,549	166,336	68,441
Small Business Investment (Capital)[1]	0	1,701	(19,395)	0
Transportation Development[1]	9,176	52,124	9,342	12,510
Wine and Grape Production	112,057	29,411	61,598	15,301
Wood Energy	1,546,453	3,818,378	2,282,401	3,563,209
Youth Opportunities	4,405,158	3,589,991	4,979,138	3,906,263
Total	$ 521,458,689	545,145,614	629,311,552	512,911,236

n/a - Tax credit did not exist in this fiscal year.

[1] The tax credit has expired or has been repealed. Redemptions may be reported due to carry forward provisions.
[2] The tax credit program has met the cumulative program cap.

Source: Office of Administration, Department of Revenue, and tax credit administering agencies

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Cooper County

March 2014

Report No. 2014-015

http://auditor.mo.gov

Cooper County
Follow-Up Report on Audit Findings
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State Auditor's Letter 2

Status of Findings*

1. County Treasurer Controls and Procedures 3

*Includes selected findings

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Cooper County

We have conducted follow-up work on certain audit report findings contained in Report No. 2013-102, *Cooper County*, issued in October 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the county about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the county, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed supporting documentation submitted by the County Treasurer and held meetings with county officials. Documentation included bank reconciliations, bank account/fund activity reports, and various other financial records. This report is a summary of the results of this follow-up work, which was substantially completed during February 2014.

Thomas A. Schweich
State Auditor

Cooper County
Follow-Up Report on Prior Audit Findings
Status of Findings

1. County Treasurer Controls and Procedures

The County Treasurer did not enter receipts into the computerized accounting system timely during 2012 and did not perform timely bank reconciliations from October to December 2012. As a result, the County Treasurer could not provide up-to-date fund balances to the County Commission during 2012 or ensure the county's accounting records were in balance during the last 3 months of the year.

Prior to January 2012, the County Clerk's office entered receipts into the computerized accounting system, even though this is a duty of the County Treasurer. As of January 2012, this duty was turned back over to the County Treasurer, but he had not been performing this duty in a timely manner. Due to delays in the entry of receipts into the system, the fund balances and actual receipts of the various county funds were not known. Through December 2012, the county paid the software provider $2,163 to perform the backlogged receipt data-entry and bank reconciliation work, and to provide software training to the County Treasurer. Despite the training received, the County Treasurer stated he was still not familiar enough with the system to adequately perform these duties himself, and an additional $2,000 was budgeted in 2013 for the software provider to perform the data entry of the backlogged receipts and bank reconciliation work; however, no receipts for 2013 had been entered into the computerized accounting system as of June 2013.

Recommendation

The County Treasurer ensure receipts are timely entered into the computerized accounting system and bank reconciliations are completed in a timely manner.

Status

Implemented

The County Treasurer now enters receipts into the computerized system timely and completes the monthly bank reconciliations during each subsequent month. The October, November, and December 2013 bank reconciliations were completed on November 21, 2013; December 15, 2013; and January 9, 2014, respectively. The January 2014 bank reconciliation was in progress as of February 19, 2014. In addition, the County Treasurer now gives monthly bank account/fund activity reports to the County Commission after the monthly bank reconciliations have been completed.

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

City of Marshfield

March 2014

Report No. 2014-016

http://auditor.mo.gov

City of Marshfield
Follow-Up Report on Audit Findings
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*Includes selected findings

THOMAS A. SCHWEICH
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Marshfield, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2013-088, *City of Marshfield*, issued in September 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the city about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the city, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed supporting documentation submitted by city officials and held a meeting with city officials. Documentation reviewed included a report by the City Administrator of the status of recommendations, city financial statements and budgets, open and closed meeting minutes, employee timesheets, real estate transaction documentation, bid documentation, disbursement reports, and receipt records. This report is a summary of the results of this follow-up work, which was substantially completed during January and February 2014.

Thomas A. Schweich
State Auditor

City of Marshfield
Follow-Up Report on Prior Audit Findings
Status of Findings

1. Financial Condition

The General Fund was in poor financial condition. The Board of Aldermen failed to monitor the city's budget and cash balances, and as a result, was not aware of the severity of the General Fund's financial condition. In addition, the city improperly borrowed monies from restricted funds, including transportation sales tax, water, and sewer monies, to finance general operations. Also, the city used General Fund monies to subsidize the Park Fund and transportation services without completing a cost-benefit analysis of these activities. Additionally, the city failed to allocate some disbursements to all impacted funds, thereby unnecessarily using General Fund resources to cover costs that could legitimately be paid from other funds.

Recommendation

The Board of Aldermen require accurate and timely financial reports be prepared, allocate disbursements when appropriate, and closely monitor the city's financial condition. Additionally, the Board of Aldermen should establish a plan to repay General Fund obligations to other restricted use funds, and periodically review operations of the city to ensure activities are operated efficiently and continue to be in the best interest of the city.

Status

In Progress

The financial condition of the General Fund improved during 2013. The December 31, 2013, ending fund balance increased about $83,000 to $283,658 from the December 31, 2012, balance. The Board continues to monitor the financial condition. The Board now receives a report of funds comparing budgeted financial information to actual financial information and also cash balances. New procedures were implemented to allocate disbursements to all impacted funds and document the allocation. We reviewed payroll transactions and a utility disbursement and noted costs were allocated appropriately to the various funds.

As explained in the audit report, the Board determined in 2012 that the General Fund incurred transportation related expenses in excess of the $1.3 million transfer from the Transportation Sales Tax Fund to the General Fund and no outstanding obligation is due. The Board plans to perform a similar review of Water and Sewer Fund transfers during 2014 to determine the extent of the General Fund obligation. The Board voted to eliminate transportation services in October 2013. The Board continues to review the subsidization of the Park Fund and will consider new fees for park services to reduce the burden on the General Fund.

2. Financial Activity

The city had not established adequate accounting records and procedures and had failed to implement prior audit recommendations related to inadequate financial procedures.

2.1 Restricted monies

The city operated with negative balances for some funds in the "pooled cash" account during the year, and financial information was inaccurate because the city did not record interfund transfers as they occurred.

In addition, the city transferred monies from the Transportation Sales Tax Fund to the General Fund, but did not track these monies and did not always record disbursements related to grant projects in the appropriate grant fund. The city deposited state motor vehicle-related receipts and Police Officer Standards Training and Law Enforcement Training fees into the "pooled cash" account, to the credit of the General Fund without tracking the receipts, disbursements, and balances of these restricted monies. The city also did not adequately track donations received for a sidewalk improvement project or identify these monies as restricted. Finally, the city incorrectly reported negative lodging tax receipts.

Recommendation

The Board of Aldermen establish procedures to ensure restricted monies are used only for allowable purposes and accounting records accurately reflect the financial activity of the city. In addition, the Board should correct errors and identify and review restricted fund activity.

Status

In Progress

The Board continues to identify and implement procedures to ensure restricted funds receipts are only used for allowable purposes and accounting records accurately reflect the financial activity of the city. The Board is working to separate funds into separate bank accounts to better track and limit interfund transfers and approved bank accounts for the Capital Improvement Funds for Water and Wastewater. The Board previously moved the Transportation Sales Tax and Cemetery Funds into separate bank accounts. As noted above, the Board reviewed the transfer from the Transportation Sales Tax Fund to the General Fund and determined no outstanding obligation is due. The city plans to perform a similar review of Water and Sewer Fund transfers during 2014 to determine the extent of the General Fund obligation. The city is in the process of identifying and preparing corrective journal entries for the errors identified in the audit report and expects to complete the process by the end of April 2014.

2.2 Corrective action

The city failed to implement many recommendations made by the independent auditor who performed the city's annual financial statement audit for the past 5 years.

Recommendation

The Board of Aldermen implement audit recommendations timely.

Status

In Progress

The Board has taken steps to address all of the State Auditor's recommendations. City staff also plan to review recommendations made in the independent auditor's reports for implementation in 2014.

2.3 Adjustments

Adjustments recorded in the accounting system by the City Accountant were not reviewed or approved by someone independent of administering the accounting system.

Recommendation

The Board of Aldermen require an independent review and approval of all adjustments.

Status

Implemented

The City Administrator now reviews journal entries and the Board reviews adjusting journal entries monthly. We reviewed information submitted to the Board for the December 5, 2013, Board meeting and noted a report of adjusting journal entries was presented to the Board. The Board discussed the report during the meeting and the City Administrator and Board reviewed the adjusting entries.

3. Real Estate Purchases and Leases

The city leased properties for minimal or no rental fees and held additional property for possible future use by a not-for-profit organization (NFP) despite the city's poor financial condition.

Recommendation

The Board of Aldermen develop plans for the utilization of city-owned property and ensure associated costs are considered and a cost-benefit analysis is performed when leasing properties. The Board should also better plan for future real estate purchases and projects, and ensure independent appraisals are obtained prior to the purchase of real estate.

Status

In Progress

The Board initiated a process of identifying and acquiring copies of all lease agreements and will perform a cost-benefit analysis on each property. The Board plans to prepare a property management plan to ensure periodic reviews of agreements are performed and insurance requirements are met. The Board recently sold 1 property leased to an NFP to the county and traded 2 other properties held for the same NFP with the Marshfield Housing Authority for land to be used for establishing a stormwater retention basin. We reviewed the related documents and noted the city obtained independent appraisals for these transactions.

4.1 Budgets and Financial Statements - Budgetary compliance and monitoring

City budgets did not include a budget message or budget summary, the actual beginning and estimated ending fund balances, or city indebtedness. The city had not established adequate procedures to monitor or amend budgets. In addition, the 2012 budgeted information was not recorded in the city accounting system correctly, causing any budget to actual reports generated to be inaccurate.

Recommendation

The Board of Aldermen ensure budgets comply with state law and include the most up-to-date information. In addition, the Board should establish procedures to properly monitor actual to budgeted activity, and ensure any budget amendments are made prior to incurring related disbursements.

Status

Implemented

We reviewed the city's 2014 budget document and it includes current financial information and meets statutory requirements. The Board is more closely monitoring the budget, and made 4 budget amendments in 2013. We reviewed 2 of these amendments and noted the Board made the amendments prior to incurring related disbursements.

5.1 Accounting Controls and Procedures - Receipting, transmitting, and depositing procedures

Receipt slips were not issued for some monies received. In addition, the City Collector did not issue receipt slips for monies transmitted from other city departments and receipt slips issued for building permits and water deposits were not prenumbered.

The method of payment was not always documented on utility stubs used to receipt utility payments and was not recorded in the utility billing system. Therefore, the composition of receipts could not be reconciled to either the accounting system or deposits. In addition, checks were not always restrictively endorsed upon receipt.

Monies collected were not always timely transmitted to the City Collector for deposit, and some city departments routinely withheld payments from transmittals. Also, Public Works employees did not properly secure monies collected after hours and receipts were not always deposited timely and intact.

Recommendation

The Board of Aldermen require prenumbered receipt slips or utility stubs, documenting the method of payment, be issued for all monies received including transmittals received by the City Collector's office. The Board should also ensure checks are restrictively endorsed immediately upon receipt, maintained in a safe location, and deposited intact and in a timely manner.

Status

Implemented

The Board purchased and installed the Receipt Management (RM) module of the city accounting system in 2013. City personnel restrictively endorse all checks, enter all receipts into the RM module, and a system generated receipt slip is issued. City personnel deposit receipts nightly. The City Collector also issues a system generated receipt slip for all monies transmitted by other city departments. Public Works employees record all monies received after hours in a prenumbered receipt slip book and transmit receipts nightly to the city hall night deposit box. We reviewed the receipt documentation for January 14, 2014, and noted city personnel issued receipt slips, recorded the method of payment, and reconciled the receipt records to the cash drawer.

6.1 Payroll Controls and Procedures - Payroll procedures

Payroll duties were not adequately segregated or supervised, and reviews of time records were not sufficient. Timesheets and timecards were not signed by most employees or by most supervisors to document approval of time worked and leave used. In addition, Police Department employees did not submit time records to the City Accountant to support payroll disbursements and provide information needed for updating centralized leave records.

Recommendation

The Board of Aldermen adequately segregate payroll duties or, at a minimum, ensure a documented review of these functions is performed on a periodic basis by someone independent of the payroll functions. The Board should ensure timesheets are prepared, properly signed, approved, and retained for all employees and the information is reviewed for accuracy prior to entry into the accounting system.

Status

In Progress

The Board segregated the payroll function from other accounting functions, which were previously handled by the same employee. All employees, including those in the Police Department, are now required to prepare time records that are signed by the employee and reviewed for accuracy by supervisors. Time records are retained. The City Administrator reviews department supervisors' timesheets. Once all timesheets are entered, a trial report is reviewed by the City Administrator and gross pay is checked against the previous pay period. The payroll claim report is then signed by the City Administrator and retained.

We reviewed the payroll records for the pay periods ending November 15 and December 31, 2013. All employees, including Police Department employees, submitted time records. The employee and supervisor signed the time records in most cases. We noted the City Administrator did not sign the supervisor timesheets to document his review. The City Administrator indicated he plans to sign the timesheets in the future to document his review.

7.2 Written Contracts and Contract Compliance - Monitoring contracts

The city did not always monitor contracts effectively.

The city contracted with an engineering firm in March 2008 to update the city's comprehensive plan. However, due to lack of progress, the city terminated the agreement in September 2009. In January 2010, the city contracted with a new engineering firm to provide the same service. In November 2010, the city was notified the original engineering firm, which the city had fired in 2009, had acquired the new engineering firm and the original engineering firm assumed the second contract. As of December 31, 2012, the city had paid a total of $50,283 for this project and the city did not have a finalized comprehensive plan document.

The city entered into a contract in April 2009 with a local company that agreed to maintain a minimum average number of full-time jobs over 5 years in exchange for city-owned land in the industrial park area. The city did not receive documentation of the average number of full-time jobs maintained in 2010, 2011, or 2012. As a result, the city did not properly monitor the contractual requirements. As of December 31, 2012, no report had been filed.

The city entered into a contract in July 2009 to lease the recycling center to a local sheltered workshop for $1 per month for 18 months. Although this contract expired in December 2011, the city allowed the sheltered workshop to occupy the center until December 2012 without an updated contract.

Recommendation

The Board of Aldermen monitor contracts for compliance and ensure satisfactory progress by contractors prior to payment.

Status

In Progress

The Board is in the process of identifying and acquiring copies of all existing contracts. The Board is also in the process of entering into contracts as appropriate for arrangements with other entities for which there are no contracts in place, and is working with the city attorney to prepare properly detailed contracts. The City Administrator plans to begin systematic monitoring of contracts including developing a contract management plan once all current contracts have been identified and other contracts have been entered into as appropriate.

8.1 Disbursements - Approval process and oversight

The approval process for disbursements and oversight of bank account activity was not adequate. The list of bills approved by the Board each month was not complete, and a comparison of this list to approved invoices and the actual checks written was not performed. The Board did not review or approve the closing of bank accounts or transfers between bank accounts. Some invoices were not approved prior to payment and purchase orders were not always approved prior to the date of purchase. The numerical sequence of purchase orders issued was not tracked.

Recommendation

The Board of Aldermen ensure the list of bills provided for approval at monthly meetings is complete, all invoices are reviewed and approved by appropriate officials prior to payment, purchase orders are approved prior to the date of purchase, and the numerical sequence of purchase orders issued is accounted for properly, and establish adequate review and approval procedures for transfers and bank account closures.

Status

In Progress

The Board now reviews a detailed report of and approves all non-payroll related disbursements. The Board also approves all bank account transfers and will approve any bank account closures. Starting with the January 23, 2014, Board meeting, city personnel provide the Board a report of payroll disbursements by department and fund. The Board hired a Financial Clerk in December 2013 to perform city accounting duties. As part of her duties, the Financial Clerk will review disbursements and ensure necessary information and approval is obtained and purchase orders are approved prior to purchase. The City Administrator will also review to ensure purchase orders are approved prior to purchase. The Board also created a Data Clerk position within the 2014 budget. This person's job duties will include reviewing invoices for appropriate approval, assisting departments in preparing purchase orders and tracking purchases, and accounting for the numerical sequence of purchase orders. We reviewed information submitted to the Board in January 2014 and noted city personnel presented detailed disbursement reports to the Board for review and approval.

8.3 Disbursements - Conflicts of interest

Former Alderman Noland, who served on the Board until April 2012 and who also served as Deputy Fire Chief and received payment for fire calls, did not always abstain from the approval of disbursements made for the operation of the city Fire Department. The Public Works Superintendent approved purchases of ready mix totaling $14,135 from a company owned by his cousin.

Recommendation

The Board of Aldermen more closely examine city transactions to identify and avoid apparent and actual conflicts of interest.

Status

Implemented

The City Administrator now reviews all vendors to ensure no apparent or actual conflicts or statutory violations exist. Any transactions with a potential conflict of interest are required to be reviewed and approved by the City Administrator in addition to the normal review process. The city continues to purchase items from the ready mix company, but the Public Works Superintendent is no longer solely responsible for approving the purchases. We reviewed 2 purchase orders for ready mix purchases from

September and October 2013 and noted the City Administrator and Board reviewed and approved the purchase orders.

8.4 Disbursements - Bidding

City personnel did not always comply with the city's purchasing policy. Bids were not solicited for some purchases, some bidding documentation could not be located, and no documentation was maintained for several sole source purchases.

Recommendation

The Board of Aldermen ensure bids are solicited for all applicable purchases in accordance with city policy and sufficient documentation is maintained.

Status

In Progress

We reviewed 5 disbursements made between July and December 2013 that required bids and noted the city did not always obtain the required bids. We noted 2 purchases did not have the required bids or quotes. The city made another purchase using a Webster County contract; however, city personnel did not include the related bid prices with the purchase documentation. The City Administrator indicated job responsibilities of the recently hired Financial Clerk include reviewing all purchase orders and ensuring bidding requirements are met before purchases are made in the future.

8.5 Disbursements - Supporting documentation

The city did not always receive or retain adequate supporting documentation to support disbursements or show compliance with grant agreements.

Recommendation

The Board of Aldermen ensure sufficient supporting documentation is maintained for all disbursements and grants.

Status

Implemented

The Financial Clerk is reviewing purchase and grant documentation to ensure all necessary documentation is obtained and retained. We reviewed 8 disbursements from December 2013 and noted supporting documentation was retained.

8.6 Disbursements - Untimely payments

The city did not pay several invoices timely. The city incurred unnecessary late payment fees for these errors. Further, invoice due dates were not correctly recorded in the accounting system.

Recommendation

The Board of Aldermen ensure all invoices are paid in a timely manner and invoice due dates are correctly recorded in the accounting system.

Status

Implemented

The Board segregated duties between accounts payable and payroll, reducing the responsibilities transferred to the new Financial Clerk. As a result, invoices are processed and recorded more timely in the accounting system. The Financial Clerk also now records the actual invoice due date rather than the board meeting date in the accounting system. We reviewed 8 disbursements from December 2013 and noted payments were timely.

8.7 Disbursements - Vendor information

As of December 2012, the city vendor list contained 18 duplicate vendor names, each with a separate vendor number. City officials did not review the vendor list and were not aware of these duplications. For one of the duplicate vendors, city staff entered an invoice totaling $316 into the accounting system twice in June 2012, using two different spellings of the vendor's name and made a duplicate payment to the vendor.

Recommendation

The Board of Aldermen ensure new vendors added to the accounting system are reviewed and approved. In addition, existing vendor files should be periodically reviewed by someone independent of the disbursement process and duplicate vendors should be eliminated.

Status

In Progress

The City Administrator reviewed the vendor list in November 2013 and eliminated identified vendor duplications. The city plans to continue to monitor the list. We reviewed the vendor list as of January 14, 2014, and noted 16 additional potential duplicate vendors. The Financial Clerk plans to review and address these potential duplicate vendors. The city received a credit memo in July 2013 from the vendor that received the duplicate payment.

10.2 Utility Controls and Procedures - Water usage and billings

The city did not investigate significant differences identified in the monthly comparison of gallons of water billed to customers to gallons of water pumped. In addition, city water usage was not tracked, and the city failed to install meters and bill two other political subdivisions for water and sewer services at city properties leased by those political subdivisions.

Recommendation

The Board of Aldermen investigate significant differences between gallons of water pumped to gallons billed, track city usage on a monthly basis, and ensure all usage is appropriately billed and collected.

Status

In Progress

The city now investigates large differences noted when reconciling water usage data. City reconciliations showed water loss in excess of 10 percent in October and November 2013. The city reviewed the October difference and determined it occurred due to the timing of reading water meters. The city is currently reviewing the water loss for November. In response to the audit,

city officials also revised their calculation procedures. Previously, the date for calculating the amount of water billed differed from the date of the water pumped resulting in timing differences that made it difficult to reconcile water usage data. The city now uses the same day.

As of January 31, 2014, the city is accounting for city water usage when comparing water usage to water billed. In addition, the city installed meters on all buildings owned by the city and leased to other political subdivisions. The City Administrator stated billing the political subdivisions will begin after lease agreements are changed to reflect responsibility for water and sewer charges.

Thomas A. Schweich

Missouri State Auditor

State of Missouri

Single Audit

Year Ended June 30, 2013

March 2014

Report No. 2014-017

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Fiscal Year 2013 Statewide Single Audit

Single Audit Background

The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Act requires an audit of the state's financial statements and its use of federal awards.

Single Audit guidelines require audit work be conducted on "major" programs and utilize a risk-based approach to determine which specific programs are major. Using this methodology, for the fiscal year ended June 30, 2013 (FY2013), our Single Audit involved audit work on 20 major programs at 9 departments, encompassing $8.27 billion (69 percent) of the total federal awards spent. The 20 major programs audited also account for approximately 70 percent ($108 million) of all American Recovery and Reinvestment Act of 2009 (ARRA) funds spent during FY2013. The audit contains 22 findings with 31 recommendations. Several of these findings are summarized below.

2013 Federal Awards

The state spent approximately $11.96 billion in federal awards through 344 different federal programs during FY2013, including approximately $153 million in federal ARRA awards expended through 29 programs at 11 state departments. The majority of ARRA funds were expended by the end of FY2013, but some programs will continue to have ARRA expenditures in subsequent fiscal years.

Child Care Eligibility, Payments, and Provider Eligibility
DSS

As noted in our three prior audit reports, significant weaknesses still exist in the DSS controls over the Child Care Development Fund eligibility and provider payments. The DSS could not locate eligibility files for 12 percent of cases reviewed, eligibility documentation was not sufficient to support a valid need for childcare for 18 percent of files reviewed, and 33 percent of payments reviewed were not supported by adequate documentation and/or were not in compliance with DSS policies. In addition, for 10 percent of the payments reviewed, providers were paid for more than the child's authorized number of days for the month, and for 13 percent of the payments, providers were paid more than the allowed number of absences and/or holidays. The DSS also lacks adequate controls and procedures to ensure license-exempt child care providers comply with state law. State law does not require child care providers to be licensed if they care for four or less children to whom they are not related. We reviewed 10 license-exempt providers, each caring for between 7 and 22 children, and found that for 80 percent of the providers, the DSS incorrectly classified, or could not substantiate, the relationship between the providers and the related children.

Eligibility and TANF Assistance Payments, Work Participation, and Sanctions
DSS

As noted in our two prior audit reports, the DSS-Family Support Division (DSS-FSD) paid Temporary Assistance for Needy Families (TANF) benefits to some recipients who may not have been eligible or were ineligible for the full amount of TANF payments received. We noted concerns for 8 percent of recipients reviewed. In addition, for 50 percent of TANF cases flagged for non-cooperation we tested, either the Child

	Support Enforcement Unit did not promptly notify the DSS-FSD of the non-cooperation, or the DSS-FSD did not act to sanction the recipient upon notification. Also, as noted in the three prior audits, the DSS-FSD was not in compliance with certain work activity reporting requirements contained in the Work Verification Plan. For 33 percent of recipients tested, the work participation hours were not documented, not verified, and/or not reported correctly. The DSS-FSD still lacks adequate procedures to ensure Missouri Work Assistance contractors notified the DSS-FSD when TANF recipients failed to meet work participation requirements, and 15 percent of recipients tested were not properly sanctioned for noncompliance.
Foster Care Reimbursements, Coding, and Allocations DSS	Coding errors by the DSS-Division of Finance and Administrative Services (DFAS) and Children's Division (CD) went undetected, causing some payments to residential facilities to be allocated to the Adoption Assistance program instead of the Foster Care program. The DFAS also claimed some federal costs at an incorrect rate and, as reported in two previous audit reports, continues to reimburse training costs without sufficient documentation to show they were allowable Foster Care training.
Medicaid Home and Community Based Services Eligibility Redeterminations DHSS	As noted in the three prior audits, the Department of Health and Senior Services (DHSS)-Division of Senior Disability Services (DSDS) does not ensure annual reassessments are performed, as required, to determine continued need of services of Home and Community Based Services recipients. The DHSS-DSDS did not perform annual reassessments for 54 percent of the cases reviewed which required a reassessment.
Pharmacy Reimbursement Allowance Tax and Report Reviews DSS	Due to a data entry error, the DSS-MO HealthNet Division (MHD) failed to properly assess one of the reviewed pharmacies taxes of at least $104,646. In addition, the DSS-MHD does not have effective controls for reviewing some reports to ensure compliance with enrollment requirements of the Medicare Buy-In program or certain claims processing requirements of the Medical Assistance Program.
Reporting and Subrecipient Monitoring DPS	The Department of Public Safety (DPS)-State Emergency Management Agency (SEMA) did not report subawards of the Disaster Grants-Public Assistance (PA) program as required by the Federal Funding Accountability and Transparency Act. In addition, the SEMA does not adequately document reviews performed of subrecipients' expenditures charged to the PA program.
Child Support Enforcement DSS	A county billed the DSS-FSD for unapproved personnel severance costs, and the FSD failed to identify the unallowable costs or require the county to provide supporting documentation for the $200,960 claimed. The DSS-DFAS also incorrectly recorded costs from one vendor invoice for call center services, resulting in unallowable costs charged to the program.
Medicaid Cash Receipt Controls DSS	The DSS-MHD does not have adequate controls over cash receipts. The DSS-MHD did not restrictively endorse checks and money orders immediately upon receipt or deposit receipts in a timely manner and did not adequately restrict user access within the cash receipts and accounts receivable modules of the Medicaid Management Information System.

Because of the compound nature of this audit report, no overall rating is provided.

STATE OF MISSOURI
SINGLE AUDIT

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SINGLE AUDIT

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS IN ACCORDANCE WITH OMB CIRCULAR A-133 86-168

Common Abbreviations

ARRA	American Recovery and Reinvestment Act of 2009
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CSR	Code of State Regulations
OMB	Office of Management and Budget
RSMo	Missouri Revised Statutes
SAM II	Statewide Advantage for Missouri
USC	United States Code

INTRODUCTION AND SUMMARY

INTRODUCTION AND SUMMARY

The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Office of Management and Budget (OMB) issued Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* to set forth standards for obtaining consistency and uniformity among federal agencies for the audit of non-federal entities expending federal awards. A single audit requires an audit of the state's financial statements and expenditures of federal awards. The audit is required to determine whether:

- The state's basic financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles.

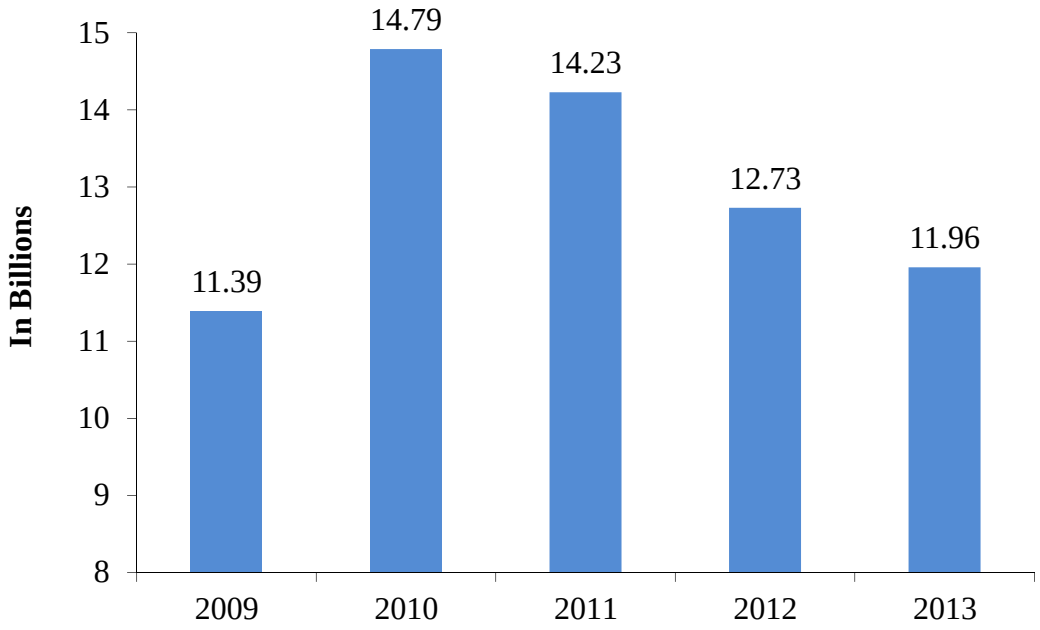
- The schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole.

- The state has adequate internal controls to ensure compliance with federal award requirements.

- The state has complied with the provisions of laws, regulations, and contracts or grants that could have a direct and material effect on federal awards.

The Single Audit report includes the federal awards expended by all state agencies that are part of the primary government. The report does not include the component units of the state, which are the public universities and various financing authorities. These component units have their own separate OMB Circular A-133 audits conducted by other auditors. The state expended $11.96 billion in federal awards during the year ended June 30, 2013.

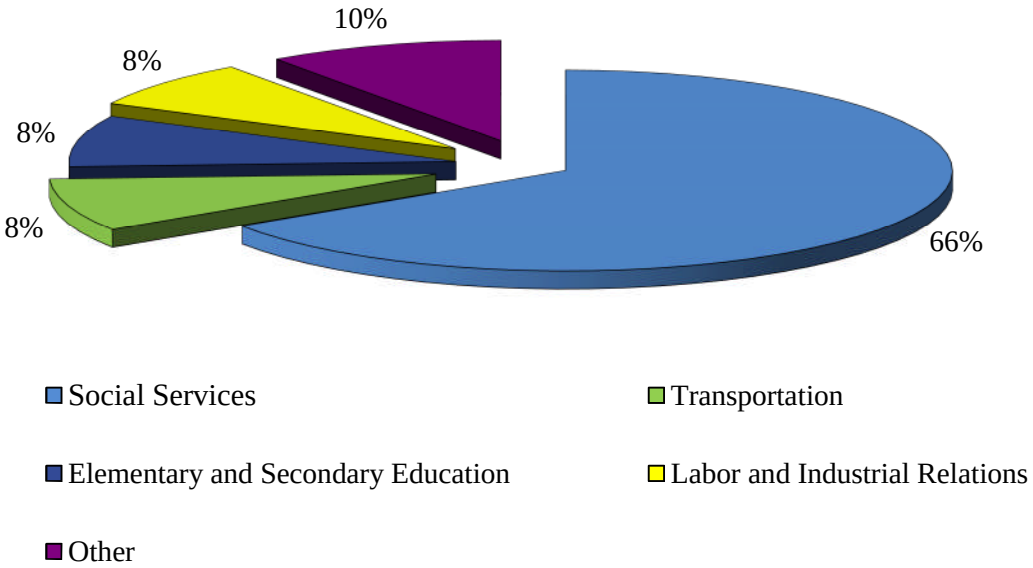
Total Expenditures of Federal Awards
Five Year Comparison



Expenditures of federal awards peaked in fiscal year 2010 due to additional federal funds made available through the American Recovery and Reinvestment Act of 2009 (ARRA). The majority of ARRA funds were expended by the end of fiscal year 2012; however, some programs continued to have ARRA expenditures in fiscal year 2013.

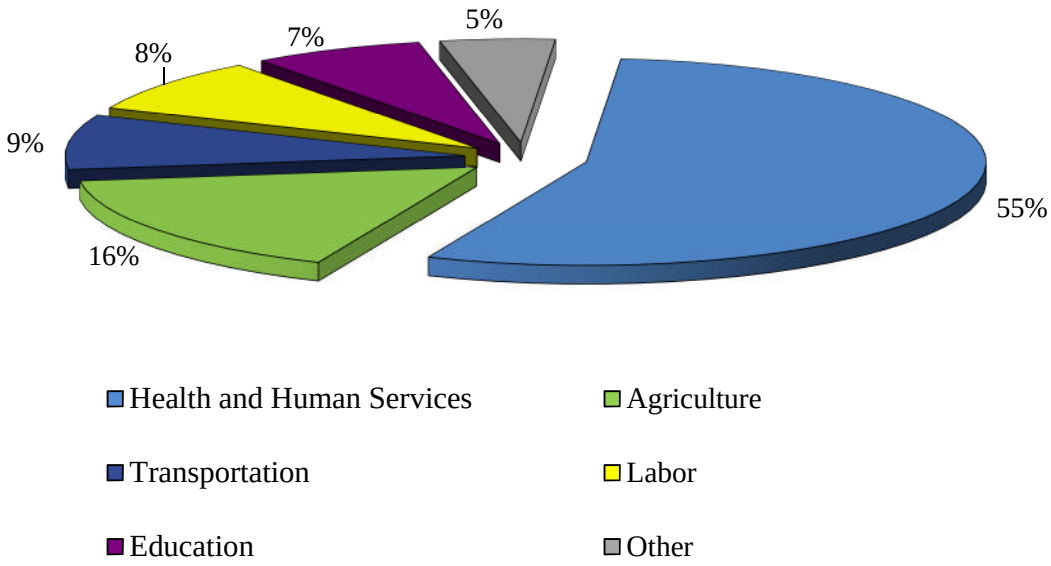
Although 19 state departments and other state offices expended federal awards, 4 state departments expended the bulk of the federal awards (90 percent).

Expenditures of Federal Awards by State Department



The state received federal awards from 23 different federal agencies. Most of the federal awards (95 percent) came from 5 federal agencies.

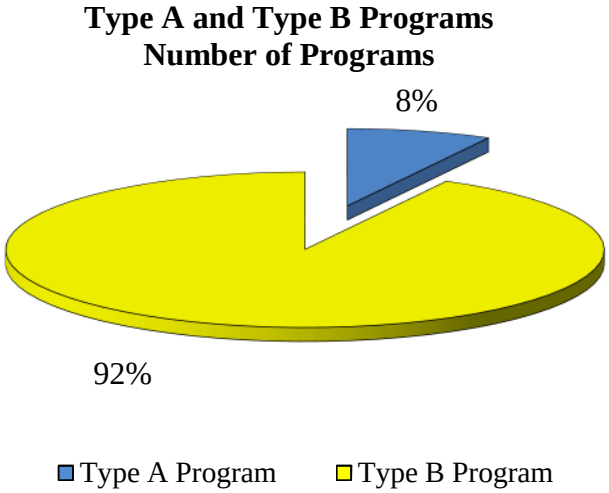
Expenditures of Federal Awards by Federal Department



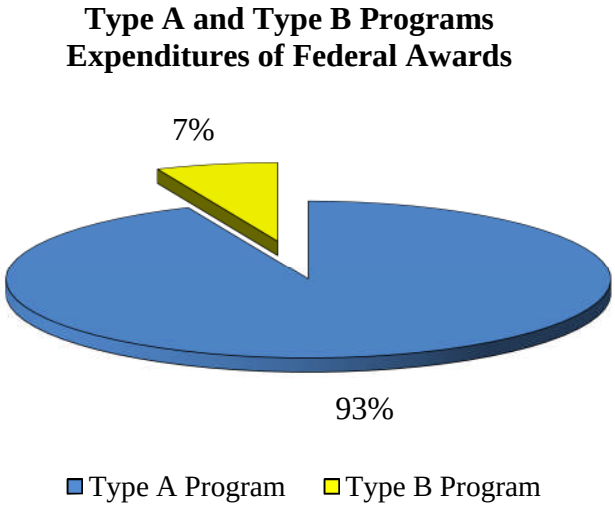
Overall, the state expended federal awards in 344 different programs. Under the audit requirements of OMB Circular A-133, federal programs are divided into Type A and Type B programs based on a dollar threshold. For the state of Missouri, OMB Circular A-133 defines the dollar threshold of a Type A program as the larger of $30 million or fifteen-hundredths of one percent (0.0015) of federal awards expended.

Determination of Type A Programs		
Larger of:		$30,000,000
		or
Total expenditures of federal awards	11,961,603,966	
Fifteen-hundredths of one percent	.0015	
		17,942,406
Dollar Threshold		$30,000,000

Programs with federal expenditures over $30 million are Type A programs and the programs under $30 million are Type B programs. Of the 344 different federal award programs, 27 were Type A programs and 317 were Type B programs.



The 27 Type A programs had expenditures of federal awards totaling $11.2 billion, which was 93 percent of the total expenditures for all programs. The 317 Type B programs had expenditures of federal awards totaling $779 million, which was only 7 percent of the total expenditures for all programs.



OMB Circular A-133 requires the auditor to perform risk assessments on Type A programs and to audit as major each Type A program assessed as high risk based on various risk factors. To ensure a high level of accountability over ARRA funds, Appendix VII of the 2013 Compliance Supplement included additional criteria to consider when determining risk for the Type A programs containing ARRA funds due to the inherently higher risk of these funds. We performed a risk assessment on each Type A program and determined 12 of the 27 Type A programs were low risk and did not need to be audited as major. In accordance with OMB Circular A-133, we audited the 15 Type A programs assessed as high risk as major.

OMB Circular A-133 also requires the auditor to perform risk assessments on the larger Type B programs to determine which ones to audit as major in place of the Type A programs which were not audited as major. The dollar threshold to determine the larger Type B programs is three-hundredths of one percent (.0003) of total awards expended ($11.96 billion times .0003 = $3,588,481). We performed risk assessments on the 50 larger Type B programs and determined 9 of them were high risk. In accordance with OMB Circular A-133, we audited 5 (at least one-half) of these 9 high risk Type B programs as major.

Major and Non-major Programs

Audit Coverage by Type of Program	Number of Programs	Expenditures	Percentage of Expenditures
Type A major programs	15	$ 8,194,304,695	
Type B major programs	5	76,483,430	
Total major programs	20	$ 8,270,788,125	69%
Type A non-major programs	12	$ 2,988,095,833	
Type B non-major programs	312	702,720,008	
Total non-major programs	324	$ 3,690,815,841	31%
Total all programs	344	$ 11,961,603,966	100%

American Recovery and Reinvestment Act of 2009

As noted above, the state of Missouri expended a total of approximately $11.96 billion in federal awards during the year ended June 30, 2013. Of that total, approximately $153 million (1.3 percent) was expended in ARRA awards. The ARRA awards relate to 29 federal programs with expenditures at 11 different state agencies. We audited 6 of these programs as major, covering about $108 million, or 70 percent of total expenditures of ARRA awards.

STATE OF MISSOURI
SUMMARY OF TYPE A PROGRAMS AND TOTAL EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Grantor Agency - Program	Federal Grantor Agency	Federal Awards Expended
	SNAP Cluster:		
10.551	Supplemental Nutrition Assistance Program	Agriculture	$ 1,443,100,031
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Agriculture	47,143,584
	Total SNAP Cluster		1,490,243,615
	Child Nutrition Cluster:		
10.553	School Breakfast Program	Agriculture	65,476,505
10.555	National School Lunch Program	Agriculture	218,773,419
10.556	Special Milk Program for Children	Agriculture	510,096
10.559	Summer Food Service Program for Children	Agriculture	9,530,263
	Total Child Nutrition Cluster		294,290,283
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture	95,400,898
10.558	Child and Adult Care Food Program	Agriculture	51,079,435
	CDBG - State-Administered CDBG Cluster:		
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Housing and Urban Development	43,162,172
14.255	ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Housing and Urban Development	860,655
	Total CDBG - State-Administered CDBG Cluster		44,022,827
17.225	Unemployment Insurance	Labor	907,347,171
17.225	ARRA - Unemployment Insurance	Labor	308,351
	WIA Cluster:		
17.258	Workforce Investment Act - Adult Program	Labor	15,016,672
17.259	Workforce Investment Act - Youth Activities	Labor	15,076,177
17.278	Workforce Investment Act - Dislocated Workers Formula Grants	Labor	21,238,063
	Total WIA Cluster		51,330,912
	Highway Planning and Construction Cluster:		
20.205	Highway Planning and Construction	Transportation	890,773,401
20.205	ARRA - Highway Planning and Construction	Transportation	18,480,301
20.219	Recreational Trails Program	Transportation	1,405,239
	Total Highway Planning and Construction Cluster		910,658,941
64.015	Veterans State Nursing Home Care	Veterans Affairs	53,048,522
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Protection Agency	102,463,928
66.458	ARRA - Capitalization Grants for Clean Water State Revolving Funds	Environmental Protection Agency	1,090,245
	Title I, Part A Cluster:		
84.010	Title I Grants to Local Educational Agencies	Education	238,567,448
	Total Title I, Part A Cluster		238,567,448
	Special Education Cluster (IDEA):		
84.027	Special Education - Grants to States	Education	224,849,196
84.173	Special Education - Preschool Grants	Education	5,846,036
	Total Special Education Cluster (IDEA)		230,695,232
84.032	Federal Family Education Loans	Education	152,753,632
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Education	57,869,636
84.367	Improving Teacher Quality State Grants	Education	41,709,303
93.268	Immunization Cooperative Agreements	Health and Human Services	64,169,417

STATE OF MISSOURI
SUMMARY OF TYPE A PROGRAMS AND TOTAL EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Grantor Agency - Program	Federal Grantor Agency	Federal Awards Expended
	TANF Cluster:		
93.558	Temporary Assistance for Needy Families (TANF) State Programs	Health and Human Services	181,358,600
	Total TANF Cluster		181,358,600
93.563	Child Support Enforcement	Health and Human Services	37,880,345
93.568	Low-Income Home Energy Assistance	Health and Human Services	67,387,908
	CCDF Cluster:		
93.575	Child Care and Development Block Grant	Health and Human Services	50,041,184
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services	60,700,638
	Total CCDF Cluster		110,741,822
93.658	Foster Care - Title IV-E	Health and Human Services	59,634,061
93.659	Adoption Assistance	Health and Human Services	37,641,476
93.667	Social Services Block Grant	Health and Human Services	53,525,200
93.767	Children's Health Insurance Program	Health and Human Services	120,582,662
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	Health and Human Services	1,502,068
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Human Services	17,375,971
93.778	Medical Assistance Program	Health and Human Services	5,558,414,111
93.778	ARRA - Medical Assistance Program	Health and Human Services	62,839,488
	Total Medicaid Cluster		5,640,131,638
	Disability Insurance/SSI Cluster:		
96.001	Social Security - Disability Insurance	Social Security Administration	38,445,507
	Total Disability Insurance/SSI Cluster		38,445,507
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Homeland Security	48,021,513
	Total Type A Programs (expenditures greater than $30,000,000)		11,182,400,528
	Total Type B Programs (expenditures less than $30,000,000)		779,203,438
	Total Expenditures of Federal Awards		$ 11,961,603,966

STATE AUDITOR'S REPORTS

THOMAS A. SCHWEICH
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the state's basic financial statements, and have issued our report thereon dated January 10, 2014. Our report expressed a qualified opinion on the governmental activities and the General Fund, a major fund, because we were not allowed access to tax returns and related source documents for income taxes. Approximately 27 percent of governmental activity revenues and 32 percent of General Fund revenues are from this source. We were unable to satisfy ourselves by appropriate audit procedures as to the income tax revenue beyond the amounts recorded.

Our report on the state of Missouri's financial statements also includes a reference to other auditors who audited the financial statements of:

1. The Missouri Road Fund, a major fund; the Missouri Highway 63 Transportation Corporation, a blended transportation corporation; the Missouri Road Bond Fund; the Transportation Self-Insurance Plan; the Missouri State Employees' Insurance Plan; the Missouri Consolidated Health Care Plan; and the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan, which represent 78 percent and 12 percent of the assets and revenues, respectively, of the governmental activities.

2. The State Lottery and the Petroleum Storage Tank Insurance Fund, which are both major funds and represent 37 percent and 49 percent of the assets and revenues, respectively, of the business-type activities.

3. The aggregate discretely presented component units.

4. The pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represent 94 percent and 97 percent of the assets and additions, respectively, of the fiduciary funds.

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

The financial statements of the Missouri Highway 63 Transportation Corporation, a blended transportation corporation; the Missouri State Employees' Insurance Plan and the Missouri Consolidated Health Care Plan, internal service funds; the Missouri Development Finance Board, a discretely presented component unit; and the pension (and other employee benefit) trust funds were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these entities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the state of Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the state's internal control. Accordingly, we do not express an opinion on the effectiveness of the state's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the state's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Cost as finding number 2013-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying

Schedule of Findings and Questioned Cost as finding number 2013-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the state of Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Section 29.200, RSMo, this report is a matter of public record and its distribution is not limited.

Thomas A. Schweich
State Auditor

January 10, 2014

THOMAS A. SCHWEICH
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly

Report on Compliance for Each Major Federal Program

We have audited the state of Missouri's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. The state's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the state's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the state's compliance.

Basis for Qualified Opinion on Certain Major Federal Programs

As described in findings 2013-003, 2013-005, 2013-009, and 2013-010 in the accompanying Schedule of Findings and Questioned Costs, the state of Missouri did not comply with requirements regarding the following:

Finding Number	***CFDA Number***	***Program (or Cluster) Name***	***Compliance Requirement(s)***
2013-003	*93.775* *93.777* *93.778*	*Medicaid Cluster*	*Activities Allowed and Unallowed and Allowable Costs and Cost Principles*
2013-005	*97.036*	*Disaster Grants - Public Assistance (Presidentially Declared Disasters)*	*Reporting*
2013-009	*93.575* *93.596*	*Child Care Development Fund Cluster*	*Activities Allowed and Unallowed, Allowable Costs and Cost Principles, and Eligibility*
2013-010	*93.575* *93.596*	*Child Care Development Fund Cluster*	*Eligibility and Special Tests and Provisions*

Compliance with such requirements is necessary, in our opinion, for the state of Missouri to comply with the requirements applicable to these programs.

Qualified Opinion on Certain Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the state of Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on major federal programs for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the state of Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as findings 2013-004, 2013-005,

2013-007, 2013-008, 2013-012, 2013-013, 2013-015, 2013-016, 2013-017, 2013-018, and 2013-021. Our opinion on each major federal program is not modified with respect to these matters.

The state of Missouri's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The state's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the state of Missouri is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the state's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the state's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as findings 2013-005, 2013-009, 2013-010, and 2013-011 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as findings 2013-006, 2013-008, 2013-015, 2013-016, 2013-019, and 2013-021 to be significant deficiencies.

The state of Missouri's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The state's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal controls over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, pursuant to Section 29.200, RSMo, this report is a matter of public record and its distribution is not limited.

Thomas A. Schweich
State Auditor

February 7, 2014

THOMAS A. SCHWEICH
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the state's basic financial statements, and have issued our report thereon dated January 10, 2014. Our report expressed a qualified opinion on the governmental activities and the General Fund, a major fund, because we were not allowed access to tax returns and related source documents for income taxes. Approximately 27 percent of governmental activity revenues and 32 percent of General Fund revenues are from this source. We were unable to satisfy ourselves by appropriate audit procedures as to the income tax revenue beyond the amounts recorded.

Our report on the state of Missouri's financial statements also includes a reference to other auditors who audited the financial statements of:

1. The Missouri Road Fund, a major fund; the Missouri Highway 63 Transportation Corporation, a blended transportation corporation; the Missouri Road Bond Fund; the Transportation Self-Insurance Plan; the Missouri State Employees' Insurance Plan; the Missouri Consolidated Health Care Plan; and the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan, which represent 78 percent and 12 percent of the assets and revenues, respectively, of the governmental activities.

2. The State Lottery and the Petroleum Storage Tank Insurance Fund, which are both major funds and represent 37 percent and 49 percent of the assets and revenues, respectively, of the business-type activities.

3. The aggregate discretely presented component units.

4. The pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represent 94 percent and 97 percent of the assets and additions, respectively, of the fiduciary funds.

The financial statements of the Missouri Highway 63 Transportation Corporation, a blended transportation corporation; the Missouri State Employees' Insurance Plan and the Missouri Consolidated Health Care Plan, internal service funds; the Missouri Development Finance Board, a discretely presented component unit; and the pension (and other employee benefit) trust funds were not audited in accordance with *Government Auditing Standards.*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state of Missouri's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the audit procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The state of Missouri has excluded federal award expenditures of public universities and other component units from the accompanying schedule. In our opinion, except for the effects of the exclusion of federal award expenditures of public universities and other component units, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The purpose of this report is solely to provide an opinion on the Schedule of Expenditures of Federal Awards in relation to the basic financial statements as a whole based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, pursuant to Section 29.200, RSMo, this report is a matter of public record and its distribution is not limited.

Thomas A. Schweich
State Auditor

January 10, 2014

SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Agriculture		$	
10.UNKNOWN	National Food Animal Veterinary Institute	192,479	177,253
10.UNKNOWN	School Lunch Commodity Refund	53,613	53,613
10.025	Plant and Animal Disease, Pest Control, and Animal Care	713,372	0
10.069	Conservation Reserve Program	405,750	0
10.153	Market News	2,887	0
10.163	Market Protection and Promotion	30,005	0
10.169	Specialty Crop Block Grant Program	172,419	53,880
10.170	Specialty Crop Block Grant Program - Farm Bill	80,323	27,534
10.250	Agriculture and Rural Economic Research, Cooperative Agreements and Collaborations	7,311	0
10.303	Integrated Programs	2,367	0
10.435	State Mediation Grants	127,128	0
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	502,775	0
10.479	Food Safety Cooperative Agreements	149,592	0
	SNAP Cluster:		
10.551	Supplemental Nutrition Assistance Program	1,443,100,031	0
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	47,143,584	8,345,111
	Total SNAP Cluster	1,490,243,615	8,345,111
	Child Nutrition Cluster:		
10.553	School Breakfast Program	65,476,505	65,476,505
10.555	National School Lunch Program	218,773,419	218,675,278
10.556	Special Milk Program for Children	510,096	510,096
10.559	Summer Food Service Program for Children	9,530,263	9,065,083
	Total Child Nutrition Cluster	294,290,283	293,726,962
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	95,400,898	24,212,795
10.558	Child and Adult Care Food Program	51,079,435	50,360,175
10.560	State Administrative Expenses for Child Nutrition	3,837,736	2,143,390
	Food Distribution Cluster:		
10.565	Commodity Supplemental Food Program	1,042,763	999,788
10.568	Emergency Food Assistance Program (Administrative Costs)	1,263,834	1,201,194
10.569	Emergency Food Assistance Program (Food Commodities)	11,678,605	0
	Total Food Distribution Cluster	13,985,202	2,200,982
10.574	Team Nutrition Grants	226,051	58,331
10.578	ARRA - WIC Grants to States (WGS)	257,626	0
10.579	Child Nutrition Discretionary Grants Limited Availability	933,263	154,489
10.582	Fresh Fruit and Vegetable Program	3,203,046	3,203,046
10.664	Cooperative Forestry Assistance	1,560,911	274,496
	Forest Service Schools and Roads Cluster:		
10.665	Schools and Roads - Grants to States	6,888,406	6,888,406
	Total Forest Service Schools and Roads Cluster	6,888,406	6,888,406
10.675	Urban and Community Forestry Program	43,303	0
10.678	Forest Stewardship Program	7,792	0
10.680	Forest Health Protection	48,550	0
10.762	Solid Waste Management Grants	551,805	551,805
10.902	Soil and Water Conservation	118,374	0
10.912	Environmental Quality Incentives Program	69,656	0
Total Department of Agriculture		1,965,185,973	392,432,268
Department of Commerce			
11.555	Public Safety Interoperable Communications Grant Program	1,685,232	1,139,265
11.557	ARRA - Broadband Technology Opportunities Program (BTOP)	2,378,631	2,351,930
11.558	ARRA - State Broadband Data and Development Grant Program	1,465,541	1,092,833
Total Department of Commerce		5,529,404	4,584,028

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YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Defense			
12.AAG	Drug Interdiction and Counter Drug Activities	668,555	0
12.UNKNOWN	Troops to Teachers	117,776	8,735
12.112	Payments to States in Lieu of Real Estate Taxes	1,767,416	1,767,416
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	646,892	0
12.401	National Guard Military Operations and Maintenance (O&M) Projects	27,702,457	0
Total Department of Defense		30,903,096	1,776,151
Department of Housing and Urban Development			
	CDBG - State-Administered CDBG Cluster:		
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	43,162,172	41,460,837
14.255	ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	860,655	831,228
	Total CDBG - State-Administered CDBG Cluster	44,022,827	42,292,065
14.231	Emergency Solutions Grants Program	444,008	397,361
14.238	Shelter Plus Care	10,297,137	10,191,113
14.241	Housing Opportunities for Persons with AIDS	508,642	508,642
14.257	ARRA - Homelessness Prevention and Rapid Rehousing Program	265,784	265,784
14.401	Fair Housing Assistance Program - State and Local	601,014	0
14.416	Education and Outreach Initiatives	138,135	0
Total Department of Housing and Urban Development		56,277,547	53,654,965
Department of the Interior			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	214,041	0
15.252	Abandoned Mine Land Reclamation (AMLR) Program	2,210,899	1,361,100
15.255	Science and Technology Projects Related to Coal Mining and Reclamation	13,607	0
	Fish and Wildlife Cluster:		
15.605	Sport Fish Restoration Program	9,112,451	0
15.611	Wildlife Restoration and Basic Hunter Education	11,796,980	0
	Total Fish and Wildlife Cluster	20,909,431	0
15.608	Fish and Wildlife Management Assistance	267,151	0
15.615	Cooperative Endangered Species Conservation Fund	138,756	0
15.616	Clean Vessel Act	10,615	0
15.623	North American Wetlands Conservation Fund	264,005	0
15.634	State Wildlife Grants	1,120,379	0
15.649	Service Training and Technical Assistance (Generic Training)	140,130	0
15.657	Endangered Species Conservation - Recovery Implementation Funds	20,000	0
15.658	Natural Resource Damage Assessment, Restoration and Implementation	23,087	0
15.807	Earthquake Hazards Reduction Program	46,903	0
15.808	U.S. Geological Survey - Research and Data Collection	84,394	0
15.810	National Cooperative Geologic Mapping Program	108,142	0
15.814	National Geological and Geophysical Data Preservation Program	14,529	0
15.819	Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	14,684	0
15.904	Historic Preservation Fund Grants-In-Aid	908,864	141,711
15.916	Outdoor Recreation - Acquisition, Development and Planning	300,359	242,329
15.928	Civil War Battlefield Land Acquisition Grants	87,868	43,934
15.935	National Trails System Projects	4,915	0
15.978	Upper Mississippi River System Long Term Resource Monitoring Program	317,740	0
Total Department of the Interior		27,220,499	1,789,074
Department of Justice			
16.017	Sexual Assault Services Formula Program	173,450	169,176
16.523	Juvenile Accountability Block Grants	689,286	519,388
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	789,197	542,194
16.548	Title V - Delinquency Prevention Program	83,101	83,101
16.554	National Criminal History Improvement Program (NCHIP)	252,758	145,033

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CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	278,887	204,895
16.575	Crime Victim Assistance	7,488,517	7,305,865
16.576	Crime Victim Compensation	2,895,798	2,895,798
16.585	Drug Court Discretionary Grant Program	44,192	0
16.588	Violence Against Women Formula Grants	1,926,996	1,833,569
16.588	ARRA - Violence Against Women Formula Grants	247,587	216,108
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	158,517	29,611
16.593	Residential Substance Abuse Treatment for State Prisoners	331,294	108,559
16.606	State Criminal Alien Assistance Program	876,186	0
16.607	Bulletproof Vest Partnership Program	14,596	4,438
16.610	Regional Information Sharing Systems	3,886,212	3,886,212
16.710	Public Safety Partnership and Community Policing Grants	425,245	0
16.726	Juvenile Mentoring Program	281,975	193,668
16.727	Enforcing Underage Drinking Laws Program	201,420	177,248
16.734	Special Data Collections and Statistical Studies	21,375	0
	JAG Program Cluster:		
16.738	Edward Byrne Memorial Justice Assistance Grant Program	5,495,806	4,803,267
16.803	ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	4,103,303	2,348,460
	Total JAG Program Cluster	9,599,109	7,151,727
16.740	Statewide Automated Victim Information Notification (SAVIN) Program	153,342	0
16.741	DNA Backlog Reduction Program	611,796	0
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	78,769	78,769
16.750	Support for Adam Walsh Act Implementation Grant Program	27,980	0
16.810	ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	4,799	0
16.812	Second Chance Act Prisoner Reentry Initiative	392,359	0
16.813	NICS Act Record Improvement Program	53,905	53,905
16.816	John R. Justice Prosecutors and Defenders Incentive Act	86,724	83,497
Total Department of Justice		32,075,372	25,682,761
Department of Labor			
17.002	Labor Force Statistics	1,044,334	0
17.005	Compensation and Working Conditions	210,933	0
	Employment Service Cluster:		
17.207	Employment Service/Wagner-Peyser Funded Activities	13,319,356	0
17.801	Disabled Veterans' Outreach Program (DVOP)	758,976	0
17.804	Local Veterans' Employment Representative Program	2,193,647	0
	Total Employment Service Cluster	16,271,979	0
17.225	Unemployment Insurance	907,347,171	0
17.225	ARRA - Unemployment Insurance	308,351	0
17.235	Senior Community Service Employment Program	2,224,220	2,164,271
17.245	Trade Adjustment Assistance	9,271,855	0
	WIA Cluster:		
17.258	Workforce Investment Act - Adult Program	15,016,672	14,348,375
17.259	Workforce Investment Act - Youth Activities	15,076,177	14,519,604
17.278	Workforce Investment Act - Dislocated Worker Formula Grants	21,238,063	19,155,100
	Total WIA Cluster	51,330,912	48,023,079
17.260	ARRA - Workforce Investment Act - Dislocated Workers	171,202	171,202
17.261	Workforce Investment Act - Pilots, Demonstrations, and Research Projects	269,524	88,407
17.267	Incentive Grants - WIA Section 503	44,805	44,805
17.271	Work Opportunity Tax Credit Program (WOTC)	454,680	0
17.273	Temporary Labor Certification for Foreign Workers	73,803	0
17.275	ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	2,143,366	2,070,434

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CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
17.277	Workforce Investment Act (WIA) National Emergency Grants	14,333,354	13,740,250
17.282	ARRA - Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	208,700	0
17.504	Consultation Agreements	1,349,563	0
17.505	OSHA Data Initiative	31,688	0
17.600	Mine Health and Safety Grants	264,059	0
17.807	Transition Assistance Program	5,112	0
Total Department of Labor		1,007,359,611	66,302,448
Department of Transportation			
20.106	Airport Improvement Program	17,876,153	17,696,008
	Highway Planning and Construction Cluster:		
20.205	Highway Planning and Construction	890,773,401	112,877,865
20.205	ARRA - Highway Planning and Construction	18,480,301	3,833,103
20.219	Recreational Trails Program	1,405,239	924,905
	Total Highway Planning and Construction Cluster	910,658,941	117,635,873
20.218	National Motor Carrier Safety	3,172,453	1,417,188
20.231	Performance and Registration Information Systems Management	58,244	0
20.232	Commercial Driver's License Program Improvement Grant	102,658	82,884
20.237	Commercial Vehicle Information Systems and Networks	68,907	0
20.238	Commercial Driver's License Information System Modernization	79,485	40,694
20.240	Fuel Tax Evasion - Intergovernmental Enforcement Effort	131,398	0
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	95,705	0
20.319	ARRA - High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	13,490,956	0
	Federal Transit Cluster:		
20.500	Federal Transit - Capital Investment Grants	4,104,838	4,104,838
	Total Federal Transit Cluster	4,104,838	4,104,838
20.505	Metropolitan Transportation Planning	6,705,736	6,570,440
20.509	Formula Grants for Rural Areas	12,054,360	11,474,893
20.509	ARRA - Formula Grants for Rural Areas	1,611,300	1,611,300
	Transit Services Programs Cluster:		
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	3,248,287	3,106,081
20.516	Job Access - Reverse Commute Program	1,749,473	1,749,473
20.521	New Freedom Program	687,483	687,483
	Total Transit Services Programs Cluster	5,685,243	5,543,037
	Highway Safety Cluster:		
20.600	State and Community Highway Safety	3,862,130	3,222,973
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	2,490,295	2,183,702
20.610	State Traffic Safety Information System Improvement Grants	353,334	309,609
20.612	Incentive Grant Program to Increase Motorcyclist Safety	50,380	0
20.613	Child Safety and Child Booster Seats Incentive Grants	259,196	72,689
	Total Highway Safety Cluster	7,015,335	5,788,973
20.607	Alcohol Open Container Requirements	20,417,865	2,949,134
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	12,947,461	0
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	190,245	0
20.615	Ensuring Needed Help Arrives Near Callers Employing 911	773,340	773,340
20.700	Pipeline Safety Program State Base Grant	547,298	0
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	393,777	295,270
20.721	PHMSA Pipeline Safety Program One Call Grant	10,026	0
20.816	America's Marine Highway Grants	14,896	0
20.930	Payments for Small Community Air Service Development	151,357	77,778
Total Department of Transportation		1,018,357,977	176,061,650
Equal Employment Opportunity Commission			
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	509,860	0
Total Equal Employment Opportunity Commission		509,860	0

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CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
General Services Administration			
39.003	Donation of Federal Surplus Personal Property	6,676,429	6,347,447
39.011	Election Reform Payments	504,406	503,931
Total General Services Administration		7,180,835	6,851,378
National Foundation on the Arts and the Humanities			
45.025	Promotion of the Arts - Partnership Agreements	736,372	400,206
45.310	Grants to States	2,828,313	1,559,232
Total National Foundation on the Arts and the Humanities		3,564,685	1,959,438
Small Business Administration			
59.061	ARRA - State Trade and Export Promotion Pilot Grant Program	1,183,434	1,011,896
Total Small Business Administration		1,183,434	1,011,896
Department of Veterans Affairs			
64.UNKNOWN	Vocational Training for Certain Veterans Receiving VA Pension	777,580	0
64.005	Grants to States for Construction of State Home Facilities	3,464,130	0
64.015	Veterans State Nursing Home Care	53,048,522	0
64.024	VA Homeless Providers Grant and Per Diem Program	658,664	658,664
64.101	Burial Expenses Allowance for Veterans	763,738	0
64.203	State Cemetery Grants	738,196	0
Total Department of Veterans Affairs		59,450,830	658,664
Environmental Protection Agency			
66.032	State Indoor Radon Grants	129,779	0
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	1,079,886	0
66.039	National Clean Diesel Emissions Reduction Program	2,035,522	1,045,931
66.040	State Clean Diesel Grant Program	187,781	83,329
66.202	Congressionally Mandated Projects	100,488	0
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	280,409	0
66.433	State Underground Water Source Protection	127,571	0
66.454	Water Quality Management Planning	211,463	1,093
66.458	Capitalization Grants for Clean Water State Revolving Funds	102,463,928	87,465,345
66.458	ARRA - Capitalization Grants for Clean Water State Revolving Funds	1,090,245	1,090,245
66.460	Nonpoint Source Implementation Grants	3,106,115	1,397,596
66.461	Regional Wetland Program Development Grants	28,826	0
66.468	Capitalization Grants for Drinking Water State Revolving Funds	16,265,168	11,081,973
66.468	ARRA - Capitalization Grants for Drinking Water State Revolving Funds	269,372	200,341
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	40,091	5,182
66.474	Water Protection Grants to the States	3,022	0
66.475	Gulf of Mexico Program	50,819	19,183
66.605	Performance Partnership Grants	15,554,505	68,826
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	325,251	0
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	341,463	0
66.709	Multi-Media Capacity Building Grants for States and Tribes	3,708	0
66.714	Regional Agricultural IPM Grants	21,467	0
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	1,365,986	254,862
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	478,208	0
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	1,004,179	27,036
66.810	Chemical Emergency Preparedness and Prevention (CEPP) Technical Assistance Grants Program	9,000	7,409
66.817	State and Tribal Response Program Grants	838,659	0
66.940	Environmental Policy and State Sustainability Grants	3,014	0
Total Environmental Protection Agency		147,415,925	102,748,351

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CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Energy			
81.041	State Energy Program	781,436	91,996
81.041	ARRA - State Energy Program	2,662,511	1,145,142
81.042	Weatherization Assistance for Low-Income Persons	5,286,281	4,978,657
81.042	ARRA - Weatherization Assistance for Low-Income Persons	8,960,748	8,033,931
81.092	Weldon Springs Site Remedial Action Project	366,397	0
81.104	Environmental Remediation and Waste Processing and Disposal	147,980	0
81.119	State Energy Program Special Projects	47,447	0
81.122	ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	386,122	0
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	7,275,860	6,772,563
81.138	State Heating Oil and Propane Program	1,439	0
81.902	State Environmental Oversite and Monitoring	44,453	0
Total Department of Energy		25,960,674	21,022,289
Department of Education			
84.UNKNOWN	Cooperative System Grant	6,401	0
84.002	Adult Education - Basic Grants to States	9,755,258	8,392,582
	Title I, Part A Cluster:		
84.010	Title I Grants to Local Educational Agencies	238,567,448	236,230,896
	Total Title I, Part A Cluster	238,567,448	236,230,896
84.011	Migrant Education - State Grant Program	1,451,946	1,437,718
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	1,101,465	1,087,220
	Special Education Cluster (IDEA):		
84.027	Special Education - Grants to States	224,849,196	200,356,281
84.173	Special Education - Preschool Grants	5,846,036	5,846,036
	Total Special Education Cluster (IDEA)	230,695,232	206,202,317
84.032	Federal Family Education Loans	152,753,632	0
84.048	Career and Technical Education - Basic Grants to States	21,052,326	18,828,575
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	57,869,636	0
84.144	Migrant Education - Coordination Program	57,685	57,685
84.169	Independent Living - State Grants	370,170	341,513
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who Are Blind	692,380	0
84.181	Special Education - Grants for Infants and Families	7,897,774	0
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	391,384	0
84.196	Education for Homeless Children and Youth	1,333,189	1,325,105
84.224	Assistive Technology	925,875	680,695
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	50,304	0
84.282	Charter Schools	1,231,199	1,228,562
84.287	Twenty-First Century Community Learning Centers	19,087,620	18,846,507
	Educational Technology State Grants Cluster:		
84.318	Educational Technology State Grants	25,233	25,233
	Total Educational Technology State Grants Cluster	25,233	25,233
84.323	Special Education - State Personnel Development	1,648,405	1,648,405
84.326	Special Education - Technical Assistance and Dissemination to Improve Services and Results for for Children with Disabilities	192,116	0
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	166,470	166,470
84.331	Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	52,693	0
84.358	Rural Education	3,142,650	2,835,636
84.365	English Language Acquisition State Grants	5,217,713	4,849,554
84.366	Mathematics and Science Partnerships	2,640,043	2,639,903
84.367	Improving Teacher Quality State Grants	41,709,303	40,958,327
84.369	Grants for State Assessments and Related Activities	2,937,121	0
84.371	Striving Readers	104,011	104,011

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CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
	Statewide Data Systems Cluster:		
84.372	Statewide Data Systems	1,496,555	0
	Total Statewide Data Systems Cluster	1,496,555	0
	School Improvement Grants Cluster		
84.377	School Improvement Grants	3,546,082	3,295,490
84.388	ARRA - School Improvement Grants, Recovery Act	17,816,531	17,549,254
	Total School Improvement Grants Cluster	21,362,613	20,844,744
84.378	College Access Challenge Grant Program	2,277,956	1,750,121
84.902	National Assessment of Educational Programs	113,792	0
Total Department of Education		828,377,598	570,481,779
National Archives and Records Administration			
89.003	National Historical Publications and Records Grants	6,790	2,803
Total National Archives and Records Administration		6,790	2,803
Elections Assistance Commission			
90.401	Help America Vote Act Requirements Payments	2,115,851	677,445
Total Elections Assistance Commission		2,115,851	677,445
Department of Health and Human Services			
93.003	Public Health and Social Services Emergency Fund	453,792	453,792
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	98,968	6,576
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	299,198	89,489
93.043	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	546,301	546,301
	Aging Cluster:		
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	7,875,747	7,012,541
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	12,106,718	12,106,718
93.053	Nutrition Services Incentive Program	4,498,798	4,498,798
	Total Aging Cluster	24,481,263	23,618,057
93.048	Special Programs for the Aging - Title IV - and Title II - Discretionary Projects	89,254	54,667
93.051	Alzheimer's Disease Demonstration Grants to States	134,168	122,351
93.052	National Family Caregiver Support, Title III, Part E	3,068,944	3,068,944
93.069	Public Health Emergency Preparedness	12,532,695	6,458,199
93.070	Environmental Public Health and Emergency Response	840,830	533,881
93.089	Emergency System for Advance Registration of Volunteer Health Professionals	83,982	343
93.090	Guardianship Assistance	1,865,857	0
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	1,014,598	839,581
93.103	Food and Drug Administration - Research	704,678	21,500
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	553,442	517,531
93.110	Maternal and Child Health Federal Consolidated Programs	387,488	79,909
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	645,465	211,855
93.127	Emergency Medical Services for Children	200,919	6,222
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	208,478	68,513
93.136	Injury Prevention and Control Research and State and Community Based Programs	919,080	782,794
93.150	Projects for Assistance in Transition from Homelessness (PATH)	934,223	904,134
93.165	Grants to States for Loan Repayment Program	160,000	160,000
93.230	Consolidated Knowledge Development and Application (KD&A) Program	120,552	20,264
93.234	Traumatic Brain Injury State Demonstration Grant Program	192,082	146,150
93.235	Affordable Care Act (ACA) Abstinence Education Program	754,830	570,540
93.240	State Capacity Building	315,226	0
93.241	State Rural Hospital Flexibility Program	324,626	192,425

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CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	7,952,141	7,450,299
93.251	Universal Newborn Hearing Screening	313,438	143,213
93.268	Immunization Cooperative Agreements	64,169,417	344,259
93.270	Adult Viral Hepatitis Prevention and Control	70,919	0
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	6,418,088	2,681,607
93.293	Supporting Permanent Placements of Foster Care Children through Electronic Records Exchange	24,836	24,836
93.301	Small Rural Hospital Improvement Grant Program	333,750	333,750
93.414	ARRA - State Primary Care Offices	165,124	52,920
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	2,269,941	1,971,093
93.506	ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers	227,376	0
93.507	PPHF 2012 National Public Health Improvement Initiative	332,396	101,538
93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	339	0
93.518	Affordable Care Act - Medicare Improvements for Patients and Providers	124,682	117,050
93.519	Affordable Care Act (ACA) - Consumer Assistance Program Grants	652,715	0
93.520	Centers for Disease Control and Prevention - Affordable Care Act (ACA) - Communities Putting Prevention to Work	101,768	99,072
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	439,964	58,128
93.538	Affordable Care Act - National Environmental Public Health Tracking Program - Network Implementation	1,236,405	0
93.539	PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in Part by 2012 Prevention and Public Health Funds	686,288	353
93.544	The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) Authorizes Coordinated Chronic Disease Prevention and Health Promotion Program	225,778	4,588
93.556	Promoting Safe and Stable Families	5,914,107	0
	TANF Cluster:		
93.558	Temporary Assistance for Needy Families (TANF) State Programs	181,358,600	14,109,628
	Total TANF Cluster	181,358,600	14,109,628
93.563	Child Support Enforcement	37,880,345	15,524,003
93.566	Refugee and Entrant Assistance - State Administered Programs	3,135,918	1,263,941
93.568	Low-Income Home Energy Assistance	67,387,908	27,185,114
93.569	Community Services Block Grant	15,637,031	14,683,956
	CCDF Cluster:		
93.575	Child Care and Development Block Grant	50,041,184	2,591,556
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	60,700,638	0
	Total CCDF Cluster	110,741,822	2,591,556
93.576	Refugee and Entrant Assistance - Discretionary Grants	362,407	342,340
93.584	Refugee and Entrant Assistance - Targeted Assistance Grants	151,323	151,323
93.586	State Court Improvement Program	602,794	0
93.590	Community-Based Child Abuse Prevention Grants	1,104,475	1,104,475
93.597	Grants to States for Access and Visitation Programs	172,712	0
93.599	Chafee Education and Training Vouchers Program (ETV)	855,867	855,867
93.600	Head Start	152,342	152,342
93.603	Adoption Incentive Payments	410,552	0
93.617	Voting Access for Individuals with Disabilities - Grants to States	176,330	161,760
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,353,782	546,866
93.643	Children's Justice Grants to States	596,268	0
93.645	Stephanie Tubbs Jones Child Welfare Services Program	5,923,207	0
93.652	Adoption Opportunities	463,474	0
93.658	Foster Care - Title IV-E	59,634,061	1,706,319
93.659	Adoption Assistance	37,641,476	0
93.667	Social Services Block Grant	53,525,200	11,064,416
93.669	Child Abuse and Neglect State Grants	361,850	0

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
93.671	Family Violence Prevention and Services/Battered Women's Shelters - Grants to States and Indian Tribes	1,788,568	1,787,653
93.674	Chafee Foster Care Independence Program	2,964,199	0
93.708	ARRA - Head Start	256,466	217,952
93.719	ARRA - State Grants to Promote Health Information Technology	3,692,679	0
93.723	ARRA - Prevention and Wellness - State, Territories and Pacific Islands	268,733	268,733
93.724	ARRA - Prevention and Wellness Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	52,452	0
93.734	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs Financed by 2012 Prevention and Public Health Funds (PPHF-2012)	33,526	16,649
93.735	State Public Health Approaches for Ensuring Quitline Capacity - Funded in Part by 2012 Prevention and Public Health Funds (PPHF-2012)	261,555	261,555
93.744	PPHF 2012: Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories Solely Financed by 2012 Prevention and Public Health Funds	131,903	0
93.767	Children's Health Insurance Program	120,582,662	0
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	1,502,068	0
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	17,375,971	0
93.778	Medical Assistance Program	5,558,414,111	0
93.778	ARRA - Medical Assistance Program	62,839,488	0
	Total Medicaid Cluster	5,640,131,638	0
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	1,266,514	255,064
93.791	Money Follows the Person Rebalancing Demonstration	10,475,401	0
93.889	National Bioterrorism Hospital Preparedness Program	7,465,996	6,161,037
93.913	Grants to States for Operation of Offices of Rural Health	187,839	12,574
93.917	HIV Care Formula Grants	16,043,683	16,043,683
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	2,752,563	212,619
93.940	HIV Prevention Activities - Health Department Based	4,676,078	2,428,321
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	705,731	305,660
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	137,989	0
93.958	Block Grants for Community Mental Health Services	7,317,207	6,826,317
93.959	Block Grants for Prevention and Treatment of Substance Abuse	26,089,864	24,025,624
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	2,094,899	324,331
93.982	Mental Health Disaster Assistance and Emergency Mental Health	1,201,318	1,187,973
93.991	Preventive Health and Health Services Block Grant	1,420,676	142,530
93.994	Maternal and Child Health Services Block Grant to the States	11,473,419	6,567,410
	Total Department of Health and Human Services	6,586,693,713	211,346,315
	Corporation for National and Community Service		
94.003	State Commissions	273,642	1,222
94.004	Learn and Serve America - School and Community Based Programs	311	0
94.006	AmeriCorps	3,318,291	3,304,711
94.007	Program Development and Innovation Grants	59,554	59,554
94.009	Training and Technical Assistance	36,623	4,122
	Total Corporation for National and Community Service	3,688,421	3,369,609
	Executive Office of the President		
95.001	High Intensity Drug Trafficking Areas Program	2,687,963	1,979,787
	Total Executive Office of the President	2,687,963	1,979,787

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Social Security Administration			
	Disability Insurance/SSI Cluster:		
96.001	Social Security - Disability Insurance	38,445,507	0
	Total Disability Insurance/SSI Cluster	38,445,507	0
Total Social Security Administration		38,445,507	0
Department of Homeland Security			
97.008	Non-Profit Security Program	227,205	227,142
97.012	Boating Safety Financial Assistance	2,293,500	0
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants	1,473,106	1,473,106
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	175,093	0
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	48,021,513	33,022,042
97.039	Hazard Mitigation Grant	20,846,757	20,358,343
97.041	National Dam Safety Program	9,282	0
97.042	Emergency Management Performance Grants	7,148,986	0
97.045	Cooperating Technical Partners	1,576,602	0
97.047	Pre-Disaster Mitigation	430,000	430,000
97.052	Emergency Operations Center	100,443	100,443
97.055	Interoperable Emergency Communications	988,428	294,228
97.056	Port Security Grant Program	22,383	0
97.067	Homeland Security Grant Program	23,594,448	19,887,697
97.075	Rail and Transit Security Grant Program	108,659	103,409
97.078	Buffer Zone Protection Program (BZPP)	134,503	119,503
97.082	Earthquake Consortium	47,424	0
97.088	Disaster Assistance Projects	2,676,871	2,618,499
97.089	Driver's License Security Grant Program	1,010,097	49,671
97.091	Homeland Security Biowatch Program	527,101	436,395
Total Department of Homeland Security		111,412,401	79,120,478
Total Expenditures of Federal Awards		$ 11,961,603,966	1,723,513,577

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

1. Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards of the state of Missouri has been prepared to comply with U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the 2013 OMB Circular A-133 Compliance Supplement. The circular requires a schedule that shows total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available. Appendix VII of the supplement requires identifying expenditures of federal awards made under the American Recovery and Reinvestment Act of 2009 (ARRA) separately on the schedule with the inclusion of the prefix "ARRA-" in the name of the federal program.

The accompanying schedule includes all federal financial assistance administered by the state of Missouri, except for those programs administered by public universities and other component units and related organizations which are legally separate from the state of Missouri. Federal financial assistance provided to public universities and other component units and related organizations has been excluded from this audit. They were audited by other auditors under OMB Circular A-133.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133, which defines federal financial assistance as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

The schedule presents both Type A and B federal financial assistance programs administered by the state of Missouri. OMB Circular A-133 establishes the formula for determining the level of expenditures or disbursements to be used in defining Type A and B federal financial assistance programs. For the state of Missouri during the year ended June 30, 2013, Type A programs are those which exceed $30 million in disbursements, expenditures, or distributions. The determination of major and non-major programs is based on the risk-based approach outlined in OMB Circular A-133.

C. Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented on the accounting basis as required by the federal agency which awarded the assistance. Most programs are presented on a cash basis, which recognizes expenditures of federal awards when disbursed in cash. However, some are presented on a modified accrual basis, which recognizes expenditures of federal awards when the related liability is incurred.

2. Supplemental Nutrition Assistance Program Expenditures

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the ARRA. The portion of total expenditures for SNAP benefits that is supported by ARRA funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents the U.S. Department of Agriculture (USDA) from obtaining the regular and ARRA components of SNAP benefits expenditures through normal program reporting processes. As an alternative, the USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to ARRA funds. This methodology generates valid results at the national aggregate level but not at the individual state level. Therefore, the state cannot validly disaggregate the regular and ARRA components of its reported expenditures for SNAP benefits. At the national aggregate level, however, ARRA funds account for approximately 7.79 percent of the USDA’s total expenditures for SNAP benefits in the federal fiscal year ended September 30, 2013.

3. Special Supplemental Nutrition Program for Women, Infants and Children Program Rebates

The state received cash rebates from an infant formula manufacturer, totaling $35,100,448, on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (CFDA No. 10.557). This amount was excluded from total program expenditures. Rebate contracts with infant formula manufacturers are authorized by 7 CFR Section 246.16(a) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. The state was able to extend program benefits to more persons than could have been served this fiscal year in the absence of the rebate contract.

4. Unemployment Insurance Expenditures

Expenditures of federal awards reported for the Unemployment Insurance program (CFDA No. 17.225) include unemployment benefit payments from the State Unemployment Compensation Fund totaling $853,613,703. Reimbursements to other states from the State Unemployment Compensation Fund for benefits paid by those other states, totaling $38,134,704, have also been included in the Unemployment Insurance program expenditures. Reimbursements to the State Unemployment Compensation Fund

from other states for benefits paid by the state of Missouri, totaling $6,317,212, have been excluded from total expenditures.

5. Federal Loan Guarantees

The Department of Higher Education (DHE) guarantees student loans made by lenders under the Federal Family Education Loans program (CFDA 84.032). The original principal balance outstanding of all loans guaranteed by the DHE was $2,442,552,668 as of June 30, 2013. Additionally, the outstanding balance of defaulted loans (including principal and accrued interest) for which the federal government imposes continuing compliance requirements on the DHE was $327,958,313 as of June 30, 2013.

6. Nonmonetary Assistance

The Department of Elementary and Secondary Education distributes food commodities to school districts under the National School Lunch Program (CFDA No. 10.555). Distributions are valued at the cost of the food paid by the federal government and totaled $23,863,253.

The Department of Public Safety distributes excess Department of Defense (DOD) equipment to state and local law enforcement agencies under the DOD Surplus Property program (CFDA No. 12.AAG). Property distributions totaled $2,823,289 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.68 percent of the historical cost ($668,555), which approximates the fair market value of the property at the time of distribution.

The State Agency for Surplus Property distributes federal surplus property to eligible donees under the Donation of Federal Surplus Personal Property program (CFDA No. 39.003). Property distributions totaled $28,194,378 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.68 percent of the historical cost ($6,676,429), which approximates the fair market value of the property at the time of distribution as determined by the General Services Administration.

The Department of Health and Senior Services distributes vaccines to local health agencies and other health care professionals under the Immunization Cooperative Agreements program (CFDA No. 93.268). Distributions are valued at the cost of the vaccines paid by the federal government and totaled $59,835,798.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE OF MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Qualified

Unmodified for all opinion units except for governmental activities and the General Fund, which were qualified.

Internal control over financial reporting:

• Material weaknesses identified?	x yes	____ no
• Significant deficiencies identified that are not considered to be material weaknesses?	x yes	____ none reported
Noncompliance material to the financial statements noted?	____ yes	x no

Federal Awards

Internal control over major programs:

• Material weaknesses identified?	x yes	____ no
• Significant deficiencies identified that are not considered to be material weaknesses?	x yes	
Type of auditor's report issued on compliance for major programs:	Qualified	

Unmodified for all major programs except for the Child Care Development Fund Cluster, Medicaid Cluster, and Disaster Grants - Public Assistance (Presidentially Declared Disasters), which were qualified.

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	x yes	____ no

The following programs were audited as major programs:

CFDA Number	Name of Federal Program or Cluster
	SNAP Cluster:
10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
	CDBG - State-Administered CDBG Cluster:
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
14.255	ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants
20.319	ARRA - High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants
64.015	Veterans State Nursing Home Care
81.042	Weatherization Assistance for Low-Income Persons
81.042	ARRA - Weatherization Assistance for Low-Income Persons
84.032	Federal Family Education Loans
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
	School Improvement Grants Cluster:
84.377	School Improvement Grants
84.388	ARRA - School Improvements Grants, Recovery Act
93.268	Immunization Cooperative Agreements
	TANF Cluster:
93.558	Temporary Assistance for Needy Families (TANF) State Programs
93.563	Child Support Enforcement
	CCDF Cluster:
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E
93.719	ARRA - State Grants to Promote Health Information Technology
93.767	Children's Health Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare

93.778	Medical Assistance Program
93.778	ARRA - Medical Assistance Program
	Disability Insurance/SSI Cluster:
96.001	Social Security - Disability Insurance
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: $30,000,000

Auditee qualified as a low-risk auditee? _____ yes __x__ no

Section II - Financial Statement Findings

2013-001. Financial Reporting Controls - Department of Revenue

The Department of Revenue (DOR) does not have adequate procedures in place to ensure the accuracy of financial information for governmental and agency funds submitted to the Office of Administration - Division of Accounting (DOA). Net accounts receivable and the related liability balances would have been overstated by $133 million in the *Missouri Comprehensive Annual Financial Report* (CAFR) for the year ended June 30, 2013, had an error in the preparation of the DOR financial information not been identified during our audit. A similar condition was noted in our prior report.

To compile the DOR financial information for CAFR purposes, DOR personnel request the Office of Administration, Information Technology Services Division (OA-ITSD) run various reports from the DOR computerized systems. However, these reports are not reviewed by the DOR for reasonableness to ensure the amounts are correct. Consequently, an error in a fiscal year 2013 report resulted in the DOR using incorrect financial information to determine accounts receivable and related liability balances for governmental and agency funds. The error was not detected by the DOR and the incorrect financial information was submitted to the DOA.

When compiling the draft CAFR, the DOA incorporated the incorrect amounts reported by the DOR. This resulted in overstatements included in the CAFR for governmental and agency funds as follows:

Account Type	Governmental Funds	Agency Funds
Net Accounts Receivable	$107,398,842	$25,377,819
Deferred Revenue	$107,398,842	
Due to Other Entities		$25,377,819

After we brought this to the attention of the DOR and the DOA, corrections of the misstatements were made to the CAFR in December 2013, prior to its completion.

Adequate systems of internal controls include the design and operation of controls which allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements.

WE RECOMMEND the DOR implement controls which allow for the detection and correction of errors when preparing the governmental and agency fund financial information.

AUDITEE'S RESPONSE

The Department of Revenue agrees with the State Auditor's recommendation. The Financial and General Services Bureau staff will input the applicable information from the OA-ITSD produced reports into the CAFR spreadsheet and send it to the Taxation Division staff to review the numbers for reasonableness.

2013-002. Financial Reporting Controls - Department of Social Services - MO HealthNet Division

The Department of Social Services - MO HealthNet Division (MHD) does not have adequate procedures in place to ensure the accuracy of year-end financial data submitted to the Office of Administration - Division of Accounting (DOA). Accounts receivable amounts recognized as revenues would have been understated by $46.8 million and deferred revenues would have been overstated by $46.8 million in the *Missouri Comprehensive Annual Financial Report* (CAFR) for the year ended June 30, 2013, had the misstatement in the year-end financial data not been identified during our audit.

The MHD year-end financial data is to include expected net accounts receivable. Of the net accounts receivable at June 30, the year-end financial data is to identify expected subsequent July and August collections, which are recorded as revenues according to accounting standards. The remainder of the net accounts receivable is to be reported as deferred revenue. However, when preparing and reporting the year-end financial data, the MHD underestimated the expected July 2013 and August 2013 collections. This resulted in receivable amounts recorded as revenues being understated by $46.8 million and deferred revenues being overstated by $46.8 million. MHD supervisory reviews of the year-end financial data did not detect the misstatement and the incorrect year-end financial data was submitted to the DOA.

When compiling the draft CAFR, the DOA incorporated the incorrect amounts reported by the MHD. After we brought this to the attention of the MHD, a correction was submitted by MHD and made to the CAFR by the DOA in December 2013, prior to its completion.

Adequate systems of internal controls include the design and operation of controls which allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements.

WE RECOMMEND the MHD implement controls which allow for the detection and correction of misstatements when preparing the year-end financial data.

AUDITEE'S RESPONSE

The Department of Social Services (DSS), MHD does not agree that July and August estimates related to fiscal year 2013 accounts receivable collections were misstatements. In prior years, the MHD reported the total outstanding accounts receivables for the CAFR as of June 30 and the actual collections occurring in July related to the prior year's CAFR.

For fiscal year 2013, in addition to total outstanding accounts receivable as of June 30, the MHD was asked to provide July and August collections information prior to the end of the August collection period. This required the collections to be estimated for the combined July and August time frame.

The MHD was later informed by the State Auditor's Office (SAO) that the Missouri CAFR Survey was not submitted until December and any updates to the survey could be provided prior to the submission. After learning this, the MHD provided the SAO with updated actual collections for July and August. The total outstanding accounts receivable for fiscal year 2013 remained unchanged. The fiscal year 2013 Missouri CAFR submitted in December correctly reported MHD accounts receivable collections based upon July and August actual collections.

The DSS has updated internal procedures to allow for the submission of the actual collections for July and August to be included in the CAFR Survey data provided to the DOA.

AUDITOR'S COMMENT

The total original accounts receivable amount reported was not incorrect. Rather, the incorrect estimates of July and August collections caused the categories within the accounts receivable to be incorrect and resulted in amounts recognized as revenues versus deferred revenues being inaccurate. As noted in the finding, had these inaccuracies not been identified and corrected, the financial statements would have been misstated. A correction was submitted by the MHD to the DOA, and made to the CAFR, only after we brought this to the attention of the MHD. The MHD had no procedure in place to re-evaluate the reasonableness of the estimates presented when the actual data became known prior to completion of the CAFR. The misstatements could have been identified through an analysis of the July and August receipt data in September, before the CAFR draft was prepared. It appears the MHD had sufficient opportunity to ensure the estimates were corrected and resubmitted to the DOA prior to our review.

Section III - Federal Award Findings and Questioned Costs

2013-003.	**Medicaid Home and Community Based Services**

Federal Agency:	Department of Health and Human Services
Federal Program:	93.778 Medical Assistance Program 2012 - 1205MO5MAP and 1205MO5ADM 2013 - 1305MO5MAP and 1305MO5ADM
State Agency:	Department of Health and Senior Services (DHSS) - Division of Senior and Disability Services (DSDS)
Questioned Costs:	$238,623

As noted in the three prior audits, the DSDS does not ensure annual reassessments are performed, as required, to determine continued need of services of Home and Community Based Services (HCBS) recipients. As a result, the DSDS has not ensured over half of the HCBS recipients have a need for and are receiving the appropriate level of care.

The DSDS is responsible for the direct administration of various Medical Assistance Program (Medicaid)-funded HCBS programs for seniors and adults with disabilities, including the two largest programs, State Plan Personal Care (SPPC) and Aged and Disabled Waiver (ADW). The Medicaid program is administered by the Department of Social Services (DSS) - MO HealthNet Division, while the DSDS is charged with assessing and reassessing the need for, and authorizing HCBS services for these Medicaid recipients. These services, which are authorized in a plan of care, provide assistance to help qualifying recipients remain in or return to their home or community, and include services such as bathing, grooming, and dressing; general toileting activities; cleaning, dusting, and laundry; meal preparation and/or assistance with eating and washing dishes; and transportation for shopping/errands and medical appointments. Other services include advanced personal care, authorized nurse visits, and respite care. During the year ended June 30, 2013, approximately 58,000 recipients were provided SPPC services and 17,200 were provided ADW services, with a total of 59,400 recipients receiving one or both services totaling approximately $566 million.

Backlogs of HCBS annual reassessments have existed for several years. During recent years, the DSDS has received additional funding and taken various measures in attempts to reduce backlogs, including the hiring (and subsequent firing) of an external assessment administrator, hiring additional full-time and temporary staff, paying HCBS providers to perform some annual reassessments, developing the new HCBS Web Tool, and giving providers access to the Web Tool. With these changes, there has been some improvement; however, a significant backlog of reassessments still exists. According to DSDS officials, as of January 3, 2014, reassessments were due for approximately 22,200 Medicaid HCBS recipients, a 25 percent reduction from the backlog as of February 15, 2013, noted in our prior audit.

According to DSDS officials, and confirmed by our test results, the backlog consists of recipients still on the old legacy computer system since May 2011, when the new HCBS Web Tool was established. Currently, all new recipients are entered in the HCBS Web Tool, and existing recipients are moved from the legacy system to the HCBS Web Tool when their reassessments are performed. Because the HCBS Web Tool automatically suspends services for any recipient not receiving a required annual reassessment, the DSDS prioritizes and ensures these cases receive an annual reassessment. DSDS staff perform reassessments for the backlog of cases in the legacy system as time permits, with priority placed on recipients receiving ADW services. A review of the cases in the legacy system noted the most recent reassessment for these recipients was completed 1 to 9 years ago, with over half the cases not having a reassessment since 2009 or before. According to DSDS officials, as of January 2014, approximately 59 percent of HCBS recipients were in the HCBS Web Tool and approximately 41 percent were in the legacy system. DSDS officials indicated during fiscal year 2013, approximately 80 percent of reassessments were performed by DSDS staff, while approximately 20 percent were performed by HCBS providers.

We tested assessment documentation for 60 Medicaid recipients who received SPPC and/or ADW services during the year ended June 30, 2013. Payments totaling $730,968 ($603,266 SPPC and $127,702 ADW) were made to providers on behalf of these recipients during this period. We found the DSDS did not perform annual reassessments for 32 of the 59 (54 percent) recipients requiring a reassessment. As a result, the DSDS could not demonstrate these 32 recipients needed the services for which the payments were made. Five of these 32 recipients received both SPPC and ADW services, while 27 received SPPC only. Payments for services provided to these recipients without annual reassessments during the year ended June 30, 2013, totaled $315,027 for SPPC and $58,464 for ADW ($373,491 total). We question the federal share of $238,623, or $201,271 for SPPC and $37,352 for ADW, (63.89 percent).

The failure to perform annual reassessments as required can result in payments for services which are not necessary. Various regulations require that annual reassessments be performed for ADW and/or SPPC recipients to ensure the adequacy of the care plan and continued need for the level of care provided. These include federal regulation 42 CFR Section 441.302(c), Missouri statutes Sections 208.906 and 208.930, RSMo, state regulation 19 CSR 15-8.200, the Cooperative Agreement between the DSS and the DHSS, and the DSDS Home and Community Services Case Management Manual, Section 1606.20. Furthermore, OMB Circular A-87, Attachment A, Section C.1.c provides that costs must be authorized or not prohibited under state or local laws or regulations to be allowable.

WE RECOMMEND the DHSS, through the DSDS, resolve the questioned costs with the grantor agency and ensure annual reassessments are performed as required.

AUDITEE'S RESPONSE

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

2013-004. Medicaid Developmental Disabilities Comprehensive Waiver

Federal Agency:	Department of Health and Human Services
Federal Program:	93.778 Medical Assistance Program 2012 - 1205MO5MAP and 2013 - 1305MO5MAP
State Agency:	Department of Mental Health (DMH)
Questioned Cost	$22,432

Established controls over the Home and Community Based Services (HCBS), Developmental Disabilities Comprehensive Waiver (Comprehensive Waiver) Program are not always being followed. As a result, assessments of need for services are not always performed prior to individuals receiving Medicaid assistance under the program.

The DMH is responsible for the direct administration of various Medical Assistance Program (Medicaid)-funded HCBS programs for children and adults with disabilities, including the Comprehensive Waiver. The Medicaid program is administered by the Department of Social Services (DSS) - MO HealthNet Division, while the DMH is charged with assessing and reassessing the need for, and authorizing HCBS services for these Medicaid participants. These services, which are authorized in a plan of care, provide assistance to help qualifying participants remain in or return to their home or community. The waiver provides a set of services, including residential services, for Medicaid-eligible individuals who have an intellectual disability and/or a developmental disability who have been determined to otherwise require the level of care provided in an intermediate care facility for developmentally disabled. During the year ended June 30, 2013, approximately 8,278 participants were provided Comprehensive Waiver services totaling approximately $550 million.

The DMH enrolled 446 new participants into the Comprehensive Waiver Program during the year ended June 30, 2013. Applicants must have, among other things, a functional limitation assessment completed prior to acceptance into the Comprehensive Waiver Program. During the application process, an evaluation of need/waiver eligibility form is completed by a service coordinator in the respective regional office to document the various waiver requirements were met. As a part of the DMH's internal control procedures, this form is to be reviewed by a supervisor to ensure accuracy prior to enrolling new participants. However, supervisors are not always reviewing this form or the related case file to ensure all the required waiver documents have been completed and retained.

We visited 3 of the 11 DMH regional offices and tested records for 40 new participants to review whether the DMH obtained the required documentation to properly enroll participants. We determined five of the participants tested (12.5 percent) did not have a required functional limitation assessment on file prior to acceptance into the Comprehensive Waiver Program. Of these five participants, four had assessments completed during fiscal year 2013, but not until after the date of program entry. One participant did not have an assessment documented in the file. Two of these participants received Comprehensive Waiver services prior to their assessment dates, and the one participant without an assessment on file also received services during fiscal year 2013. This resulted in $35,398 in ineligible payments made on their behalf. We question the federal share of these payments, or $22,432 (63.37 percent). In addition, since one participant still does not have a documented assessment on file as of December 2013, there are likely ineligible payments made on behalf of this participant during fiscal year 2014. For each of these participants, an evaluation of need/waiver eligibility form was not completed at the date of program enrollment. The lack of completion and supervisory reviews of these forms caused the missing functional limitation assessments to go undetected.

Appendix B-6.d of the Comprehensive Waiver and 9 CSR 45-2.010(4)(C)1 require an assessment of functional limitations be completed for each participant prior to admittance into the Comprehensive Waiver Program to demonstrate the participant's need for services. Without such an assessment, the DMH cannot demonstrate the participant qualified for Comprehensive Waiver services at the time the services were provided.

WE RECOMMEND the DMH resolve the questioned costs with the grantor agency and perform established procedures to ensure assessments of participants' functional limitations are completed and documented prior to admittance into the Comprehensive Waiver program.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2013-005.	**Reporting and Period of Availability**

Federal Agency: Department of Homeland Security
Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
- 2008 - FEMA-DR-1736-MO, FEMA-DR-1742-MO, FEMA-DR-1748-MO, FEMA-DR-1749-MO, and FEMA-DR-1773-MO
- 2009 - FEMA-DR-1809-MO
- 2011 - FEMA-DR-1961-MO and FEMA-DR-1980-MO, and FEMA-DR-4012-MO

State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)
Questioned Costs: $194,867

Procedures related to reporting and period of availability for the Public Assistance (PA) program need improvement. Similar conditions were identified by the federal awarding agency during a financial monitoring review and reported to the SEMA in a letter dated September 2013.

A. The SEMA does not have controls and procedures in place to ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA), and as a result, subawards were not reported as required.

The FFATA requires the reporting of key data elements for certain subawards and subcontracts to promote the transparency and accountability over the use of non-ARRA federal financial awards, and requires such information be made available to the public through a single searchable website. The FFATA requirements relate to direct recipients of grants or cooperative agreements that make first-tier subawards, and to contractors that award first-tier subcontracts. Reporting is required to be made by the end of the month following the month a subaward/subcontract greater than $25,000 was made. According to OMB Circular A-133 Compliance Supplement, the recipient must at least demonstrate a good faith effort to comply with these requirements, and such effort must be adequately documented.

As of January 2014, the SEMA had not reported any subawards issued after October 1, 2010 related to the PA program. In addition, the SEMA could not provide an accurate number and respective amount of subawards that were issued after October 1, 2010 that had not been reported, or were required to be reported during fiscal year 2013. The majority of funding the SEMA receives for the PA program is awarded to subrecipients and subject to FFATA reporting requirements. According to a SEMA official, information was needed from the federal granting agency to comply with this requirement. However, the SEMA could not provide evidence a good faith effort had been made to comply with FFATA requirements, such as documentation of contact with the federal granting agency, prior to our audit inquiries.

B. The SEMA has not ensured certain financial reports for various PA awards are submitted timely to the awarding agency. In addition, the SEMA has not ensured expenditures are liquidated timely.

Each PA program award provides for an obligation period for using grant funding, typically a four-year period. Federal regulation 44 CFR Section 13.23 indicates a grantee may charge to the award only costs resulting from obligations of the funding period. In addition, obligations incurred under a federal award must be liquidated not later than 90 days after the end of the funding period. Federal

regulation 44 CFR Section 13.41 and the State of Missouri Administrative Plan for the PA program also provide for the final Federal Financial Status Report (SF-425) to be submitted within the 90 day close-out period.

None of the six final SF-425 reports filed for PA program awards during fiscal year 2013 were submitted timely to the federal awarding agency. The reports were submitted from three to nine months after the final liquidation date. Additionally, we reviewed these six awards and identified expenditures, totaling $194,867, were charged to the awards after the date when obligations could be liquidated. We question the federal share of these costs, or $194,867 (100 percent). Failure to ensure disbursements are made during the period of availability can result in federal reimbursements for unallowable costs.

WE RECOMMEND the SEMA:

A. Establish procedures to ensure the subaward information required to be reported per the FFATA is complete, accurate, and submitted timely.

B. Resolve the questioned costs with the grantor agency, and ensure federal PA awards are liquidated and reported in a timely manner.

AUDITEE'S RESPONSE

We partially agree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the findings.

2013-006.	**Subrecipient Monitoring**

Federal Agency: Department of Homeland Security
Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
- 2008 - FEMA-DR-1736-MO, FEMA-DR-1742-MO, FEMA-DR-1748-MO, FEMA-DR-1749-MO, and FEMA-DR-1773-MO
- 2009 - FEMA-DR-1809-MO, FEMA-DR-1822-MO, and FEMA-DR-1847-MO
- 2010 - FEMA-DR-1934-MO
- 2011 - FEMA-DR-1961-MO and FEMA-DR-1980-MO, and FEMA-DR-4012-MO

State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

Controls and procedures over subrecipient monitoring for the Public Assistance (PA) program need improvement. During the year ended June 30, 2013, the PA program disbursed approximately $33 million to approximately 140 subrecipients.

A. The SEMA does not adequately document reviews performed of subrecipient expenditures to demonstrate compliance with subrecipient monitoring requirements. These reviews help ensure costs charged to the PA program are allowable.

The SEMA has procedures to review at least 10 to 20 percent of subrecipient expenditures prior to payment. At the end of each subaward, during final review, the SEMA documents the total percentage of expenditures reviewed for each project related to the subaward. When the percentage reviewed is less than 100 percent, the SEMA does not always document which specific expenditures were reviewed. As a result, the SEMA is unable to clearly support the total percentage documented as reviewed to ensure costs charged to the PA program are allowable. In addition, the SEMA does not always ensure subrecipients include proof of payment with expenditure documentation, as required.

OMB Circular A-133, Subpart D Section 400(d)(3) requires the SEMA to monitor subrecipients to ensure federal awards are used for authorized purposes in compliance with laws, regulations, and provisions of contracts and grant agreements. Federal Emergency Management Agency Standard Operating Procedure (SOP) 9570.14 requires the SEMA to verify the accuracy of the costs incurred by the subrecipient. If supporting records are extensive, the SOP requires the grantee to review at least 10 to 20 percent of the subrecipient's expenditures. In addition, this SOP requires subrecipients to provide proof of payment. Without adequate documentation of the reviews performed, there is less assurance the SEMA adequately reviewed the appropriateness of the subrecipient expenditures.

B. The SEMA has not established an adequate tracking system to ensure PA program subrecipients expending $500,000 or more in federal funds obtained independent Single Audits as required. In addition, the SEMA did not follow-up on findings reported in subrecipient Single Audits. A similar condition was reported in our previous audit report (Report No. 2012-26, *State of Missouri Single Audit, Year Ended June 30, 2011*, issued in March 2012, finding number 2011-12).

In February 2013, the SEMA sent a letter to each subrecipient which incurred PA program expenditures during the 2 fiscal years ended June 30, 2012 and requested the subrecipient to certify whether it had expended more than $500,000 in federal funds during each year (or its respective audit period, if different). The subrecipent was required to submit a copy of its Single Audit report, if applicable. The SEMA has a system to track the receipt of Single Audit reports; however, the system is not complete and accurate. For many subrecipients, the system was not updated when responses were received and did not indicate whether a Single Audit was reviewed. In addition, the tracking system does not document whether

audit findings were identified in the Single Audit reports reviewed and if follow-up procedures were completed.

Nine subrecipients each received $500,000 or more in federal funds from the PA program alone. For six of these subrecipients, the SEMA had either not received or not documented the review of the Single Audit reports prior to our inquiries. In addition, one of the six reports had audit findings but no follow-up action had been taken by the SEMA. While remaining subrecipients received PA funding of less than $500,000, numerous awardees received significant PA funds and it is likely, when considering federal awards from other sources, a Single Audit would have been required for some.

OMB Circular A-133, Subpart D, Section 400(d) requires grant recipients to ensure subrecipients obtain a Single Audit when federal grant expenditures exceed $500,000 in a fiscal year. That audit report is required to be filed with the recipient agency and the federal Single Audit Clearinghouse within 9 months of the end of the subrecipient's fiscal year. The recipient agency is also required to issue a management decision on audit findings within 6 months after receipt of the subrecipient's audit report and ensure the subrecipient takes timely and appropriate corrective action. Findings identified in subrecipient Single Audit reports could provide the SEMA valuable information about the performance of subrecipients.

WE RECOMMEND the SEMA:

A. Maintain adequate documentation of reviews performed of subrecipient expenditures to ensure costs are allowable.

B. Improve the system to obtain and track Single Audit reports expected and received from applicable subrecipients. In addition, the SEMA should document its review and follow-up of all subrecipient Single Audit reports received.

AUDITEE'S RESPONSE

We partially agree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the findings.

2013-007. Payroll Allocations and Salary Certifications

Federal Agency: Department of Agriculture
Department of Health and Human Services
Federal Program: 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
2012 - 2012IS251443 and 2013 - 2013IS251443

93.558 Temporary Assistance for Needy Families
2012 - G1202MOTANF and 2013 - G1302MOTANF
93.575 Child Care and Development Block Grant
2012 - G1201MOCCDF and 2013 - G1301MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2012 - G1201MOCCDF and 2013 - G1301MOCCDF
93.658 Foster Care - Title IV-E
2012 - G1201MO1401 and 2013 - G1301MO1401
93.659 Adoption Assistance
2012 - G1201MO1407 and 2013 - G1301MO1407
93.667 Social Services Block Grant
2012 - G1201MOSOSR and 2013 - G1301MOSOSR
93.778 Medical Assistance Program
2012 - 1205MO5ADM and 2013 - 1305MO5ADM

State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

Questioned Costs: $471,046

DFAS controls and procedures over the allocation of some payroll costs to federal programs were inadequate and, as a result, employees continue to be assigned to the incorrect cost pools. Additionally, periodic salary certifications were not prepared for some employees as required.

A. As noted in our prior report, controls and procedures over the allocation of some payroll costs to federal programs failed to prevent and/or detect various errors. Some employees continue to be charged to incorrect cost pools based on division assignment. While the DSS included adjustments to federal reports to resolve questioned costs identified in the prior audit finding, no effort was made to further review or modify cost pool assignments during the current audit period. Officials indicated they plan to revise the methodology for assignment of employees to the cost pools during the implementation phase of a new cost allocation plan currently under development.

Payroll costs are identified and allocated to federal programs administered by the department in accordance with the DSS cost allocation plan. These payroll costs are classified by use of labor codes. Payroll costs related to some labor codes are directly charged to specific federal programs while payroll costs related to other labor codes are included in the Income Maintenance (IM) or Children's Services (CS) cost pools. Payroll costs included in the cost pools are allocated to federal programs based on the percentage of time worked by employees on certain federal programs. Costs included in the IM cost pool are primarily allocated to programs administered by the Family Support Division (FSD), and costs included in the CS cost pool are primarily allocated to programs administered by the Children's Division (CD).

FSD, CD, and Missouri Healthnet Division Personnel Unit staff assign a labor code to each employee that reflects the employee's position, division, and other programmatic information related to the employee's duties. Each division has the authority to establish new labor codes or modify existing labor codes, as necessary, to account for new programs or facilitate reorganization of existing employees. The DFAS is primarily responsible for determining how those labor codes are to be processed through the cost allocation plan. DFAS officials indicated Personnel Unit staff notify and discuss with them changes to labor codes so the DFAS can make necessary changes in the allocation of labor codes to federal grants. The DFAS does not maintain a master listing of the title/definition of each labor code or periodically review labor codes assigned to employees to ensure payroll costs are allocated appropriately.

Our review of selected labor codes charged to the IM and CS cost pools during state fiscal year 2013 identified 11 of 60 employees reviewed (18 percent) were assigned labor codes that resulted in their payroll costs being charged to the incorrect cost pool. These errors resulted in overstatements of payroll costs totaling approximately $525,000 ($291,000 federal share) and understatements totaling approximately $487,000 ($308,000 federal share) for seven federal programs for the year ended June 30, 2013. Identified errors include:

- Six labor codes that included seven CD managerial and administrative support employees were charged to the IM cost pool in error. Four of the labor codes included both CD and FSD employees; however, the DSS charged the labor codes entirely to the IM cost pool. The remaining two labor codes included only CD employees but the DSS charged the codes incorrectly to the IM cost pool. These errors resulted in overstatements totaling approximately $384,000 to three federal programs and understatements totaling approximately $386,400 to four federal programs. We question the federal share of the overstatements, or $197,226.

- One labor code that only included three FSD administrative support employees was charged to the CS cost pool in error. This error resulted in overstatements totaling approximately $101,600 to four federal programs and understatements totaling approximately $100,900 to three federal programs. We question the federal share of the overstatements, or $67,393.

- One labor code that included two employees was charged to the CS cost pool; however, the labor code included an employee whose entire payroll costs should have been directly charged to federal programs related to the employee's job duties. This employee provides administrative support for the Caring Communities program funded by the Promoting Safe and Stable Families or the Social Services Block Grant programs. In response to Report No. 2010-30, *State of Missouri, Single Audit, Year Ended June 30, 2009*, issued in March 2010, finding 2009-12, DFAS management indicated the allocation of similar Caring Community partnership costs through the CS cost

pool would be discontinued and the costs would be charged directly to applicable federal programs. This resulted in overstatements to four federal programs totaling approximately $39,300. We question the federal share of the overstatements, or $26,445.

As noted above, some employees were assigned to labor codes that included both CD and FSD employees. At least 6 of the 42 labor codes currently assigned to CS or IM cost pools include both CD and FSD employees. While the DFAS has access to quarterly data which shows the specific amounts of CD and FSD expenses, the DFAS does not use this information to allocate costs but charges these combined labor codes to only one cost pool. The remaining employees were assigned to labor codes not commonly used. DFAS officials indicated the purpose or definition of some labor codes may have changed, but these changes were not properly reflected in the assignment of labor codes to the cost pools.

As noted above, identified errors resulted in both understatements and overstatements for various federal programs. We question the federal share of payroll costs related to the overstatements because those costs were not allowable costs of the applicable federal programs. The understatements relate to allowable costs the DSS can allocate to applicable federal programs through future adjustments on federal financial reports. Listed below is the federal share of questioned costs related to the overstatements:

CFDA	Program	Amount
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	$ 100,026
93.558	Temporary Assistance for Needy Families	36,124
93.575/ 93.596	Child Care and Development Block Grant/ Child Care Mandatory and Matching Funds of the Child Care and Development Fund	12,929
93.658	Foster Care - Title IV-E	35,069
93.659	Adoption Assistance	4,226
93.667	Social Services Block Grant	18,282
93.778	Medical Assistance Program	84,408
Total		$ 291,064

OMB Circular A-87, Attachment A, Section C.3.a states that a cost is allocable to a particular cost objective if the related goods or services are chargeable or assignable to such cost objective in accordance with relative benefits received. In addition, federal regulation 45 CFR Section 96.30(a) requires the DSS to have sufficient controls over block grants to ensure expenditures are allowable. Without proper controls to periodically review the purpose and definition of labor codes and labor codes assigned to employees, the DFAS cannot ensure payroll costs are allowable and allocable to the various federal programs.

B. The DSS did not prepare salary certifications for employees whose personnel costs were charged wholly to the Title IV-E Foster Care program. These employees work solely with the Statewide Automated Child Welfare Information System (SACWIS). The SACWIS system is a comprehensive case management system for use in administering child welfare programs, including foster care, adoption, and family preservation.

The DSS charges SACWIS operating costs to the Title IV-E Foster Care program, as allowed by federal guidance. Federal regulation 45 CFR Section 1355.52(c) states expenditures for the operation of the automated information system are eligible for federal reimbursement under the Title IV-E Foster Care program at the 50 percent federal financial participation rate. Operating activities include the use of supplies, software, hardware, and personnel directly associated with the functioning of the automated system. Personnel costs (salaries, benefits, and indirect costs) for these employees totaled $359,964. We question the federal share, or $179,982 (50 percent).

OMB Circular A-87, Attachment B, Section 8.h(3) requires that charges for salaries and related salary costs of employees who work solely on a single federal award or cost objective be supported by periodic certifications that the employees worked solely on that program. These certifications are required to be prepared at least semi-annually and signed by either the employee or a supervisor having specific knowledge of the work performed by the employee. Without accurate and complete certifications, the DSS has not fully substantiated the salary costs charged to the Title IV-E Foster Care program.

WE RECOMMEND the DSS, through the DFAS, resolve the questioned costs with the grantor agency and:

A. Establish controls and procedures to ensure payroll costs are allowable and allocable. These procedures should include periodic documented reviews of labor codes assigned to employees and the purpose and definition of labor codes to ensure associated payroll costs are charged to appropriate federal programs directly or through the proper cost pool.

B. Prepare semi-annual salary certifications as required.

AUDITEE'S RESPONSE

A. We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

B. We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

2013-008. Residential Treatment and Case Management Payments

Federal Agency:	Department of Health and Human Services
Federal Program:	93.558 Temporary Assistance for Needy Families 2012 - G1202MOTANF and 2013 - G1302MOTANF 93.658 Foster Care - Title IV-E 2012 - G1201MO1401 and 2013 - G1301MO1401 93.659 Adoption Assistance 2012 - G1201MO1407 and 2013 - G1301MO1407 93.778 Medical Assistance Program 2012 - 1205MO5ADM and 2013 - 1305MO5ADM
State Agency:	Department of Social Services (DSS) - Children's Division (CD) and Division of Finance and Administrative Services (DFAS)
Questioned Costs:	$7,357,204

The DSS does not have adequate documentation to support the rate structure used to allocate rehabilitative residential treatment facility payments to the Foster Care and Temporary Assistance for Needy Families (TANF) programs. Procedures over the allocation of rehabilitative residential treatment payments also need improvement. Additionally, the DSS has not utilized established procedures to ensure all payments to Foster Care case management contractors are properly allocated to federal programs.

OMB Circular A-87, Attachment A, Section C.3.a states that a cost is allocable to a particular cost objective if the related goods or services are chargeable or assignable to such cost objective in accordance with relative benefits received. Additionally, costs must be adequately documented to be allowable.

A. The DSS does not have adequate documentation to support the daily rate used to allocate a portion of payments to residential treatment facilities to the Foster Care or TANF programs, and controls and procedures over the allocation of rehabilitative residential treatment payments need improvement. Some children who have been abused, neglected, or have emotional or psychological difficulties require treatment in a residential environment. The DSS contracts with residential treatment facilities to provide room and board, supervision, and therapeutic rehabilitative services to children at various rates based on the child's level of need.

   The DSS began allocating the room and board/supervision portion of rehabilitative residential treatment facility payments to the Foster Care and TANF programs during state fiscal 2013. To determine the allocation amount, the Office of Administration - Information Technology Services Division (ITSD) prepares a monthly report of rehabilitative residential treatment facility payments processed through the Family and Children's Electronic System (FACES) system. The ITSD report calculates the portion of each payment that relates to room and

board/supervision by multiplying pre-programmed daily rates of approximately $45 by the number of days the child was in the facility's care. The room and board/supervision portion is allocated to either the Foster Care or TANF programs based on the child's federal Foster Care program eligibility. The remaining portion, representing the amount for rehabilitative services, is allocated to the Medical Assistance program. We noted the following issues with the allocation of room and board/supervision payments:

- The DSS does not have documentation to support how the room and board/supervision daily rate was determined. DSS officials stated the rate is based on a study performed by a consultant more than 5 years ago, but they are unable to locate the study. The DSS allocated residential treatment facility room and board/supervision payments totaling $4,281,830 to the Foster Care program and $4,721,309 to the TANF program during state fiscal year 2013. Although some portion of these allocated costs are likely allowable, the DSS could not substantiate the basis and reasonableness of the daily rate used when the costs were claimed. As a result, it is unclear how much of the cost is allowable and we question the entire federal share of $2,635,895 (61.56 percent) and $4,721,309 (100 percent) for the Foster Care and TANF programs, respectively.

  The DSS contracted with a consultant to conduct a review to determine residential facility daily rates including room and board/supervision rates. The new study, completed in October 2013, determined daily rates for room and board/supervision should range between approximately $40 and $56 depending on the level of services provided for a child. However, this study was not yet complete at the time fiscal year 2013 payments were allocated to the TANF and Foster Care programs and was not used to determine the fiscal year 2013 daily rate.

- Errors exist in the system logic the ITSD uses to prepare the monthly report. As a result, the DSS allocated duplicate residential treatment payments totaling approximately $4,800 to the Foster Care program for 2 of the 15 children reviewed. The FACES system processed the duplicate payments and the ITSD included those in the allocated costs. The duplicate payments were later corrected in the FACES system and recovered from the vendors. However, the related amount allocated to the program was not corrected because the monthly ITSD report logic does not evaluate whether any changes to previous months payments occurred in FACES.

  Additionally, if the amount paid to the residential treatment facility is higher than the maximum Missouri rate, the excess payments are considered entirely room and board/supervision rather than allocated between room and board/supervision and rehabilitative services (also charged to the Medical Assistance program). The DSS will often pay higher than the maximum Missouri rate if the child is placed in an out-of-state facility. A total of about $374,000 and

$632,000 was charged to the Foster Care and TANF programs, respectively, for these payments. Payments related to report logic errors are included in questioned costs above.

Without accurate procedures and adequate documentation to support rates and methods used to allocate residential treatment facility costs, the DSS cannot sufficiently justify amounts allocated to the Foster Care and TANF programs.

B. As similarly noted in a previous audit report, the DSS has not utilized established procedures to ensure all payments to Foster Care case management contractors are properly allocated to federal programs. As a result, some contractor payments are allocated to federal programs based on the contractors' budgeted expenditure categories rather than contractors' actual expenditures.

The DSS contracts with six Foster Care case management contractors, each a consortium of multiple local agencies, to provide case management and room and board for children in state custody. The DSS originally awarded these contracts in 2008 and again awarded the contracts in 2012 through a competitive bidding process. The DSS pays the contractors a monthly fixed price for 1) case management/administration, 2) room and board, and 3) residential treatment for a pre-established caseload. The DSS paid these contractors approximately $61.5 million during the year ended June 30, 2013, of which at least $38 million was paid from federal funds.

While the CD allocates contractor costs associated with room and board and residential treatment to applicable federal programs based on actual costs incurred by the contractors, the costs associated with case management/administration are allocated based on the original budgets submitted by the contractors in their requests for proposal. Each contractor's budget separates case management/administration costs into five categories, and the CD allocates these costs to several federal programs. The CD allocates case management services and resource development costs to the Foster Care administration and training programs, respectively. Treatment services, crisis fund expenses, and special expenses are allocated to the Social Services Block Grant (SSBG) program. Finally, general administration costs are allocated to the Children's Services cost pool for distribution to several federal programs (TANF, Foster Care, Adoption Assistance, Medical Assistance, and SSBG). Of $61.5 million paid to the contractors during the year ended June 30, 2013, approximately $28.9 million ($16.1 million federal funds) was for case management/administration services.

Although contractors submit monthly reports of actual costs, the DSS does not use this information to allocate case management/administration costs to the specific federal programs as noted above. The DSS has not performed procedures

to determine if budget-based allocations are representative of actual costs incurred.

In response to a similar finding in our previous audit report (Report No. 2011-11, *State of Missouri, Single Audit, Year Ended June 30, 2010*, issued in March 2011, finding number 2010-17), the DSS contracted with a consultant for $394,000 to review and develop procedures for claiming case management costs. The consultant developed and the DSS implemented additional procedures to better track actual costs incurred each month including 1) requiring contractors participate in a quarterly random moment time study, 2) developing a cost allocation plan specific to each contractor, and 3) revising the template used to report monthly expenditure data. Despite the additional cost information now available, DFAS officials indicated they have not determined whether to change the process to allocate case management/administrative costs to the federal programs.

Costs charged to a federal program in excess of that program's allocable share would be questionable; however, such costs may be allocable to another federal program(s). As a result, questioned costs resulting from these allocation procedures are likely but were not determined. While the DSS now has additional actual cost data available, without periodically analyzing and allocating costs based on such data, the DSS cannot ensure the costs are allowable and allocable to the various federal programs.

WE RECOMMEND the DSS, through the CD and DFAS:

A. Resolve questioned costs with the grantor agency and ensure that the room and board/supervision rate is adequately supported and reflects actual costs as required by federal regulations. Additionally, the DSS should determine if programming changes are needed to improve the accuracy of the monthly ITSD report.

B. Establish procedures to ensure all payments to Foster Care case management contractors are allocated to federal programs in accordance with federal regulations.

AUDITEE'S RESPONSE

We disagree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

2013-009.	Child Care Eligibility and Payments

Federal Agency:	Department of Health and Human Services
Federal Program:	93.575 Child Care and Development Block Grant 2012 - G1201MOCCDF and 2013 - G1301MOCCDF 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 2012 - G1201MOCCDF and 2013 - G1301MOCCDF
State Agency:	Department of Social Services (DSS) - Children's Division (CD) and Family Support Division (FSD)
Questioned Costs:	$72,257

As noted in our prior three audit reports, significant weaknesses exist in DSS controls over Child Care Development Fund (Child Care) eligibility and provider payments. Controls are not sufficient to prevent and/or detect payments on behalf of ineligible clients or improper payments to child care providers. Eligibility and payment documentation could not be located for many child care cases reviewed, and overpayments were made to some providers. During the year ended June 30, 2013, the DSS paid over 7,500 child care providers approximately $149 million for services provided to about 76,000 children.

The DSS provides funds to child care providers who serve eligible clients. Federal regulation 45 CFR Section 98.20 provides that to be eligible for services the child must 1) be under 13 years old, or at the option of the DSS under age 19 and physically or mentally incapable of caring for himself/herself or under court supervision, 2) live with a family who meets certain income guidelines, and 3) have parents who are working or attending a job training or educational program. Clients may also be eligible if they receive Temporary Assistance for Needy Families (TANF) benefits and satisfactorily participate in job search, training, volunteer work experience, or other activities through the Missouri Work Assistance (MWA) program.

Parents/caregivers apply to FSD or CD case workers for participation in the program. Once approved, the parent/caregiver selects a child care provider and the DSS enters into an agreement with the provider for child care services. To comply with federal requirements, the DSS Income Maintenance manual requires that case workers set maximum authorized service units for the amount and type of care that best meets the family's need; and maintain case file documentation, including the child care application or a signed system-generated interview summary and copies of income (including work hours) or educational program verifications to support eligibility determination. The DSS Income Maintenance manual considers a parent/caregiver to be working only if they are working an average of 20 or more hours per week. The DSS Income Maintenance manual also limits the number of absences and holidays eligible for reimbursement.

In addition, the Child Care policy manual and provider agreements require that providers submit a monthly invoice electronically via the internet through the Child Care Online

Invoicing System (CCOIS) or manually through the Child Care Provider Relations Unit. The CCOIS system interfaces with the Family Assistance Management Information System (FAMIS) eligibility and payment system to process provider payments. Additionally, providers are required to maintain detailed attendance records documenting daily arrival and departure times and containing parent/caregiver signature verifying the child received the services. Although all providers are required to retain attendance records for 5 years, the DSS only requires registered (license exempt) providers who submit manual invoices to submit attendance records for payment.

A. Controls over eligibility and provider payments are not sufficient to prevent and/or detect payments made on behalf of ineligible clients or improper payments to child care providers. The DSS has only limited procedures to review eligibility determinations and current procedures are inadequate to monitor payments to providers.

To test compliance with program requirements, we sampled eligibility documentation for 60 children, and reviewed provider agreements and payment documentation supporting one payment for each of these children. Payments totaling approximately $157,000 were made to child care providers on behalf of these children during state fiscal year 2013. We noted the following:

- The DSS could not locate the child care eligibility file for 7 of 60 (12 percent) cases reviewed. For one case, the DSS could not locate any original signed information and provided only reprinted information from the FAMIS system. The remaining six files included information related to other benefit programs or child care information for other time periods; however, child care eligibility information for the audit period was missing. Child care payments made on behalf of these children and their siblings during the year ended June 30, 2013, totaled $47,147. We question the federal share of $34,889 (74 percent).

- Eligibility documentation was not sufficient to support a valid need for child care for 11 of 60 (18 percent) cases reviewed. For two cases, the client provided information at the time of application or redetermination for the child care or another assistance program that showed the client was employed less than an average of 20 hours per week or not employed and had no other valid need for services. For one case, the DSS obtained wage information in December 2012 showing the client quit employment in October 2012. The DSS closed the case as of December but did not request repayment for the prior two months. For one case, the client did not report all sources of income, and the additional income made her ineligible for benefits. The DSS identified the additional income while processing case files for our review. For two cases, there was no documentation supporting the need for child care while enrolled in an educational or training program. For three other cases, the FSD eligibility specialist authorized child care for periods which were not verified with educational course documentation or proof of continued enrollment at the institution.

For the remaining two cases, the clients were reported as not meeting the TANF MWA program work requirements and the DSS did not close the child care cases after sanctioning the clients' TANF benefits for noncompliance. The DSS does not consider the clients to have a valid need for child care because they were not working.

Payments totaling $46,507, made on behalf of the children and their siblings, during the year ended June 30, 2013, were unallowable and/or unsupported by adequate documentation. We question the federal share of $34,415 (74 percent).

- Child care payments made on behalf of 20 of 60 (33 percent) children reviewed were not supported by adequate documentation and/or were not in compliance with DSS policies. Some attendance records were not provided by child care providers upon our request, some attendance records were not signed by the parent and/or provider, and some provider invoices did not agree to the corresponding attendance records. One provider billed for services provided approximately one week after the facility closed and the provider voluntarily relinquished its license. Three providers claimed absences on a day the center was closed for business after exhausting their annual allotment of holidays, allowing them to circumvent the limit on annual paid holidays. In addition for two payments, the provider submitted a paper invoice and the CD entered and/or calculated the payment incorrectly. Of these payments, five were for cases that also lacked eligibility documentation and were included in the questioned costs above. Payments for the remaining 15 cases totaled an additional $3,435. We question the federal share of $2,542 (74 percent).

During the fiscal year ended June 30, 2013, there was a lack of overall quality control for the Child Care program. The various errors noted above occurred because the DSS lacks sufficient controls to ensure eligibility determinations are accurate and payments are proper and adequately supported. At least three significant factors contributed to the weak control system including: limited supervisory review of child care eligibility determinations, failure to perform on-site contract compliance reviews of child care providers and minimal other procedures in place to review provider attendance records, and poor case management and document retention.

In response to deficiencies identified in previous audits, the DSS implemented new controls over eligibility determinations. Effective March 1, 2012, the DSS requires all FSD eligibility supervisors to review a minimum of three child care cases each month in the case review system. While the new procedures improve controls over eligibility determinations, there are no requirements for random case selection and only limited procedures to ensure the monthly case reviews are performed. In addition, eligibility reviews may not be sufficient to detect errors. The DSS performed eligibility reviews for the month eligibility was determined

on all 60 cases we selected, prior to providing the case files, and did not detect two ineligible cases questioned above.

The DSS needs to review and strengthen policies and procedures to ensure child care payments are made only on behalf of eligible clients, invoices agree to the corresponding attendance records, attendance records are complete, payments are in accordance with department policy, and appropriate child care services are authorized. These procedures should include sufficient monitoring of eligibility determinations and provider payments, and follow-up on errors identified. Complete and accurate case records are critical in properly administering the program.

Payments associated with known questioned costs represented approximately 38 percent of payments reviewed. If similar errors were made on the remaining population of child care payments, questioned costs could be significant.

B. Some payment edit checks in the FAMIS system are not operating effectively. As a result, some providers were paid for more than the authorized number of days or more than the allowed number of absences and/or holidays.

DSS officials indicated it is not uncommon to process multiple payments to a provider for a child during the same month, depending on the end date of the child's service authorization. The DSS paid child care providers multiple times for the same child and service month for about 12,600 children during state fiscal year 2013. To test the effectiveness of system controls intended to limit payment to the maximum authorized amount, we reviewed payments to child care providers made on behalf of 40 of these children. We selected one service month for each child and compared the amount invoiced and paid to the child's authorization. The DSS made multiple payments for these children because a child care authorization ended during the month and a new authorization period subsequently began that same month. We noted the following issues:

- For 4 of the 40 (10 percent) payments reviewed, the FAMIS system paid the provider for more than the child's authorized number of days for the calendar month. For example, the DSS paid one provider for 30 days of care for September 2012 when the child was only authorized for 22 days total. This occurred because the FAMIS system allowed 21 units for the authorization period that ended on September 21 and 9 units for the new authorization period that began on September 22. For two of the four payments, the provider submitted a paper invoice for the CD to enter, but the CD did not detect the invoiced days were in excess of the authorized amount when entering the payment.

- For 5 of the 40 (13 percent) payments reviewed, the FAMIS system paid the provider more than the allowed number of absences and/or holidays. For example, the DSS paid one provider for seven absences and one holiday in

May 2013 because the FAMIS system allowed up to five absences and/or holidays for the child's authorization period that ended on May 22 and also the new authorization period that began on May 23. Providers are limited to a maximum of three or five absences and holidays combined, per calendar month, depending on the child's authorized level of care.

System edit checks did not identify excess payments because the edit checks did not consider the entire calendar month and instead considered each authorization period separately. Overpayments due to the above identified system errors totaled $556. We question the federal share, or $411 (74 percent). Without adequate controls and procedures in place, including appropriate computer system edits, the DSS is unable to effectively prevent and detect improper payments.

WE RECOMMEND the DSS through the CD and FSD, resolve the questioned costs with the grantor agency and:

A. Review and strengthen policies and procedures regarding child care eligibility determinations, provider payments, and case record documentation and retention. These procedures should include sufficient monitoring of eligibility determinations and provider payments, and follow-up on errors identified.

B. Improve system controls to ensure payments are limited to authorized days and payments for absences and holidays are limited in accordance with policy.

AUDITEE'S RESPONSE

A. We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

B. We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2013-010.	**Child Care Provider Eligibility**

Federal Agency:	Department of Health and Human Services
Federal Program:	93.575 Child Care and Development Block Grant 2012 - G1201MOCCDF and 2013 - G1301MOCCDF 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 2012 - G1201MOCCDF and 2013 - G1301MOCCDF
State Agency:	Department of Social Services (DSS) - Children's Division (CD) and Family Support Division (FSD)
Questioned Costs:	$21,146

The DSS does not have adequate controls and procedures in place to ensure certain child care providers participating in the Child Care Development Fund (Child Care) subsidy program comply with statutory requirements for license-exempt status. By statute, child care providers are exempt from licensing requirements if they care for four or less unrelated children, known as "four-or-less" (FOL) registered providers. The DSS did not properly classify some children as unrelated or could not verify the relationship between some FOL providers and children in their care. During the year ended June 30, 2013, the DSS paid over 4,100 FOL child care providers approximately $24.4 million for child care services.

Child care providers must be licensed, or be exempt from licensure by statute, to participate in the program. FOL providers must sign a registration agreement attesting they understand the health and safety requirements of the program, will comply with such requirements, and will report true and accurate information. Once the provider registers with the DSS, clients participating in the Child Care subsidy program may request their children be authorized for care with the provider. The Child Care policy manual specifies the information the FSD eligibility specialist (ES) should review to verify the relationship between the children and the FOL providers. Examples specified include Missouri electronic birth records accessible via the Family Assistance Management Information System (FAMIS) eligibility and payment system, paper birth certificates for individuals born in other states, marriage licenses, and other documents. The policy does not specify that the ES is required to document how they perform verification procedures, though the policy indicates the ES may not accept the parent's statement as the only verification. The FAMIS system has built-in edits that only allow the ES to authorize a maximum of four unrelated children to a FOL provider at any given time. However, if the correct relationship code is not used, the edit will not prevent payment for more than four unrelated children.

We selected ten FOL providers paid during fiscal year 2013 and reviewed the relationship of all children listed as relatives and claimed for reimbursement during a selected month. The DSS paid each provider for 7 to 22 related and unrelated children for the month reviewed, 162 children in total. We asked the CD to verify the relationships using information available in FAMIS or available from the local FSD offices responsible for managing the cases.

For 8 of 10 (80 percent) providers reviewed, the relationships between some of the children and their providers could not be verified or the ES did not use the correct relationship code. The eligibility specialists entered a relationship code specifying the relationship as aunt for 9 of the 15 related and unrelated children for one provider and 3 of the 11 related and unrelated children for another provider. The providers are actually the great-aunt of the children and should be considered as unrelated persons based on the statutory and DSS policy definitions of a relative. For the remaining six providers, the eligibility specialists did not document how they originally verified the relationship, and the DSS was unable to confirm the relationship upon our request. As a result, these eight providers may have cared, and been paid by the DSS, for more than the four unrelated children allowed during the month tested. If so, these eight providers operated in

violation of state child care licensing laws and were ineligible for the program. The DSS paid these eight providers $28,576 during the month reviewed. We question the federal share of $21,146 (74 percent). If similar errors in the classification of relatives and inability to verify relationships were made for the remaining 1,050 FOL providers paid for more than four children, questioned costs could be significant.

An eligible provider for the Child Care program is defined by 45 CFR Section 98.20 as a provider for child care services for compensation that is licensed, regulated, or registered under applicable state or local law and satisfies state and local requirements, including health and safety requirements. Section 210.211.1, RSMo, states it is unlawful for any person to establish, maintain, or operate a child care facility without a valid license issued by the Missouri Department of Health and Senior Services unless the provider meets one of the listed exemptions. Section 210.211.1(1), RSMo, exempts from licensure any person who is caring for four or fewer unrelated children. Children related to the provider by blood, marriage, or adoption within the third degree are not considered in the total number of children being provided care.

Adequate documentation of the verification of a child's relationship to a FOL provider is necessary to ensure compliance with DSS policy and state law. In addition, documentation would allow supervisors to better review relationship determinations for children authorized to FOL providers.

WE RECOMMEND the DSS, through the CD, resolve questioned costs with the grantor agency and improve controls and procedures to ensure child care providers participating in the subsidy program are in compliance with state licensing requirements. These procedures should include maintaining adequate documentation to demonstrate verification of a child's relationship to the provider at the time of authorization.

AUDITEE'S RESPONSE

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

2013-011.	**Foster Care Payment Coding**

Federal Agency:	Department of Health and Human Services
Federal Program:	93.658 Foster Care - Title IV-E 2012 - G1201MO1401 and 2013 - G1301MO1401 93.659 Adoption Assistance 2012 - G1201MO1407 and 2013 - G1301MO1407
State Agency:	Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS) and Children's Division (CD)
Questioned Costs:	$1,146,008

DSS controls and procedures over the establishment and monitoring of assigned accounting system coding for assistance payments are inadequate. Coding errors occurred and went undetected, and as a result, some payments to residential facilities were incorrectly allocated to the Adoption Assistance program instead of the Foster Care program. These costs are not allowable expenditures for the Adoption Assistance program.

The DSS contracts with residential facilities to provide room, board, and supervision for children in state custody. Several times each month, the DFAS processes payments to residential facilities from the Family and Children's Electronic System (FACES). Personnel in the DFAS Accounts Payable Unit enter the total of the payments into the statewide accounting system (SAM II) using predetermined coding that designates how the expenditures will be allocated to federal programs. FACES payment information is included in a report identifying FACES expenditure totals by type of service and FACES fund code. The FACES fund code denotes the child's eligibility for various federal programs and the types of services paid. For example, FACES fund code 22 is assigned to a child in a residential facility placement that is eligible for the Foster Care program. The appropriate related SAM II coding designates the expenditures as eligible to claim for the federal Foster Care program.

DFAS and CD personnel establish how FACES payments should be coded in SAM II and create the coding template used by DFAS Accounts Payable Unit staff. CD officials indicated the established SAM II coding is updated as needed if there are significant changes to FACES coding or federal program provisions. However, there is no documented supervisory review of established coding or coding changes to ensure the accuracy of coding used or changes made. According to DFAS officials, DFAS and CD personnel discussed coding of residential facility payments (fund code 22) at a meeting in October 2011. The DFAS employee responsible for updating the established SAM II coding misinterpreted comments made during the meeting and changed the designated SAM II coding to an Adoption Assistance program code. As a result, FACES fund code 22 payments were incorrectly coded in SAM II to the Adoption Assistance program rather than the Foster Care program, and subsequently claimed incorrectly as Adoption Assistance program expenditures on federal reports. To be an allowable Adoption Assistance program cost, the payments would have to be made on behalf of legally adopted children for whom the DSS has a signed Adoption Subsidy agreement pursuant to 42 USC 673 and 45 CFR Section 1356.40. Payments for children coded to FACES fund code 22 would not meet these requirements.

Since October 2011, the DSS incorrectly claimed $3,857,991 in residential facility payments to the Adoption Assistance program ($2,408,911 federal share), including $1,850,490 for the year ended June 30, 2013. We question the federal share of fiscal year 2013 payments claimed incorrectly, or $1,146,008 (61.93 percent). We notified DSS officials of the apparent coding error in September 2013. DSS officials agreed and made changes at that time to correct future coding. Additionally, the DFAS determined the dollar amount of claiming errors for state fiscal years 2012, 2013, and the first quarter of

state fiscal year 2014. The DFAS has since processed adjustments to correct erroneous claims made between January 1, 2012 and September 30, 2013.

SAM II coding established by CD and DFAS personnel dictates how the majority of payments made on behalf of foster and adoptive children through the FACES system are claimed for federal reimbursement. However, there is no periodic supervisory review of the established coding or the coding templates used by DFAS Accounts Payable Unit staff. The lack of review allowed the above errors to go undetected by the DSS. Good internal controls require adequate procedures to ensure amounts charged to federal programs are accurate. Without proper controls to periodically review the SAM II coding, the DSS cannot ensure only allowable costs are charged to the various federal programs.

WE RECOMMEND the DSS, through the CD and the DFAS, resolve questioned costs with the grantor agency and develop controls and procedures to ensure appropriate coding is established and expenditures are claimed to the appropriate federal program. Controls and procedures should include a periodic supervisory review of coding.

AUDITEE'S RESPONSE

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

2013-012.	**Foster Care Cost Allocation Procedures**

Federal Agency:	Department of Health and Human Services
Federal Program:	93.658 Foster Care - Title IV-E 2012 - G1201MO1401 and 2013 - G1301MO1401
State Agency:	Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)
Questioned Costs:	$30,143

DFAS controls and procedures over the allocation and calculation of the federal portion of costs for the Title IV-E Foster Care program need improvement and as a result, errors were not prevented and/or detected. The DFAS claimed some federal costs at an incorrect rate.

The DFAS has procedures to identify, measure, and allocate all costs to the programs administered by the department. Costs are allocated quarterly using comprehensive cost allocation spreadsheets. The spreadsheets contain formulas to apportion costs to the various programs to determine amounts to be claimed for reimbursement on federal financial reports. As part of this process, the DSS calculates the federal portion of Title IV-E Foster Care expenditures by first calculating the federally eligible expenditures and then applying the appropriate federal financial participation (FFP)

rates to these expenditures based on the following expenditure types: assistance; training; or administrative. For training and some administrative expenditures, the DSS calculates the federally eligible expenditures by multiplying the total expenditure amount by the percentage of federally eligible children in foster care (approximately 66 percent in state fiscal year 2013). DFAS personnel perform supervisory reviews of the cost allocation spreadsheets, but do not document their reviews or specifically review FFP percentages applied to expenditures.

The DSS contracts with four state universities to provide educational assistance to students preparing for a Master's Degree in Social Work (MSW) and reimburses the universities for both direct and indirect costs. An audit performed by the Department of Health and Human Services (DHHS) - Office of Inspector General (OIG), *Review of the Missouri Department of Social Services Claim for Title IV-E Training Costs for Long-Term Training*, released in February 2010, noted the DSS incorrectly claimed indirect costs related to the MSW program contracts at the 75 percent enhanced training FFP rate rather than the 50 percent administrative FFP rate.

In response to the OIG audit, the DSS created two reporting category codes in the statewide accounting system during state fiscal year 2011 to separately identify the direct and indirect portion of the MSW payments. While the amounts were separately identified in the accounting system, DFAS personnel improperly combined these amounts on the cost allocation spreadsheets during the first three quarters of state fiscal year 2013. DFAS personnel calculated the federal portion by multiplying the federally eligible expenditure amount by the enhanced training FFP rate. As a result, the DSS incorrectly claimed MSW contract indirect costs at the 75 percent enhanced training FFP rate rather than the 50 percent administrative FFP rate. The incorrect calculations involved indirect costs totaling approximately $183,000 reimbursed to the universities. We question $30,143, the amount of federal costs claimed in excess of the appropriate federal share.

After our review, the DFAS Fiscal and Administrative Manager revised the cost allocation spreadsheet to separately calculate the FFP for MSW indirect costs for the fourth quarter of state fiscal year 2013. For the errors noted above, correcting adjustments were included on the Title IV-E Foster Care federal financial report filed for the quarter ended June 30, 2013. The Fiscal and Administrative Manager, who reviews the cost allocation spreadsheets, stated she was aware the DSS created separate reporting category codes but was unaware why this change occurred and the need to use different FFP percentages for the direct and indirect MSW costs.

According to 45 CFR Section 1356.60(b)(3) and 42 USC 674(a)(3)(A), costs for short-term and long-term training at educational institutions and in-service training may be claimed at the enhanced 75 percent FFP rate for training of personnel employed by or preparing for employment with the state agency. The DHHS - Departmental Appeals Board (DAB) issued DAB No. 2159 in 2008 stating the enhanced rate is not available for indirect costs that were developed from cost pools consisting of both allowable training costs and other administrative costs.

Good internal controls require adequate procedures to ensure the federal portion of expenditures is correctly calculated by applying the appropriate FFP rate in cost allocation spreadsheets. Inadequate supervisory reviews of the spreadsheets could hinder the ability to manage federal funds effectively and to comply with federal regulations.

WE RECOMMEND the DSS, through the DFAS, resolve questioned costs with the grantor agency and implement controls to ensure indirect costs are claimed at the proper federal financial participation rate. These procedures should include a detailed and documented supervisory review of cost allocation spreadsheets.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2013-013. Foster Care Residential Facility Training Reimbursements

Federal Agency:	Department of Health and Human Services
Federal Program:	93.658 Foster Care - Title IV-E 2012 - G1201MO1401 and 2013 - G1301MO1401
State Agency:	Department of Social Services (DSS) - Children's Division (CD)
Questioned Costs:	$17,055

As noted in two previous audit reports, the CD has not established sufficient procedures to monitor residential facility training reimbursements. As a result, reimbursements to these facilities continue to be unsupported and/or unallowable.

Residential facilities provide specialized care for children who need more structure and intervention than a foster home can provide. The DSS contracts with 29 of the 75 residential facility operators to reimburse part of the costs of training facility staff. The contracts outline specific allowable and unallowable training activities as provided by federal regulations and guidelines. Facilities must submit a training report of total claims for reimbursement by type including travel, salaries, and materials.

The DSS reimburses the residential facilities a percentage of training costs claimed, based on an allocation methodology outlined in the contracts. During state fiscal year 2013, this percentage was approximately 60 percent in the first quarter and a portion of the second quarter, and approximately 65 percent for the remainder of the fiscal year. Training reimbursements to the facilities totaled approximately $315,000 during fiscal year 2013.

In response to Report No. 2011-11, *State of Missouri, Single Audit, Year Ended June 30, 2010*, issued in March 2011, finding number 2010-19, the DSS sent a letter to residential facilities to inform them of the need to clearly document training expenses and provide

rationale that shows the expenditures meet Foster Care program requirements for allowability. The DSS requires contractors to classify all training courses under one of the sixteen allowable Foster Care program topics described in Section 8.1h of the Department of Health and Human Services, Administration of Children and Families Child Welfare Manual. Contractors must also provide written rationale or justification for Foster Care reimbursement of the course costs. However, the CD review procedures are still not sufficient to prevent and/or detect some unsupported and/or unallowable reimbursements.

We reviewed selected training reports and supporting documentation for reimbursements made to eight residential facilities during fiscal year 2013. Of the $72,334 in reimbursements reviewed, payments totaling $22,741 (31 percent) were unsupported and/or unallowable, of which we question $17,055 claimed as the 75 percent federal share.

Some training reports and supporting documentation were not sufficient to show the training and related costs were for allowable Foster Care training activities. Examples of these costs include salaries and benefits, travel expenses, conference registration fees, and professional memberships. DSS residential training contracts do not require the facilities to submit documentation supporting the training costs claimed. We noted most facilities attached various types of supporting documentation including invoices, receipts, programs or agendas, and attendance logs to the training reports; however, the level of detail and overall organization of the documentation varied. For example, one facility only submitted a credit card invoice to support a lodging expense while other facilities submitted the original lodging invoice which included the room rate, arrival and departure dates, and other applicable charges. OMB Circular A-87, Attachment A, Section C.1.j states costs must be adequately documented to be allowable.

In addition, some training activities reimbursed appeared unallowable. For example, one facility was reimbursed for staff to attend regular administrative staff meetings. The CD reimbursed another facility for unallowable expenses incurred while attending an out-of-state conference. These questionable expenditures included sponsorship of a conference refreshment break, travel expenses for non-facility employees, lodging and meal expenses for days before and after the conference, and the purchase of alcoholic beverages and souvenirs. The CD reimbursed a third facility for lodging expenses which exceeded the maximum amount allowed by state travel policy. The residential facility contract prohibits these unallowable costs and requires each facility to abide by the current State of Missouri Travel Regulations published by the Office of Administration, which specify the maximum reimbursable amount for meals, lodging, and mileage. Training activities must be closely related to one of the examples cited in 45 CFR Section 1356.60; however, these training activities do not appear reimbursable under this guidance.

The reimbursements we reviewed contained no indication CD staff requested additional information or documentation supporting the training costs claimed. Without sufficient monitoring procedures and adequate supporting documentation, the CD cannot ensure

residential facility training costs claimed are for allowable Foster Care activities. The CD should ensure training activities are in compliance with federal regulations, and supported by sufficient documentation.

WE RECOMMEND the DSS, through the CD, resolve questioned costs with the grantor agency and improve residential facility monitoring procedures to ensure training costs reimbursed are for allowable activities outlined in federal regulations and are adequately supported.

AUDITEE'S RESPONSE

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

2013-014.	**Section 1512 Reporting**

Federal Agency: Department of Health and Human Services
Federal Program: 93.719 ARRA - State Grants to Promote Health Information Technology
2009 - 90HT001201
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

The DSS did not report the identity of vendors paid by the subrecipient for the ARRA - Health Information Technology (HIT) program as required for Section 1512 reporting. The DSS passes through the majority of HIT funds to a single subrecipient, the Missouri Health Connection (MHC). During state fiscal year 2013, the DSS disbursed approximately $3.7 million in ARRA funds to the MHC.

Section 1512 of the ARRA requires comprehensive reporting for certain ARRA awards to promote transparency and accountability over the use of such funds. This section requires various data elements to be reported on a quarterly basis by prime recipients detailing the use of ARRA funds including the total grant award, the amount received and expended, and certain elements for vendor payments and subawards. Additionally, prime recipients are required to report on planned projects and activities, including the status of project completion and an estimate of direct jobs created or retained. Prime recipients may solicit information for some data elements from subrecipients and vendors to help meet Section 1512 reporting requirements. For any payments greater than $25,000, the subrecipient must report the identity of the vendor. In some cases, prime recipients may delegate certain direct reporting duties to their subrecipients, although the state of Missouri, as the prime recipient of these funds, has not delegated such responsibilities.

On a quarterly basis, the MHC submits required information to the DFAS such as jobs created and the status of the project; however, the MHC does not submit detailed

expenditure data, including payments to vendors in excess of $25,000. DFAS personnel combine the amount disbursed to the MHC during the quarter with information submitted by the MHC and enter the information into the state's Section 1512 reporting system (STIM 360). However, payments from the MHC to vendors exceeding $25,000 were not reported to the DSS and subsequently were not included in Section 1512 reports as required. The DFAS employee responsible for entering data into Section 1512 reports indicated she was not aware of this requirement.

The MHC prepared a narrative budget for the program's four-year project period. The budget narrative indicates the MHC planned to spend approximately $7.4 million, or 48 percent of the total budgeted expenditures, on contractual expenses throughout the project period. Based on budgeted expenditures, it appears the MHC routinely processes payments to vendors exceeding $25,000; however, the number of vendors this includes is unknown because the DSS does not require the MHC to report, and the MHC does not report, detailed expenditure information.

OMB Memorandum M09-21 states the DSS, as prime recipient, is ultimately responsible for the reporting of all data required by Section 1512 of the ARRA. Additionally, the prime recipients, as owners of the data submitted, have principal responsibility for the quality of the information submitted.

The HIT program ended on February 7, 2014. Public Law 113-76 Section 627(b) repealed Section 1512 reporting effective February 1, 2014; however, previously filed reports may need to be amended to reflect data elements required but not reported.

WE RECOMMEND the DSS, through the DFAS, work with the grantor agency to determine if Section 1512 reports should be amended to reflect the required data elements not previously reported.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2013-015. Eligibility and TANF Assistance Payments

Federal Agency:	Department of Health and Human Services
Federal Program:	93.558 Temporary Assistance for Needy Families 2012 - G1202MOTANF and 2013 - G1302MOTANF
State Agency:	Department of Social Services (DSS) - Family Support Division (FSD)
Questioned Costs:	$3,451

The FSD did not act promptly or properly on information affecting recipients' eligibility and did not maintain complete eligibility documentation for one Temporary Assistance

for Needy Families (TANF) recipient reviewed. In addition, the FSD did not impose sanctions on some recipients who failed to cooperate with Child Support Enforcement (CSE) procedures. During the state fiscal year ended June 30, 2013, the DSS expended federal funding of about $181 million for the TANF program, including about $87 million in basic assistance payments to families. Similar conditions were noted in our prior two audits.

A. The FSD paid TANF benefits to some recipients who may not have been eligible or were ineligible for the full amount of TANF payments received. We sampled 60 recipients, with payments totaling $102,855 for the year ended June 30, 2013, and noted concerns with 5 (8 percent) of the recipients tested. The purpose of the test was to determine whether proper eligibility determinations were made, and whether payments were calculated in accordance with program requirements, including obtaining any required documentation. Our test disclosed the following:

- The FSD identified unreported income or other changed circumstances for four recipients tested and took action to close the cases; however, the FSD did not establish claims for recoupment of the improper benefits until we inquired about these cases. The FSD determined improper benefits for these cases totaled $1,405. We question the amount of the improper benefits identified totaling $1,405 (100 percent federal share).

  Under 45 CFR Section 206.10, an individual's eligibility must be reconsidered or redetermined: (1) when required on the basis of information the agency has obtained previously about anticipated changes in the individual's situation; (2) promptly, after a report is obtained which indicates changes in the individual's circumstances that may affect the amount of assistance to which he is entitled or may make him ineligible; and (3) periodically, within agency established time standards, but not less frequently than every 12 months for certain other eligibility factors subject to change. Additionally, prompt determination of overpayments and establishment of claims are necessary since amounts recovered offset future program costs.

- The FSD did not maintain adequate documentation for one recipient tested. The recipient's assistance application/eligibility statement and system-generated interview summary were printed in January 2013, but not signed by the recipient until August 2013, after we requested the case file. The recipient began receiving benefits in February 2013. The assistance application/eligibility statement and interview summary contain questions concerning income, reasons for need, and required federal prohibitions and requirements, and must be promptly signed by the applicant certifying compliance with the requirements and attesting to the accuracy of the information provided.

  Under 45 CFR Section 206.10(a)(1)(ii), applications for program participation must be in writing on an agency prescribed form and signed by the applicant

or an appropriate representative. In addition, 45 CFR Section 205.60(a) requires the agency to maintain records for the proper and efficient operation of the plan, including records regarding applications, determination of eligibility, the provision of financial assistance, and other pertinent information obtained.

Because the FSD did not maintain required case file documentation, it could not ensure or demonstrate compliance with federal requirements related to eligibility for the TANF program. Payments made for this recipient during the year ended June 30, 2013, totaled $920, for which we question the entire amount (100 percent federal share).

B. The FSD did not act upon some notices of non-cooperation from the CSE Unit to sanction recipients, and the CSE Unit did not always notify the FSD of non-cooperating clients. We obtained a listing of CSE cases flagged in the child support case management system for non-cooperation during the year ended June 30, 2013, and matched it against a listing of TANF cases. There were 2,808 TANF cases flagged for non-cooperation, with payments totaling more than $5.3 million during the fiscal year ended June 30, 2013. We tested 60 of these TANF recipients to determine whether the FSD was properly sanctioning recipients who were not cooperating with CSE procedures. TANF payments for the fiscal year for the 60 recipients totaled about $114,000. For 30 of the 60 recipients (50 percent) tested, either the CSE Unit did not promptly notify the FSD of the non-cooperation or the FSD did not act to sanction the recipient upon notification.

- The CSE Unit did not properly notify the FSD of 18 non-cooperating clients tested. When non-cooperation occurs, the CSE Unit is to alert the FSD eligibility specialist via email comments or by sending a notice of non-cooperation form. For two cases, the notifications occurred about 5 months and 2 months after the non-cooperation began, delaying the imposition of sanctions, resulting in overpayments totaling $438 during the year ended June 30, 2013. For 16 cases, neither the FSD nor the CSE Unit had documentation the FSD had received a notice of non-cooperation. No notification was sent for 12 of the 16 cases because, according to a CSE official, there was no active TANF case at the time of the non-cooperation (10 cases), the custodial parent was excluded from the TANF household (1 case), and the custodial parent was homeless (1 case). Of the remaining 4 cases, another sanction was already in place on 3 cases and no explanation for non-notification was apparent on the other case. For 1 of the 10 cases with no active TANF case during non-cooperation, the recipient subsequently began receiving benefits and sanctions were not imposed, resulting in overpayments totaling $212 during the year ended June 30, 2013. As a result of the failure of the CSE Unit to notify the FSD of non-cooperation, sanctions were not entered or not entered timely into the Family Assistance Management Information System (FAMIS) system. We question the federal share of overpayments totaling $650 (100 percent federal share).

- The FSD did not sanction 12 recipients when notified of referral for non-cooperation. For two recipients, the active TANF case was not sanctioned by the FSD, resulting in overpayments totaling $336 during the year ended June 30, 2013. The TANF cases for the other 10 recipients were inactive when the notifications were received, and consequently the FSD entered no sanctions for non-cooperation in the FAMIS system. As a result, no sanctions would be in effect if the cases were later re-activated. For 2 of these 10 cases, the recipient subsequently began receiving benefits with no sanctions imposed, resulting in overpayments totaling $140 during the year ended June 30, 2013. We question the federal share of overpayments, totaling $476 (100 percent federal share).

Under 45 CFR Section 264.30, the FSD must refer to the CSE Unit all appropriate individuals in the family of a child for whom paternity has not been established or for whom a child support order needs to be established, modified, or enforced. Referred individuals must cooperate in establishing paternity and in establishing, modifying, or enforcing a support order with respect to the child. If the CSE Unit determines an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the CSE Unit, the FSD, or federal law, the CSE Unit must notify the FSD promptly. The FSD must then take appropriate action by either deducting an amount equal to at least 25 percent from the TANF assistance that would otherwise be provided to the family of the individual or denying the family assistance entirely. The DSS has determined the sanction will be 25 percent of the assistance amount. Additionally, 13 CSR 40-2.330 requires sanctions for applicants and recipients of TANF assistance who are not cooperating with the CSE Unit. It appears applicants who have failed to cooperate in the past should be sanctioned upon re-opening of their TANF cases unless or until they begin cooperating as required.

The FSD and the CSE Unit did not have a system to track cases requiring notification of non-cooperation and ensuring the notifications were sent and received. As a result, the FSD could not ensure or demonstrate compliance with federal requirements related to sanctioning of recipients who were not cooperating with CSE program requirements. Notifications should be sent and sanctions entered on all non-cooperating cases, including inactive cases and cases sanctioned for other reasons, so the sanction can be applied if the TANF case becomes active or the other sanctions expire. Effective July 2012, the FSD began requiring the eligibility specialists maintain a log for tracking requests for sanction and notating when the sanctions were added to FAMIS, and in April 2013 the FSD began requiring the CSE Unit notify both the eligibility specialist and the eligibility specialist's supervisor by email of requests for sanction and notify the eligibility specialist even when other sanctions are in place. However, our review indicates these procedures were not effective in ensuring compliance.

WE RECOMMEND the FSD resolve the questioned costs with the grantor agency and:

A. Strengthen controls to ensure proper and timely action is taken regarding the recoupment of overpayments. In addition, the FSD should maintain required eligibility documentation in all case files.

B. Develop additional controls to ensure sanctions are imposed on TANF recipients who fail to cooperate with CSE program requirements.

AUDITEE'S RESPONSE

A. We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

B. We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

2013-016. TANF Work Participation and Sanctions

Federal Agency:	Department of Health and Human Services
Federal Program:	93.558 Temporary Assistance for Needy Families 2012 - G1202MOTANF and 2013 - G1302MOTANF
State Agency:	Department of Social Services (DSS) - Family Support Division (FSD)
Questioned costs:	$612

The FSD did not have adequate controls in place to ensure compliance with the Temporary Assistance for Needy Families (TANF) Work Verification Plan in effect for state fiscal year 2013 and, as a result, the FSD has less assurance the data used to calculate the work participation rate is accurate. In addition, controls were not adequate to ensure recipients were sanctioned when they were not in compliance with federal and state requirements.

The FSD contracted with 10 community organizations for the 19 regions in the Missouri Work Assistance (MWA) program to perform many of the required TANF work activity functions. These duties include case management, enrollment and assistance to TANF recipients who are required to participate in eligible work activities, and reporting recipient noncompliance and hours of participation to the FSD. Payments to the contracted community organizations for the MWA program totaled about $14.1 million during the year ended June 30, 2013.

The FSD has adopted procedures to monitor the performance of the MWA contractors for compliance with the Work Verification Plan policies and procedures. Those procedures include periodic reviews of 3 to 5 percent of cases for proper handling, and quarterly

testing of a sample of cases with no recorded hours of work activity for proper sanctioning. The FSD has also provided training to the MWA contractors based on the case testing results. Additionally, during state fiscal year 2013, the FSD and the Division of Finance and Administration performed on-site reviews at three of the MWA contractors. However, our review indicates monitoring activities and training were not effective in ensuring adequate contractor compliance. As a result, the FSD did not ensure MWA contractors complied with the state Work Verification Plan and policies for reporting recipients who do not comply with work requirements.

Under 45 CFR Section 265.3, states are required to submit quarterly TANF Data Reports which provide information regarding TANF recipients and work activities. The Department of Health and Human Services, Administration for Children and Families uses the TANF Data Reports to calculate the state work participation rate each fiscal year. In addition, under 45 CFR Section 261.62, the FSD is required to have a Work Verification Plan which includes requirements to maintain adequate documentation, verification, and internal control procedures to ensure the accuracy of the data used in calculating work participation rates. In doing so, the FSD must have in place procedures to identify TANF recipients who are work-eligible, identify work activities that may count for work participation rate purposes, determine how to count and verify reported hours of work, and control internal data transmission and accuracy.

A. The FSD was not in compliance with certain work activity reporting requirements contained in the Work Verification Plan in effect for state fiscal year 2013. A similar condition was noted in our prior three audit reports.

   We obtained a February 2013 listing of those TANF recipients referred to the MWA contractors which included data on the status of each recipient's compliance with the work participation requirements and number of hours of participation in the various work related activities. Of the 20,913 TANF recipients included in the report, 4,401 recipients had at least an hour of work activity reported. We selected 60 recipients with reported work activity for testing and obtained their case files. We noted for 20 (33 percent) of the cases tested, the work participation hours were either not documented, not verified, and/or not reported correctly in accordance with the Work Verification Plan. In two instances, the errors led to incorrectly reporting the recipient as meeting or not meeting the work participation requirements. These errors offset and resulted in no net misstatement to the work participation compliance rate for this group of 60 individuals. However, our test results indicate there are a significant number of cases for which the reported work participation hours are not accurate and as a result, the FSD has less assurance the state's work participation rate requirement is being met.

   The failure to maintain adequate controls to ensure accurate data is reported for measurement of work participation could result in a penalty, under 45 CFR Section 261.65, of not less than 1 percent and not more than 5 percent of the annual grant amount.

B. The FSD did not have adequate procedures in place to ensure MWA contractors notified the FSD when TANF recipients failed to meet work participation requirements or ensure timely investigation of notices from MWA contractors of incorrect addresses for recipients. As a result, many TANF recipients who failed to meet work participation requirements were not sanctioned and continued to receive full benefits. A similar condition was noted in our prior two audit reports.

Of 20,913 individuals on the February 2013 listing of TANF recipients referred to the MWA contractors, there were 16,512 recipients for which no work activities were reported. About 3,300 of these recipients were not subject to sanction due to various allowable waivers and exemptions, leaving about 13,200 recipients who were not participating in work activities and subject to sanction. We sampled 60 of the 13,200 cases and noted 9 (15 percent) of the recipients were not appropriately sanctioned for non-compliance with work participation requirements. Twenty-five recipients were appropriately sanctioned and the remainder were not subject to sanction during February 2013 due to various reasons, such as the recipient began participation or the FSD or recipient closed the case. The DSS has established the sanction at 25 percent of the monthly benefit amount. We question the amount of the sanctions that were not imposed on these 9 recipients for the month of February 2013, which totaled $612 (100 percent federal share).

For the cases with errors, MWA program contractors had multiple contacts with the recipients to get them engaged with the program and/or to reschedule missed appointments. However, the contractors did not timely place the recipients in conciliation or report them to the FSD to begin the sanctioning process. In 2 instances, the FSD did not act upon notification from the MWA contractor of an incorrect address for the recipient.

Under 45 CFR Section 261.14, for an individual who refuses to engage in work required under Section 407 of the Social Security Act, the state must reduce or terminate the amount of assistance payable to the family, subject to any good cause or other exceptions the state may establish. The state has determined the sanction shall be 25 percent of the monthly benefit. A state that fails to impose penalties on individuals in accordance with the provisions of Section 407(e) of the Social Security Act may be subject to penalty. Under 45 CFR Section 261.54, the federal agency may impose a penalty amount for a fiscal year of no less than 1 percent and no more than 5 percent of the annual grant amount.

The failure to maintain adequate controls to ensure recipients who are not in compliance with the work requirements are appropriately sanctioned has resulted in overpayment of benefits totaling $612.

In 2010 and 2011, the Department of Health and Human Services, Administration for Children and Families (ACF) determined the state did not meet the overall work participation rates for federal fiscal years 2008 and 2009 and indicated the state was

subject to potential penalties totaling $44.4 million. The DSS appealed the ACF's determinations and the matter is currently pending the DSS's development of a corrective action plan. In 2013, the ACF determined the state met the overall work participation rate for federal fiscal year 2010. Failure to comply with the requirements regarding data accuracy and imposition of sanctions for failure to meet work requirements increases the risk additional penalties may be imposed.

WE RECOMMEND the FSD:

A. Develop additional controls to ensure work activities are adequately documented, verified, and reported in accordance with the FSD Work Verification Plan.

B. Develop additional controls to ensure TANF recipients failing to meet work participation requirements are sanctioned as required. In addition, the FSD should resolve the questioned costs with the grantor agency.

AUDITEE'S RESPONSE

We partially agree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the findings.

2013-017.	**Child Support Enforcement**

Federal Agency:	Department of Health and Human Services
Federal Program:	93.563 Child Support Enforcement 2012 - G1204MO4005 and 2013 - G1304MO4005
State Agency:	Department of Social Services (DSS) - Family Support Division (FSD) - Child Support Enforcement (CSE) and Division of Finance and Administrative Services (DFAS)
Questioned Costs:	$307,569

The FSD did not identify unallowable personnel severance costs included in a reimbursement request from one county providing child support services. In addition, the DFAS did not properly record costs for one vendor invoice resulting in unallowable costs charged to the program. During the year ended June 30, 2013, the federal share of CSE expenditures totaled about $60 million.

A. The FSD reimbursed unallowable personnel severance costs totaling $200,960 to one county providing child support services. The FSD failed to identify the unallowable costs included on the county's invoice for October 2012 and did not require the county provide supporting documentation for the unusually large amount of personnel costs claimed for some employees.

The county's invoice listed each employee and his/her monthly salary, including additional compensation for leave paid upon termination and employer-paid fringe benefits. The monthly salary expense listed for 15 employees, excluding the unit director, ranged from over $8,100 to $41,806 per employee. The monthly salaries listed for the other 41 employees only ranged from about $2,000 for a clerk to about $8,200 for the unit director. After our inquiries about the increased costs, the CSE Unit requested the county prosecutor's child support office provide an explanation. An official in that county prosecutor's office indicated, in response to significant funding cuts imposed by the DSS, the county offered employees a voluntary retirement/resignation incentive program not normally provided to county employees. Under the incentive program, county employees could receive severance pay equal to their base salary for 6 weeks to 14 weeks, depending on their years of service. The county billed the FSD severance costs totaling $200,960 for all 15 employees electing to participate. The FSD approved and paid the entire claim for reimbursement. An FSD official indicated the FSD was generally aware the county planned to reduce its workforce and provide severance pay to employees, but the FSD did not require documentation explaining the severance costs or addressing the allowability of those costs for reimbursement by the CSE program.

OMB Circular A-87 Appendix B, Section 8.g(3) states abnormal or mass severance pay will be considered on a case-by-case basis and is allowable only if approved by the cognizant federal agency. Neither the county, the county child support office, nor the FSD obtained the required approval. An FSD official indicated four other counties similarly terminated employees due to funding cuts, but none of those counties billed the CSE program for severance payments. We question the amounts reimbursed for personnel costs for the 15 employees totaling $200,960 (100 percent federal share).

B. The DFAS incorrectly recorded costs from one vendor invoice for call center services provided in February 2013. While the correct allocation of service costs for the CSE and Income Maintenance (IM) programs was noted on the invoice, the DFAS entered incorrect amounts into the state's accounting system (SAM II) and federal reports, resulting in $106,609 being improperly overcharged to the CSE program rather than allocated to various IM programs. DFAS procedures and controls for review, approval, and processing of payments did not prevent or detect the error. Since these costs were not valid costs of the CSE program, we question the unallowable costs totaling $106,609 (100 percent federal share).

WE RECOMMEND the DSS, through the FSD and DFAS, resolve the questioned costs with the grantor agency and develop additional controls to:

A. Ensure costs are allowable and adequate documentation is maintained prior to issuing payment.

B. Ensure costs are properly allocated to federal programs and recorded in the state accounting system.

AUDITEE'S RESPONSE

We partially agree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the findings.

2013-018.	**Pharmacy Dispensing Fees**

Federal Agency:	Department of Health and Human Services
Federal Program:	93.767 Children's Health Insurance Program 2011 - 1105MO5021 and 2012 - 1205MO5021 93.778 Medical Assistance Program 2012 - 1205MO5MAP and 1205MO5ADM 2013 - 1305MO5MAP and 1305MO5ADM
State Agency:	Department of Social Services (DSS) - MO HealthNet Division (MHD)
Questioned Costs:	$6,102,152

The MHD has periodically changed the rate paid pharmacies for dispensing prescription drugs under the Medical Assistance Program and the Children's Health Insurance Program (CHIP); however, the state regulation authorizing these dispensing fees has not been updated since 1988. The Medical Assistance Program, also known as Medicaid, and the CHIP are administered by the MHD under the federally approved Medicaid and CHIP State Plans.

In addition to paying pharmacies for the cost of each prescribed drug, the MHD also pays pharmacies a base fee of $4.84 for dispensing each participant's prescription. However, this dispensing fee is higher than the $3 established under 13 CSR 70-20.060(1). In addition, in 1991 the DSS, as part of a settlement agreement, agreed to increase the Medicaid pharmacy dispensing fee to $4.09 per prescription. While the payment amount was increased as required by the agreement, neither the State Plan nor the CSRs were updated to reflect this amount. The State Plan was updated to add general wording indicating the state would pay the applicable fee at the time the prescription is filled, but again, no specific dollar amount was noted.

Federal regulation 42 CFR Section 431.10(b)(2) requires the state to establish the legal authority for the Medicaid agency to administer the Medicaid State Plan, including making rules and regulations to follow in administering the plan. In accordance with this CFR, the Medicaid State Plan lists the various statutes allowing the DSS to establish rules and regulations to administer the plan. The MHD has created CSRs, such as the one mentioned above, to administer the Medicaid program. However, failure to update the

related regulations when fee structures are changed causes the MHD to be noncompliant with its own regulations in administering the Medicaid State Plan.

The MHD paid pharmacies base dispensing fees totaling $63,037,007 during the year ended June 30, 2013. Had the dispensing fees been paid in accordance with the 1991 settlement agreement, the fees would have totaled $53,268,876, a difference of $9,768,131. We question the federal share of the increased payments, or $6,102,152 (62.47 percent).

Similar findings were included in our two prior audit reports. Subsequent to the audit period, MHD personnel took action to update state regulations in response to our recommendations. The proposed rule to update state regulations was published on November 1, 2013, and became effective December 30, 2013.

WE RECOMMEND the MHD resolve questioned costs with the grantor agency and ensure any future increases in payment rates are included in state regulations.

AUDITEE'S RESPONSE

We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

2013-019.	**Cash Receipt Controls**

Federal Agency:	Department of Health and Human Services
Federal Program:	93.767 Children's Health Insurance Program 2011 - 1105MO5021 and 2012 - 1205MO5021 93.778 Medical Assistance Program 2012 - 1205MO5MAP and 1205MO5ADM 2013 - 1305MO5MAP and 1305MO5ADM
State Agency:	Department of Social Services (DSS) - MO HealthNet Division (MHD)

The MHD does not have adequate controls in place to ensure the proper management of cash receipts handled by the division, which totaled approximately $615 million during the year ended June 30, 2013. These receipts include monies received from participants, providers, and insurance companies for items such as premiums, reimbursements, and taxes related to the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP), which are administered by the MHD.

A. The MHD does not restrictively endorse checks and money orders immediately upon receipt or deposit receipts in a timely manner. Restrictive endorsement is not applied until the receipt has been posted to accounts receivable and is ready for deposit. During a count of undeposited items on August 29, 2013, we identified 697 checks and money orders totaling $263,216 which were not deposited within

eight calendar days of receipt. Thirteen receipts totaling $2,466 ranged in date from April 14, 2008 to August 29, 2012, and had been held for a year or longer. Some of the items may no longer be accepted by a bank for deposit. Although a report listing undeposited checks and money orders is reconciled weekly to monies in the safe, there is no follow-up review of receipts held for a significant length of time. Failure to restrictively endorse checks and money orders immediately upon receipt and to deposit receipts in a timely manner increases the risk of misappropriation.

B. The MHD did not adequately restrict user access within the cash receipts and accounts receivable modules of the Medicaid Management Information System (MMIS), an internal MHD accounting system. Our review identified seven employees that had the ability to record receipts and update or close the related accounts receivable in the MMIS, which increases the risk of misappropriation. Proper segregation of duties for user access in the MMIS should separate duties involving custody of assets, authorizations surrounding the assets, and record keeping.

Federal regulation 2 CFR Section 215.21, requires financial management systems to provide effective control over and accountability for all funds, property and other assets. Recipients are to adequately safeguard all such assets and assure they are used solely for authorized purposes.

WE RECOMMEND the DSS:

A. Establish controls to restrictively endorse checks and money orders immediately upon receipt and deposit all receipts in a timely manner.

B. Restrict user access within the MMIS accounting system and adequately segregate duties related to record keeping and asset custody.

AUDITEE'S RESPONSE

We agree with the auditor's findings. Our Corrective Action Plan includes our planned actions to address the findings.

2013-020.	**Pharmacy Reimbursement Allowance Tax**

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2011 - 1105MO5021 and 2012 - 1205MO5021
93.778 Medical Assistance Program
2012 - 1205MO5MAP and 1205MO5ADM
2013 - 1305MO5MAP and 1305MO5ADM

State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD)

The MHD does not have effective controls in place to ensure or demonstrate compliance with requirements of the Pharmacy Reimbursement Allowance (PRA) program, and as a result, taxes totaling at least $104,646 were not properly assessed to a pharmacy. PRA taxes assessed to 1,316 in-state pharmacy providers for the year ended June 30, 2013 totaled approximately $98.2 million.

The PRA program imposes a tax upon licensed retail pharmacies for the privilege of providing outpatient prescription drugs in Missouri. State regulation 13 CSR 70-20.320 establishes the PRA program and the method to compute the tax owed, as allowed under 42 CFR Section 433.68(b). The tax is calculated by multiplying the pharmacy's gross retail prescription receipts by the established tax rate. Monies generated by this tax are used to provide a portion of the state match required for services related to the Medicaid pharmacy program.

Licensed retail pharmacies report gross retail sales receipts to the MHD annually. MHD personnel manually enter these reported sales receipts into a database that computes the PRA tax assessments. Using the reports of gross retail sales receipts and the PRA tax rates in effect during fiscal year 2013, we recomputed the tax assessments for selected pharmacy providers. Our review identified 1 of 40 (2.5 percent) pharmacies reviewed was not assessed the correct amount of taxes owed due to a data entry error. The error relates to a pharmacy chain that submits data for multiple stores on one gross retail sales receipt report. When entering the reported sales receipts for each location into the database, MHD personnel failed to enter the activity for one store. The error was not detected by the MHD because there is no supervisory review or other control in place to ensure accuracy of data entry. As a result, the pharmacy was not assessed or billed for $104,646 in taxes owed related to the unrecorded sales receipts.

Without proper controls to ensure the retail sales receipts are entered accurately, there is less assurance the proper amount of PRA tax is assessed and collected.

WE RECOMMEND the DSS establish controls to ensure all pharmacies are assessed and billed the correct amount of PRA taxes. In addition, the DSS should pursue collection of the $104,646 in taxes owed.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2013-021.	Report Reviews

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
2012 - 1205MO5MAP and 1205MO5ADM
2013 - 1305MO5MAP and 1305MO5ADM
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD)
Questioned Costs: $1,024

The MHD does not have effective controls in place for the review of some reports necessary to ensure compliance with enrollment requirements of the Medicare Buy-In program or certain claims processing requirements of the Medical Assistance Program. The Medical Assistance Program, also known as Medicaid, is administered by the MHD.

Some state Medicaid participants may also be enrolled simultaneously in the federal Medicare program, and known as dually eligible. For these participants, the Medicare program is the primary insurance, and Medicaid is the secondary insurance. This arrangement is cost-beneficial to the state because the Medicaid program is only responsible for expenses not covered by Medicare, such as deductible and coinsurance amounts. Federal regulation 42 CFR Section 433.138 requires the DSS to take reasonable measures to identify other sources of health coverage that Medicaid beneficiaries may have and to ensure such parties pay to the extent of their liability. The MHD is responsible for reviewing reports to identify dually eligible participants with recently paid Medicaid claims. The MHD ensures these participants are coded as dually eligible in the system and attempts to recover monies paid for certain services by recouping the payment from the providers and notifying them to resubmit the claims to Medicare for payment of such services.

When participants are dually eligible, they may also qualify for the Buy-In program. Under this program, the MHD may enroll certain eligible participants in Medicare Part A (hospital insurance) and Part B (medical insurance) and use Medicaid funds to pay the premiums and other charges, as allowed by federal regulations 42 CFR Section 406.26 and 42 CFR Section 431.625. Since the MHD is paying the premiums for participants in this program, it is important that only those participants that are eligible are enrolled in the program. MHD responsibilities for the Buy-In program include identifying existing Medicaid participants eligible for Buy-In, maintaining the records of Buy-In participants, removing participants when they become ineligible, and verifying payments made for Medicare premiums.

Several reports are system-generated and utilized to ensure proper handling of claims for participants who had recently become Medicare dually eligible and proper enrollment of participants in the Buy-In program. We reviewed the MHD's usage of these reports and noted the following concerns:

A. MHD personnel did not ensure timely review of a claims report for Medicaid participants who had recently become Medicare dually eligible to determine if recoupment from the provider was needed. The cumulative claims report is generated semi-monthly and includes all outstanding claims awaiting review. During the year ended June 30, 2013, there were approximately 2,900 claims on each semi-monthly report. We tested 40 of these claims to determine if claims were properly researched and providers billed when necessary. We identified 6 of 40 (15 percent) claims tested were not reviewed timely or at all. The MHD did not review five claims tested, totaling $1,325, and did not review an additional claim within the time required to act on the claim. The claim, totaling $520, was reviewed more than one year past the service date, making it ineligible for submission to Medicare. Since most of the remaining 34 claims tested had resulted in a recoupment, it is likely most of the un-reviewed claims would also have required recoupment. Timely reviews of claims reports related to participants who had recently become Medicare dually eligible are necessary to ensure compliance with federal regulations and recoupment of Medicaid monies.

B. The MHD does not have sufficient procedures to ensure reports related to Buy-In program eligibility are reviewed to determine the proper enrollment of participants. As a result, the MHD failed to add 9 participants and delete 5 ineligible participants from the Buy-In program.

MHD staff review three system-generated reports of Medicaid participants with changes that may affect eligibility for the Buy-In program. While reviewing these reports, MHD personnel are to research each participant and manually add or delete the participants to/from the Buy-In program as necessary. During the year ended June 30, 2013, there were approximately 4,700 participants on these reports each month. We tested 40 participants from each report (120 participants in total) to determine if the MHD verified and properly changed the participants' Buy-In program eligibility.

- We identified 10 participants (8 percent) that were not reviewed by MHD personnel, including 7 participants qualified for the Buy-In program that were not added to the program and 3 participants that no longer qualified but were not deleted from the program. MHD personnel indicated that due to staffing limitations, those coded for addition were considered lesser priority and were not always reviewed. The 3 participants that should have been deleted were simply overlooked during the review process.

- We identified 3 participants (2 percent) that were reviewed by MHD personnel but needed enrollment actions were not completed. The enrollment actions were submitted by MHD personnel but were rejected by the federal enrollment system, and MHD personnel were not aware the transactions failed to process. Although a report to identify errors existed, it was not reliable or accurate. Because, there was not a usable notification system or report in place to notify the MHD when transactions failed to process, no further research or

resubmission was performed. In addition, we identified 1 participant that was not properly enrolled in the Buy-In program for some of the months in which the participant qualified. For this participant, the MHD incorrectly entered the period of eligibility into the federal enrollment system.

Without fully reviewing reports related to the Buy-In program and ensuring proper handling of those participants, the MHD is not able to ensure only eligible Medicaid participants are enrolled in the Buy-In program. The ineligible payments made on behalf of the participants mentioned above totaled $1,668 during the year ended June 30, 2013. We question the federal share of the ineligible payments, or $1,024 (61.37 percent).

A similar condition was reported in our previous audit report, *Report No. 2012-26, State of Missouri Single Audit, Year Ended June 30, 2011*, issued in March 2012, finding number 2011-25 part B. The recommendation related to the prior finding was subsequently implemented; however, the condition re-occurred during fiscal year 2013.

WE RECOMMEND the MHD resolve the questioned costs with the grantor agency and establish controls to ensure complete and timely review of all reports related to participants who become Medicare dually eligible and the Medicare Buy-In program. In addition, the MHD should establish controls to ensure action taken as a result of the reviews is properly applied to the participant.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2013-022.	**Davis-Bacon Act**

Federal Agency: Department of Transportation
Federal Program: 20.319 ARRA - High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants
FR-HSR-0071-11-01-00 and FR-HSR-0076-11-01-00
State Agency: Missouri Department of Transportation (MoDOT)

The MoDOT does not have adequate controls in place to ensure compliance with Davis-Bacon Act prevailing wage requirements on High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants (HSIPR) projects.

The MoDOT contracted with a railroad company for various HSIPR construction improvement projects along the Kansas City/St. Louis railroad corridor. Construction labor for each project is provided by employees of the railroad company as well as employees of its contractors and subcontractors. We reviewed two of the seven HSIPR

projects with expenditures during the year ended June 30, 2013. The MoDOT paid the company approximately $13.3 million for these two projects during this period.

The MoDOT has not established controls and procedures to ensure prevailing wages are paid by the company. The MoDOT receives periodic invoices from the company for materials and labor, listing certain company employee payroll information. However, MoDOT personnel do not request and review supporting payroll documents, or perform other procedures, to ensure wages paid comply with the company's collective bargaining agreement. MoDOT officials indicated they did not monitor company wages because these union wages are contained in a collective bargaining agreement negotiated under the Railway Labor Act, which federal regulations 49 USC 24405(c)(2) and 49 USC 24312 deem to comply with the Davis-Bacon Act. While the union wage rates are deemed compliant with the Davis-Bacon Act, monitoring is necessary to ensure wages are paid in accordance with the union contract. Without monitoring wages paid by the company, the MoDOT cannot ensure compliance with Davis-Bacon Act requirements.

In addition, the company relies on a construction management firm to monitor and ensure HSIPR contractors and subcontractors comply with prevailing wage requirements. MoDOT project managers indicated the construction management firm provides a verbal report regarding contractors' and subcontractors' compliance during weekly project status meetings with MoDOT, company, contractor, and subcontractor officials. MoDOT project managers indicated they spot check contractors' and subcontractors' certified payroll documents made available by the engineering consultant at these meetings. However, documentation supporting this monitoring activity was not prepared or maintained. To demonstrate compliance with Davis-Bacon Act requirements, the MoDOT should maintain documentation of its monitoring of wages paid by the HSIPR contractors and subcontractors.

Federal regulations 40 USC 3141-3144, 3146, and 3147 require payment of prevailing wages on HSIPR projects, in accordance with the Davis-Bacon Act. OMB Circular A-133, Subpart C, Section .300(b) requires the MoDOT maintain internal controls that provide reasonable assurance of compliance with Davis-Bacon Act requirements.

WE RECOMMEND the MoDOT establish controls to monitor wages paid by the railroad company for compliance with the Davis-Bacon Act, and ensure adequate documentation of all monitoring procedures is prepared and maintained.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

Additional State Auditor's Reports:

The Missouri State Auditor's Office regularly issues audit reports on various programs, agencies, divisions, and departments of the state of Missouri. Audit reports may include issues relating to the administration of federal programs. Reports issued during fiscal year 2013 and through current were reviewed and the following reports relate to federal programs and were analyzed to determine if any issues noted in these reports were required to be reported in this Schedule of Findings and Questioned Costs in accordance with Section .510(a) of OMB Circular A-133.

Report Number	Report Name
2013-20	Social Services/Medicaid Management Information System Data Security
2013-33	Public Safety/State Emergency Management Agency
2013-46	Early Childhood Development, Education, and Care Fund
2013-50	Public Safety/Missouri State Highway Patrol
2013-63	Missouri Veterans Commission Capital Improvement Trust Fund
2013-135	Public Safety/Office of the Director
2013-136	Department of Conservation
2013-143	Social Services/Temporary Assistance for Needy Families Electronic Benefit Transfers
2013-147	Social Services/Division of Youth Services

All reports are available on the Missouri State Auditor's Office website: http://auditor.mo.gov

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

STATE OF MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all audit findings in the prior audit for the year ended June 30, 2012, and the findings from the prior audits for the years ended June 30, 2011, 2010, 2009, and 2008, except those that were listed as corrected, no longer valid, or not warranting further action. This section includes the Summary Schedule of Prior Audit Findings, which is prepared by the state's management.

Circular A-133 requires the auditor to follow-up on these prior audit findings; perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and report, as a current year finding, when the auditor concludes the Summary Schedule of Prior Audit Findings materially misrepresents the status of any prior audit findings.

The disposition of the findings from the year ended June 30, 2011, is as follows:

Findings numbered 2, 3A, 3B, 5, 6, 7B, 8B, 9, 10, 11B, 13, 15A-C, 21, 22B, 25B, 25C and 26 were corrected.

Findings numbered 4A, 4B, 7A, 8A, 8C, 11A, 12, 14A, 14B, 16, 17, 18A, 18B, 19A-D, 20A, 20B, 22A, 22C, 23, 24 and 25A are included in the Summary Schedule of Prior Audit Findings.

For the year ended June 30, 2010, all findings were corrected, no longer valid, or did not warrant further action, except for findings numbered 6, 15, 16A, 17, 19, 21A-D and 25, which are included in the Summary Schedule of Prior Audit Findings.

For the year ended June 30, 2009, all findings were corrected, no longer valid, or did not warrant further action, except for findings numbered 6B, 12, 15A and 18, which are included in the Summary Schedule of Prior Audit Findings.

For the year ended June 30, 2008, all findings were corrected, no longer valid, or did not warrant further action, except for finding numbered 9A, which is included in the Summary Schedule of Prior Audit Findings.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2008-9A. Vocational Rehabilitation Program

Federal Agency: Department of Education
Federal Program: 84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States
2007 - H126A0700372 and 2008 - H126A080037
State Agency: Department of Social Services - Family Support Division (FSD) - Rehabilitation Services for the Blind (RSB)
Questioned Costs: $3,444,779

The FSD did not establish procedures to ensure adequate supporting documentation was prepared for personnel costs charged to the Vocational Rehabilitation (VR) grant. Personnel costs charged to the VR grant during state fiscal year 2008 for which the supporting documentation was inadequate or not prepared totaled $4,377,102 of which we questioned the federal share of costs totaling $3,444,779 (78.7 percent).

Recommendation:

The FSD resolve the questioned costs with the grantor agency. In addition, the FSD should develop written policies and procedures to ensure salary certifications are prepared for all employees who work solely on a single program and personnel activity reports are prepared for employees who work on multiple federal awards or cost objectives in accordance with OMB Circular A-87.

Status of Finding:

The FSD/RSB has modified and implemented the processes to ensure compliance with regulations regarding personnel cost allocations effective July 1, 2009, with more recent modifications to improve the quality management and verification of accuracy. Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards as dictated in regulations. The RSB and the Division of Finance and Administrative Services continue to meet on a regular basis to improve communications, ensure compliance with regulations and documentation for auditors. The DSS received the program determination letter for the Single Audit for the period of July 1, 2007 through June 30, 2008 from the grantor agency. The DSS filed application for review with Office of Administrative Law Judges of the Department of Education.

Status of Questioned Costs:

The DSS is continuing to communicate with the grantor agency to negotiate a settlement.

Contact Person: Mark Laird
Phone Number: (573) 751-4249

2009-6B. Capital Assets

Federal Agency: Department of Defense
Federal Program: 12.401 National Guard Military Operations and Maintenance Projects
2008 - DAHA23-08-2-1000 and 2009 - DAHA23-09-2-1000
State Agency: Department of Public Safety - Adjutant General (AG)

AG personnel had not completed a reconciliation between the expenditure and capital asset records in the SAM II system. While a reconciliation was in progress, as of January 2010, approximately $1.2 million of the $3.8 million in capital asset expenditures from fiscal year 2002 through fiscal year 2009 had not been reconciled.

Recommendation:
The AG ensure the capital asset reconciliation is completed to identify all capital assets and ensure the capital asset records are accurate.

Status of Finding:
As of October 29, 2013, the only property that has not been tagged is from September and October 2013. All other capital assets have been identified and tagged. All assets from 2002 through 2013 have been identified and tagged or expensed. Of $201,886,849 worth of capital assets, only $3,373 is not entered in the SAM II Fixed Asset (FA) Subsystem. Two of the three expenditures were three-way matches, which are approved by the Office of Administration, therefore the AG Form 250 is not received during the approval process as with the other fixed assets. The $3,373 has been identified and is waiting for the completion of the AG Form 250 so items can be entered into the SAM II FA Subsystem. The new fixed asset procedures are working and items are being tagged and entered in the SAM II FA Subsystem in a timely manner. Fixed assets continued to be reconciled monthly.

Contact Person: Jill Delgado
Phone Number: 573-638-9574

2009-12. Cost Allocation Procedures

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2007 - G0701MOTANF
2008 - G0801MOTANF
2009 - G0901MOTANF
93.658 Foster Care - Title IV-E
2008 - G0801MO1401 and 2009 - G0901MO1401

93.659 Adoption Assistance
2008 - G0801MO1407 and 2009 - G0901MO1407
93.778 Medical Assistance Program
2008 - 0805MO5028 and 0805MO5048
2009 - 0905MO5028 and 0905MO5048

State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

Questioned Costs: $666,189

The DSS did not establish procedures to ensure all payments to Caring Communities partnerships were allowable and allocable to the various federal programs. Some of the costs associated with the partnerships were allocated through a cost pool based on the percentage of time worked by Children's Division employees on certain federal programs rather than based on actual services provided by the partnerships. As a result, we questioned $666,189, which was the federal portion of the costs allocated to these programs through the Social Services cost pool during the year ended June 30, 2009.

Recommendation:

The DSS, through the DFAS, resolve the questioned costs with the grantor agency, and establish procedures to ensure all payments to the Caring Communities partnerships are allowable and allocable to the various federal programs in accordance with OMB Circular A-87.

Status of Finding:

The DSS is working in consultation with the Department of Health and Human Services (DHHS) to rewrite the cost allocation plan to better define its methodologies for allocating costs to various DHHS grants. The DSS has contracted with a third party to help develop and implement a new cost allocation plan and system. The first phase/portion of the new cost allocation plan should be submitted by March 2014. The plan will be tested and finalized by June 30, 2014. The remaining portion of the plan will be implemented after successful completion of phase one.

The DSS has also assigned a senior level staff person to manage the cost allocation plan. That person is responsible and accountable for updates/revisions to the plan.

Status of Questioned Costs:

Questioned costs were partially settled on federal reports during the quarter ended December 31, 2011. Remaining questioned costs were settled on the quarter ended September 30, 2013 federal reports. The DSS is waiting on clearance from the grantor agency.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2009-15A. Vocational Rehabilitation Program

Federal Agency: Department of Education
Federal Program: 84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States
2007 - H126A0070037
2008 - H126A0080037
2009 - H126A0090037
State Agency: Department of Social Services (DSS) - Family Support Division (FSD) - Rehabilitation Services for the Blind (RSB) and Division of Finance and Administrative Services (DFAS)
Questioned Costs: $1,623,730

Adequate supporting documentation was not always prepared for personnel costs, which consisted of salaries and related fringe benefits and indirect costs, charged to the Vocational Rehabilitation (VR) grant for approximately 160 employees. Personnel costs were charged solely to the VR grant for some employees who performed duties related to other programs. Personnel costs charged to the VR grant during state fiscal year 2009 for which the supporting documentation was inadequate or not prepared totaled $2,063,188, of which we questioned the federal share of costs totaling $1,623,730 (78.7 percent).

Recommendation:

The DSS, through the FSD and DFAS, resolve the questioned costs with the grantor agency. In addition, the FSD should develop written policies and procedures to ensure salary certifications are prepared for all employees who work solely on a single program and personnel activity reports are prepared for employees who work on multiple federal awards or cost objectives in accordance with OMB Circular A-87.

Status of Finding:

To ensure compliance with OMB Circular A-87 to document personnel salaries and wages to the benefiting grant, and to verify that dollars intended for specific costs are in fact covering those and only those costs as dictated in relevant regulations, underlying formulas used to calculate the distribution of the salaries and wages to the appropriate grant on a monthly spreadsheet used by the designated state unit (RSB) have been corrected. The RSB has also implemented a monthly verification process of comparing each person's monthly salary and wages from the RSB monthly spreadsheet to a monthly payroll extraction report from the DFAS, addressing any inconsistencies. The RSB and the DFAS continue to meet on a regular basis to improve communications, ensure compliance with federal requirements for personnel cost allocations and allocable costs, and appropriate documentation for auditors.

Status of Questioned Costs:

The DSS is awaiting determination by the grantor agency.

Contact Person: Mark Laird
Phone Number: (573) 751-4249

2009-18. Medical Assistance Program

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
2008 - 0805MO5028 and 0805MO5048
2009 - 0905MO5028 and 0905MO5048
93.778 ARRA - Medical Assistance Program
2009 - 0905MOARRA
State Agency: Department of Social Services (DSS) - Family Support Division (FSD) and MO HealthNet Division
Questioned Costs: $1,428

A redetermination was not conducted timely to determine the eligibility of a recipient related to the Medical Assistance Program (Medicaid). The medical payments made on behalf of this client before the case was closed totaled $1,924 during the year ended June 30, 2009. We questioned the federal share of these payments or $1,428 (74.23 percent).

Recommendation:
The DSS through the FSD perform eligibility redeterminations when required to ensure compliance with applicable federal Medicaid program requirements. In addition, the FSD should resolve questioned costs with the grantor agency.

Status of Finding:
The FSD still considers timely eligibility reinvestigations a matter of priority and continues to strive for a 100 percent reinvestigation currency. As reported by the FSD Income Maintenance Section, the reinvestigation currency percentage was 98.56 percent for state fiscal year 2013, which ended June 30, 2013.

Status of Questioned Costs:
Questioned costs were adjusted on the September 30, 2010, and December 31, 2011, quarterly reports. The DSS is waiting on clearance from the grantor agency.

Contact Person: Emily Rowe
Phone Number: (573) 526-0607

2010-6. Eligibility Reassessments

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
2009 - 0905MO5028 and 0905MO5048
2010 - 1005MO5MAP/XIX-MAP10 and
1005MO5ADM/XIX- ADM10
93.778 ARRA - Medical Assistance Program
2009 - 0905MOARRA and 2010 - 1005MOARRA

State Agency: Department of Health and Senior Services (DHSS)
Questioned Costs: $598,286

The DHSS did not have effective controls in place to ensure annual reassessments to determine the eligibility of recipients receiving State Plan Personal Care or Aged and Disabled Waiver services were conducted, as required. The DHSS did not perform annual reassessments of eligibility for 49 of 66 cases reviewed. The payments made on behalf of the recipients without annual reassessments during the year ended June 30, 2010, totaled $806,967. We questioned the federal share of these payments or $598,286 (74.14 percent).

Recommendation:
The DHSS establish effective controls to ensure the annual reassessments are conducted as required. In addition, the DHSS should resolve the questioned costs with the grantor agency.

Status of Finding:
The fiscal year 2014 state budget includes funding for Home and Community Based Services (HCBS) providers to conduct reassessments. The ten Area Agencies on Aging will also begin conducting reassessments in fiscal year 2014. Reassessments for level of care of current clients will be scheduled for completion based upon the anniversary date of the last assessment. DHSS staff will review and approve all reassessment submitted by HCBS providers and the Area Agencies on Aging.

Status of Questioned Costs:
DHSS staff has met with staff from the federal Centers for Medicare and Medicaid Services to discuss the issues raised in the audit. The meetings are ongoing.

Contact Person: Celesta Hartgraves
Phone Number: (573) 526-3626

2010-15. Cost Allocation Procedures

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2009 - G0901MOTANF and 2010 - G1002MOTANF
93.658 Foster Care - Title IV-E
2009 - G0901MO1401 and 2010 - G1001MO1401
93.658 ARRA - Foster Care - Title IV-E
2009 - G0901MO1402 and 2010 - G1001MO1402
93.659 Adoption Assistance
2009 - G0901MO1407 and 2010 - G1001MO1407
93.674 Chafee Foster Care Independence Program
2009 - G0901MO1420 and 2010 - G1001MO1420
93.778 Medical Assistance Program

2009 - 0905MO5048 and 2010 - 1005MO5ADM

State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

Questioned Costs: $2,168,919

DFAS controls and procedures over the quarterly allocation of costs to federal programs were not sufficient and as a result, numerous cost allocation errors were not prevented and/or detected. Our review of selected sections of state fiscal year 2010 Children's Division and Family Support Division cost allocation spreadsheets and supporting documentation identified overstatements totaling approximately $3.3 million for 5 federal programs and understatements totaling approximately $3.2 million for 11 federal programs due to spreadsheet formula and data entry errors. We questioned the federal share of costs related to the overstatements, or $2,168,919.

Recommendation:

The DSS, through the DFAS, resolve the questioned costs with the grantor agency, and strengthen controls and procedures to ensure the accurate allocation of costs to federal programs. These procedures should include a detailed and documented supervisory review of cost allocation spreadsheets.

Status of Finding:

The DSS is working in consultation with the Department of Health and Human Services (DHHS) to rewrite the cost allocation plan to better define its methodologies for allocating costs to various DHHS grants. The DSS has contracted with a third party to help develop and implement a new cost allocation plan and system. The first phase/portion of the new cost allocation plan should be submitted by March 2014. The plan will be tested and finalized by June 30, 2014. The remaining portion of the plan will be implemented after successful completion of phase one.

The DSS has also assigned a senior level staff person to manage the cost allocation plan. That person is responsible and accountable for updates/revisions to the plan.

Status of Questioned Costs:

Questioned costs were settled on quarter ending March 31, 2011, and quarter ending June 30, 2011, federal reports. The DSS is waiting on clearance from the grantor agency.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2010-16A. Child Care Eligibility and Payments

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant
2009 - G0901MOCCDF and 2010 - G1001MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2009 - G0901MOCCDF and 2010 - G1001MOCCDF
93.713 ARRA - Child Care and Development Block Grant
2009 - 20091MOCCD7

State Agency: Department of Social Services (DSS) - Children's Division (CD) and Family Support Division (FSD)

Questioned Costs: $73,315

Controls over eligibility and provider payments were not sufficient to prevent and/or detect payments on behalf of ineligible clients or improper payments to child care providers.

- Eligibility documentation such as a signed child care application or system-generated interview summary and/or income record(s) for 13 of 60 (22 percent) cases reviewed could not be located by the DSS. For six of these cases, the DSS could not locate the eligibility file. We questioned the federal share of payments made on behalf of these children and siblings of these children, or $70,092 (84 percent).

- For child care payments, 30 of 60 (50 percent) payments reviewed were not supported by adequate documentation and/or were not in compliance with DSS policies. Of these 30 payments, 11 were for cases which also lacked eligibility documentation and were included in the above questioned costs. Payments for the remaining 19 cases totaled an additional $3,837. We questioned the federal share, or $3,223 (84 percent).

Recommendation:

The DSS, through the CD and FSD, resolve the questioned costs with the grantor agency and review and strengthen policies and procedures regarding child care eligibility determinations, provider payments, and case record documentation and retention. These procedures should include sufficient monitoring of eligibility determinations and provider payments, and follow-up on errors identified.

Status of Finding:

Corrective actions taken since the finding was issued follow:

Case Adjustments - Funds have been returned to the federal government or claims have been entered on either a parent or provider.

Case Review Tool - On July 27, 2011, the FSD presented to the CD a walkthrough of the base Case Review System (CRS) to which a child care component was added. A webinar providing detail on the child care component of the system was completed with the Rushmore Group (provider of the current CRS) on August 11, 2011. On September 2, 2011, the Rushmore Group began coding child care into the existing CRS. In the spring of 2012, the CD trained 232 supervisors and program managers on the CRS. The CRS

was implemented in March 2012. The CD is utilizing output reports from the CRS to identify programmatic strengths and challenges and areas for policy, field and training improvement. The output reports for fiscal year 2013 have been reviewed and indicate a 95 percent accuracy rate statewide. In September 2013, a memorandum was issued to FSD staff clarifying expectations of supervisors as well as regional, program, and county managers. Local FSD leadership is expected to monitor reviews for timely submission and ensure that quality and accuracy standards are met for each child care eligibility element. It was further clarified that supervisors are to conduct case reviews on approved child care assistance cases. Closed or rejected actions should only be reviewed if there are no approval or adjustment actions for a county, for the review month. Supervisors must ensure staff take necessary action to correct any cases determined to be incorrect, including entering any client claims discovered through the case reading process.

Updates have been made to the CRS, as a result of feedback from FSD management at the local level. These updates include changes to the child care worksheet; moving transitional child care documentation above sliding fee documentation; removal of the IM-3 form as a causal factor, since it is no longer required; and changing the wording for the "Child Not Eligible" indicator to "Child Not Eligible to be Authorized."

We will continue to analyze data to identify programmatic strengths and weaknesses to determine which local FSD offices are in need of Program Enhancement Plans. A full statewide analysis is being prepared for the FSD and will be provided to FSD leadership. This analysis outlines areas for improvement with recommendations that are present statewide.

Self-Employment Training - Effective August 1, 2011 the FSD eligibility specialists (ES) and eligibility supervisors are required to complete the on-line Self-Employment Income Budgeting training course found in the Employee Learning Center. ES and eligibility supervisors were required to complete the training by December 31, 2011. The self-employment training is to assist in reducing the error rates for all income maintenance programs.

The CD will be using data made available through the CRS to determine whether the training has been beneficial to staff.

FSD Workers Online Child Care Training - The FSD administers the child care assistance program for income maintenance households. The majority of the families accessing child care receive services through their local FSD office. As of September 1, 2011, FSD frontline workers and supervisors were able to access online child care training through the FSD Training Unit intranet page. New FSD employees are required to successfully complete the online training prior to enrolling in the in-person Basic Child Care Orientation training. New staff access and complete the training through the DSS Employee Learning Center with the online assessment component. Effective April 1, 2013, ES and Eligibility Supervisors are required to retake the online Child Care Assistance training every two years after initial completion. The CD will be using data

made available through the CRS to determine whether the training has been beneficial to staff.

Casework Reference Guide - The FSD Training Unit, in collaboration with Child Care Program and Policy staff, developed a Case Reference Guide (CRG) for FSD workers. The CRG is an informational tool that can be utilized by workers when processing applications and completing other case actions. The CRG does not replace the policy and forms manuals. It is intended to be an additional resource for workers. Workers are to use this guide in conjunction with the policy and forms manuals and memorandums. The CD is currently updating the CRG.

Child Care Manual Revisions - Early Childhood and Prevention Services Program and Policy staff is continually reviewing the child care manual for clarification and revision.

Calendar Year	Policy Memorandum Updates by Section	Practice Points/Alerts
2011	40	5
2012	82	1
2013	10	4

Child Care Steering Committee - During the summer of 2012, the DSS formed a steering committee to address child care issues. From this initiative there were four project teams designated to identify deficiencies and problematic areas within the Child Care program: Eligibility, Provider Issues and Policy/Payments, Program Integrity, and Information and Systems Technology. Each team made five or six recommendations related to the team's assigned area.

Status of Questioned Costs:
The questioned costs were adjusted on the federal report for quarter ended June 30, 2011. The DSS is waiting on clearance from the grantor agency.

Contact Person: Marianne Dawson
Phone Number: (573) 522-2294

2010-17. Performance Based Case Management Contracts

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2009 - G0901MOTANF and 2010 - G1002MOTANF
93.658 Foster Care - Title IV-E
2009 - G0901MO1401 and 2010 - G1001MO1401
93.659 Adoption Assistance
2009 - G0901MO1407 and 2010 - G1001MO1407
93.778 Medical Assistance Program
2009 - 0905MO5048 and 2010 - 1005MO5ADM

State Agency: Department of Social Services (DSS) - Children's Division (CD)

The DSS had not established procedures to ensure all payments to performance based case management contractors were properly allocated to federal programs. As a result, some contractor payments were allocated to federal programs based on unrealistic budgeted expenditure categories rather than actual expenditures.

Recommendation:

The DSS, through the CD, establish procedures to ensure all payments to performance based case management contractors are allocated to federal programs in accordance with federal regulations.

Status of Finding:

The DSS believes that its current process for claiming performance based case management contractor payments is in accordance with federal regulations. However, to validate and improve our claiming process, the DSS awarded a work order to Public Consulting Group (PCG) to review and recommend improvements to the cost allocation methodology for foster care case management (FCCM) claiming. The initial review, data analysis, and recommendations report was received in draft form on December 21, 2011 and the final report was received on February 29, 2012. As a result of the recommendations, the DSS entered into a subsequent work order with PCG to implement the recommendations.

In April 2013, a Random Moment Sampling Time Study was implemented with the FCCM agencies in order to capture their work activities. In addition, PCG worked with the FCCM agencies to develop an individual cost allocation plan for each agency. This will be incorporated into any changes made to the overall DSS Cost Allocation Plan, as applicable. The monthly expenditure report which is submitted by each FCCM agency was revised effective with the contract renewal on October 1, 2013.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2010-19. Residential Facility Training Reimbursements

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 Foster Care - Title IV-E
2009 - G0901MO1401 and 2010 - G1001MO1401
State Agency: Department of Social Services (DSS) - Children's Division (CD)
Questioned Costs: $19,467

The CD had not established sufficient procedures to review residential facility training reimbursements. As a result, reimbursements to these facilities were not always supported by sufficient documentation that training costs were allowable, and some reimbursed training costs appeared unallowable. Of the $30,656 in training

reimbursements reviewed, payments totaling $25,957 (85 percent) were unsupported and/or unallowable, of which we questioned $19,467 claimed as the federal share.

Recommendation:

The DSS, through the CD, strengthen residential facility training reimbursement review procedures to ensure training activities reimbursed are for allowable activities outlined in federal regulations and are adequately supported. In addition, the DSS should resolve the questioned costs with the grantor agency.

Status of Finding:

On May 3, 2011, the CD issued to residential treatment providers reimbursed for training costs a letter outlining enhanced procedures that will ensure there is adequate documentation to support claiming those costs for Title IV-E training reimbursement. Residential treatment providers are now required to code the training course to one of a list of Title IV-E allowable topics and to provide a rationale/justification for Title IV-E reimbursement of the course costs. Additionally, the Division of Finance and Administrative Services has strengthened department quality assurance and compliance functions to provide enhanced monitoring of programs and technical assistance to staff with fiscal responsibilities.

Status of Questioned Costs:

Questioned costs have not been resolved with the grantor agency.

Contact Person: Sheila Tannehill
Phone Number: (573) 751-8962

2010-21A. Unallowable Costs and Maintenance of Effort

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2009 - G0901MOTANF and 2010 - G1002MOTANF
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)
Questioned Costs: $29,638,870

The DSS charged unallowable state foster care, adoption assistance, and subsidized guardianship costs to the Temporary Assistance for Needy Families (TANF) program. The foster care, adoption assistance, and subsidized guardianship costs charged included non-emergency assistance, and the costs charged for emergency assistance were not separately identified; therefore, all costs were unallowable. We questioned all state fiscal year 2010 costs for foster care, adoption assistance, and subsidized guardianship charged to the TANF program, totaling $29,638,870 (100 percent federal share).

Recommendation:
The DSS ensure prior approved program costs charged to the TANF program comply with federal regulations. In addition, the DSS should resolve the questioned costs with the grantor agency.

Status of Finding:
The DSS disagreed with this finding. The DSS's previous response to the finding is unchanged. The DSS is using a manual, developed with the assistance of a third party, to evaluate whether costs are allowable under TANF and/or TANF maintenance of effort (MOE). This desk manual will help the DSS ensure that it has appropriately categorized costs as TANF or TANF MOE as the definitions of allowable costs vary between the two. The desk manual was finished December 2012 and was submitted on January 24, 2013, to our grantor agency for review.

The DSS received a decision letter from the Department of Health & Human Services - Administration for Children & Families (ACF) on February 21, 2014 addressing this finding. The ACF did not sustain the finding.

Status of Questioned Costs:
The ACF did not sustain the questioned costs.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2010-21B. Unallowable Costs and Maintenance of Effort

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2009 - G0901MOTANF and 2010 - G1002MOTANF
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)

The DSS included unallowable educational program costs as qualifying under the maintenance of effort (MOE) requirement for the Temporary Assistance for Needy Families (TANF) program and, as a result, the DSS failed to meet the MOE funding requirements by at least $30.9 million.

Recommendation:
The DSS ensure expenditures claimed as MOE are allowable and resolve the potential penalty with the grantor agency.

Status of Finding:
The DSS disagreed with this finding. The DSS's previous response to the finding is unchanged. The DSS is using a manual, developed with the assistance of a third party, to evaluate whether costs are allowable under TANF and/or TANF MOE. This desk manual will help the DSS ensure that it has appropriately categorized costs as TANF or TANF

MOE as the definitions of allowable costs vary between the two. The desk manual was finished December 2012 and was submitted on January 24, 2013, to our grantor agency for review.

Additionally, during this process, the third party validated the allowability of the claim in question, citing 1999 TANF Final Rule (page 17825), which supports the DSS's contention that it claimed these funds correctly.

We would like to point out that federal TANF funds may also be used to pay for "nonassistance" activities (such as those identified in this finding) that meet the purposes of the program as given in Sections 401(a)(1)-(4) of the Social Security Act and 45 CFR Section 260.20. Federal TANF funds may also be used for activities that benefit non-needy families in some cases, e.g., activities that meet the purpose of either Section 401(a)(3) or (a)(4) of the Act. In this respect, there may be more flexibility in the expenditures that are allowable uses of federal funds than those that are allowable for MOE purposes. This is because federally funded services or benefits do not necessitate a determination of financial eligibility (need) if they do not meet the definition of assistance. Thus, states may use federal TANF funds (in accordance with Section 404 of the Act) to provide "nonassistance" services or benefits to eligible individuals who meet the state's other, nonfinancial, objective criteria for the delivery of such benefits.

The DSS has changed its claiming process to claim these funds as TANF, instead of TANF MOE to align its claiming with the above information.

The DSS received a decision letter from the Department of Health & Human Services - Administration for Children & Families (ACF) on February 21, 2014 addressing this finding. For Part 1 of 2 of the finding, the ACF did not sustain the finding or questioned costs. For Part 2 of 2 of the finding, the ACF agreed with the finding, accepted DSS' corrective action plan and did not sustain the questioned costs.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2010-21C. Unallowable Costs and Maintenance of Effort

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2009 - G0901MOTANF and 2010 - G1002MOTANF
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)

For the quarter ended September 30, 2010, the DSS charged costs to the Temporary Assistance for Needy Families (TANF) program, totaling $18,493,665, relating to three scholarship programs: A+ Schools, Bright Flight Scholarships, and Ross-Barnett Scholarships; however, the DSS had not determined and documented whether there was any correlation between these programs and the four purposes of the TANF program. As

a result, these scholarship program costs charged to the TANF program in state fiscal year 2011 did not appear allowable.

Recommendation:
The DSS ensure program costs charged to the TANF program for state fiscal year 2011 comply with federal regulations.

Status of Finding:
The DSS disagreed with this finding. The DSS's previous response to the finding is unchanged. The DSS is using a manual, developed with the assistance of a third party, to evaluate whether costs are allowable under TANF and/or TANF maintenance of effort (MOE). This desk manual will help the DSS ensure that it has appropriately categorized costs as TANF or TANF MOE as the definitions of allowable costs vary between the two. The desk manual was finished December 2012 and was submitted on January 24, 2013 to our grantor agency for review.

Additionally, during this process, the third party validated the allowability of the claim in question, citing 1999 TANF Final Rule (page 17825), which supports the DSS's contention that it claimed these funds correctly.

We would like to point out that federal TANF funds may also be used to pay for "nonassistance" activities (such as those identified in this finding) that meet the purposes of the program as given in Sections 401(a)(1)-(4) of the Social Security Act and 45 CFR Section 260.20. Federal TANF funds may also be used for activities that benefit non-needy families in some cases, e.g., activities that meet the purpose of either Section 401(a)(3) or (a)(4) of the Act. In this respect, there may be more flexibility in the expenditures that are allowable uses of federal funds than those that are allowable for MOE purposes. This is because federally funded services or benefits do not necessitate a determination of financial eligibility (need) if they do not meet the definition of assistance. Thus, states may use federal TANF funds (in accordance with Section 404 of the Act) to provide "nonassistance" services or benefits to eligible individuals who meet the state's other, nonfinancial, objective criteria for the delivery of such benefits.

The DSS has changed its claiming process to claim these funds as TANF, instead of TANF MOE to align its claiming with the above information.

The DSS received a decision letter from the Department of Health & Human Services - Administration for Children & Families (ACF) on February 21, 2014 addressing this finding. The ACF did not sustain the finding and will not pursue a TANF misuse of funds penalty.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2010-21D. Unallowable Costs and Maintenance of Effort

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2009 - G0901MOTANF and 2010 - G1002MOTANF
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)

The DSS control system was not effective in ensuring the types of costs charged to the Temporary Assistance for Needy Families (TANF) program or recorded as TANF maintenance of effort (MOE) met all federal regulatory and grant requirements, resulting in unallowable costs and unqualified sources of MOE claimed against the federal TANF grant.

Recommendation:
The DSS establish a formal control system to ensure the types of costs charged to the TANF program or recorded as TANF MOE meet all federal regulatory and grant requirements.

Status of Finding:
The DSS disagreed with this finding. The DSS's previous response to the finding is unchanged. The DSS is using a manual, developed with the assistance of a third party, to evaluate whether costs are allowable under TANF and/or TANF MOE. This desk manual will help the DSS ensure that it has appropriately categorized costs as TANF or TANF MOE as the definitions of allowable costs vary between the two. The desk manual was finished December 2012 and was submitted on January 24, 2013, to our grantor agency for review.

The DSS received a decision letter from the Department of Health & Human Services - Administration for Children & Families (ACF) on February 21, 2014 addressing this finding. The ACF did sustain the finding and recommendation, but will not pursue a TANF penalty action.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2010-25. Provider Eligibility and Improper Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
2009 - 0905MO5028 and 0905MO5048
2010 - 1005MO5MAP/XIX-MAP10 and
1005MO5ADM/XIX- ADM10
93.778 ARRA - Medical Assistance Program
2009 - 0905MOARRA and 2010 - 1005MOARRA
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD)

Questioned Costs: $122

The MHD had not established controls to detect expired Medicaid provider licenses or to prevent, detect, and correct payments to providers who were deceased prior to the date the reimbursement claim indicated medical services were provided. As a result, the MHD improperly paid $164 during the year ended June 30, 2010, for three claims submitted for one Medicaid provider who was deceased prior to the reported date of service. We questioned the federal share of the three claims paid for which the reported dates of services were after the provider's date of death, or $122 (74.43 percent). In addition, the MHD had not established controls to ensure providers continually meet federal requirements for disclosure of convictions of criminal offenses against Medicare, Medicaid, or the Title XX service program.

Recommendation:

The MHD develop procedures to ensure providers meet required criteria to be eligible Medicaid providers, including periodically verifying provider licenses, obtaining updated provider disclosures, and ensuring timely detection of deceased providers, to aid in the prevention and correction of improper claims paid. In addition, the MHD should resolve the questioned costs with the grantor agency.

Status of Finding:

In May 2011, Missouri Medicaid Audit and Compliance (MMAC) began receiving and taking action based upon a License Not Renewed Report. MMAC personnel receive the report quarterly, and the report includes a list of all enrolled providers who hold licenses through the Department of Insurance, Financial Institutions, and Professional Registration, whose licenses were not renewed. These providers are consequently terminated from participation in the Medicaid program. Additionally, MMAC personnel now receive notifications from the various boards which comprise professional registration when an enrolled provider's license is suspended, and MMAC suspends the provider from participation in the Medicaid program.

The DSS corrective action plan includes addressing the provider's date of death issue through the current Fraud Waste and Abuse contract with Thomson Reuters. The contractor purchased a license for the Social Security Master Death File and monthly updates. Additionally, the contractor provided the information for this match and planned on assessing a monthly charge for ongoing services. However, it was determined by the DSS to not be cost effective to pay for this information given the limited effectiveness gained from this enhancement.

Thus, the DSS addressed the provider’s required criteria for eligibility in the Request for Proposal (RFP) for the Provider Enrollment/Case Management system, section 2.3.29 which states "the solution shall provide ongoing monitoring of provider eligibility by automated matching against external databases for exclusions, licenses, death records, criminal records, National Provider Identifier deactivations, sanctions, and suspensions. Suspicious data and non-matches shall generate alerts for the end user for review and possible corrective action." The collection of social security numbers from providers will

make validation through an external database of death records feasible through the provider enrollment system.

The bid evaluation process has been concluded and the potential vendor selected. The RFP, the vendor response, and the Advanced Planning Document have been sent to the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) for approval. MMAC is still waiting for approval of the Provider Enrollment/Case Management system from CMS.

In the meantime, MMAC relies on updates from billing agents (contractors that submit claims for providers), provider communications or any other department-wide notices that MMAC may be able to obtain that can be verified with vital records. Once providers enroll with Missouri Medicaid they are typically enrolled permanently. MMAC has proposed rules to enforce the new federal requirement for revalidation and await department approval before these can be finalized. The revalidation schedule is set for reoccurring five year periods. Also, MMAC has never required social security numbers as part of the enrollment process because many enrolling providers are corporations. The new system, if approved, will capture social security numbers on individual providers and social security numbers on ownership disclosure information for an automatic validation.

MMAC will start revalidating providers upon approval and finalization of the enrollment regulation. This regulation will not give MMAC the ability to have an automated system which checks against social security numbers, but will allow MMAC to terminate provider numbers on those who do not send in credentials for revalidation. MMAC will also have the advantage of site visits for some of the new and re-enrolling providers.

At this time, MMAC personnel manually screen providers upon enrollment to ensure prospective providers are in good standing. Providers are also screened through the Office of Inspector General's List of Excluded Individuals and Entities, the Secretary of State's Office, and the National Sex Offender Registry.

The DSS corrective action plan also includes addressing the controls to ensure providers continually meet federal requirements for disclosure of convictions of criminal offenses against Medicare, Medicaid, or Title XX service programs. Currently, the state of Missouri is working on a new provider enrollment system. However, forms have been updated manually to require this information from all new initial applications. Additionally, 42 CFR Section 424.514 (effective March 25, 2011) requires prospective institutional providers submitting an initial application or currently enrolled institutional providers submitting an application establishing a new practice location to submit enrollment credentials, which includes disclosure information.

Status of Questioned Costs:

An adjustment was made on the December 31, 2011, quarterly report. The DSS is waiting for clearance from the grantor agency.

Contact Person: Jessica Dresner
Phone Number: (573) 751-6967

2011-4A. Medicaid Home and Community Based Services

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
2010 - 1005MO5MAP and 1005MO5ADM
2011 - 1105MO5MAP and 1105MO5ADM
93.778 ARRA - Medical Assistance Program
2009 - 0905MOARRA
2010 - 1005MOARRA
2011 - 1105MOARRA and 1105MOEXTN
State Agency: Department of Health and Senior Services (DHSS) - Division of Senior and Disability Services (DSDS)
Questioned Costs: $387,576

The DSDS did not have effective controls in place to ensure annual reassessments were performed, as required, to determine continued need of services of Home and Community Based Services (HCBS) recipients. The DSDS did not perform annual reassessments of eligibility for 46 of 59 (78 percent) recipients reviewed. The payments for State Plan Personal Care and Aged and Disabled Waiver services provided to these recipients without annual reassessments during the year totaled $534,219. We questioned the federal share of $387,576 (72.55 percent).

Recommendation:
The DHSS, through the DSDS, resolve the questioned costs with the grantor agency and establish effective controls to ensure the annual reassessments are performed as required. Such controls should include diligent monitoring of reassessments, if any, performed by HCBS providers.

Status of Finding:
The fiscal year 2014 state budget includes funding for HCBS providers to conduct reassessments. The ten Area Agencies on Aging will also begin conducting reassessments in fiscal year 2014. Reassessments for level of care of current clients will be scheduled for completion based upon the anniversary date of the last assessment. DHSS staff will review and approve all reassessments submitted by HCBS providers and the Area Agencies on Aging.

Status of Questioned Costs:
DHSS staff has met with staff from the federal Centers for Medicare and Medicaid Services to discuss the issues raised in the audit. The meetings are ongoing.

Contact Person: Celesta Hartgraves
Phone Number: (573) 526-3626

2011-4B. Medicaid Home and Community Based Services

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
2010 - 1005MO5MAP and 1005MO5ADM
2011 - 1105MO5MAP and 1105MO5ADM
93.778 ARRA - Medical Assistance Program
2009 - 0905MOARRA
2010 - 1005MOARRA
2011 - 1105MOARRA
2011 - 1105MOEXTN

State Agency: Department of Health and Senior Services (DHSS) - Division of Senior and Disability Services (DSDS)
Questioned Costs: $4,483

The DSDS could not locate the case file with documentation supporting the authorization of services provided to 1 of 60 (2 percent) Home and Community Based Services (HCBS) recipients tested. Payments totaling $6,179 were made to State Plan Personal Care and Aged and Disabled Waiver providers on behalf of this recipient during the year ended June 30, 2011. We questioned the federal share of $4,483 (72.55 percent).

Recommendation:
The DHSS, through the DSDS, resolve the questioned costs with the grantor agency and ensure case files are maintained for all HCBS recipients.

Status of Finding:
HCBS case records continue to transition to a web-based electronic system (WebTool). Doing so has safeguarded records, simplified/accelerated record retrieval, and reduced the amount of paper files that must be maintained.

Status of Questioned Costs:
DHSS staff has met with staff from the federal Centers for Medicare and Medicaid Services to discuss the issues raised in the audit. The meetings are ongoing.

Contact Person: Celesta Hartgraves
Phone Number: (573) 526-3626

2011-7A. Allowable Costs and Activities

Federal Agency: Department of Homeland Security
Department of Justice
Federal Program: 16.738 Edward Byrne Memorial Justice Assistance Grant Program
2007 - DJ-BX-0051
2008 - DJ-BX-0731 and DJ-BX-0027

2009 - DJ-BX-0090
2010 - DJ-BX-0066
16.803 ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories
2009 - SU-B9-0032
97.067 Homeland Security Grant Program
2006 - GE-T6-0067
2007 - GE-T7-0034
2008 - GE-T8-0014
2009 - SS-T9-0062
2010 - SS-T0-0039

State Agency: Department of Public Safety - Office of the Director (OD)
Questioned Costs: $740,054

The OD did not ensure personnel related expenditures were properly supported by salary certifications and approved activity reports for the Homeland Security or the Justice Assistance Grant (JAG) programs. Salary certifications were not prepared for the eight employees working solely on the Homeland Security program or the eight employees working solely on the JAG program during the year ended June 30, 2011. We questioned the federal share of the salary costs for these 16 employees, or $671,287 (100 percent). In addition, the OD did not ensure the personnel activity reported for the 23 employees working on multiple programs was approved by the employee or the employee's supervisor. We questioned the federal share of salary costs for these employees for the month reviewed, or $68,767 (100 percent).

Recommendation:
The OD resolve the questioned costs with the grantor agency, and ensure salary certifications are prepared and approved for all employees who work solely on a single program and activities reported by employees working on multiple programs are approved as required.

Status of Finding:
Implemented.

Status of Questioned Costs:
Our federal granting agency has advised, upon our completed actions and corrective action plan submission, their portion of the audit is considered closed. The questioned costs are resolved with no further action required.

Contact Person: Bruce Clemonds
Phone Number: (573) 522-6125

2011-8A. Subrecipient Monitoring

Federal Agency: Department of Homeland Security
Federal Program: 97.067 Homeland Security Grant Program
2006 - GE-T6-0067
2007 - GE-T7-0034
2008 - GE-T8-0014
2009 - SS-T9-0062
2010 - SS-T0-0039
State Agency: Department of Public Safety - Office of the Director (OD)

A formal subrecipient monitoring policy for the Homeland Security program was not implemented until March 2011 and monitoring procedures could have been improved. The delay in implementing the policy resulted in the OD not performing desk monitoring reviews for the majority of subrecipients during fiscal year 2011. Additionally, the monitoring policy required the OD to perform site visits at two subrecipients per year; however, the OD had not adequately documented the criteria and methodology for selecting Homeland Security subrecipients for a site visit, or specific procedures to be performed during each site visit.

Recommendation:
The OD establish and implement policies and procedures to ensure subrecipients are adequately monitored.

Status of Finding:
Implemented.

Contact Person: Bruce Clemonds
Phone Number: (573) 522-6125

2011-8C. Subrecipient Monitoring

Federal Agency: Department of Homeland Security
Department of Justice
Federal Program: 16.738 Edward Byrne Memorial Justice Assistance Grant Program
2007 - DJ-BX-0051
2008 - DJ-BX-0731 and DJ-BX-0027
2009 - DJ-BX-0090
2010 - DJ-BX-0066
16.803 ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories
2009 - SU-B9-0032
97.067 Homeland Security Grant Program
2006 - GE-T6-0067
2007 - GE-T7-0034

2008 - GE-T8-0014
2009 - SS-T9-0062
2010 - SS-T0-0039

State Agency: Department of Public Safety - Office of the Director (OD)

The OD had not established an audit tracking system or ensured Homeland Security and Justice Assistance Grant program subrecipients expending $500,000 or more in federal funds obtained independent Single Audits as required. In addition, the OD had not documented that Single Audit reports received were reviewed.

Recommendation:

The OD establish a system to track Single Audit reports expected and received from applicable subrecipients. In addition, the OD should document its review and follow-up of all subrecipient Single Audit reports received.

Status of Finding:

Implemented.

Contact Person: Bruce Clemonds
Phone Number: (573) 522-6125

2011-11A. Social Services Block Grant

Federal Agency: Department of Health and Human Services
Federal Program: 93.667 Social Services Block Grant
2010 and 2009 - 0901MOSOS2
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)
Questioned Costs: $2,507,444

The SEMA did not have adequate controls and procedures in place to ensure the Social Services Block Grant (SSBG) disaster funds were used for allowable costs and activities.

1) Documentation was not adequate to support the allowability of disbursements made for a relocation buyout program. We questioned the federal share of all payments made for the buyout, or $1,751,588 (100 percent). In addition, the SEMA did not have a written agreement with a regional planning commission documenting the funding to be provided and the responsibilities of each party.

2) Documentation was not adequate to support the allowability of payments made for 2 of 17 individual assistance projects reviewed. We questioned the federal share of the payments, or $213,949 (100 percent). In addition, several project files lacked some other required documentation.

3) Documentation was not reviewed by the SEMA to ensure payments made to a regional planning commission for individual assistance projects were allowable. We questioned the federal share of these payments, or $541,907 (100 percent).

Recommendation:
The SEMA review payments made to ensure they were adequately supported and an allowable use of the SSBG Disaster funds. In addition, the SEMA should resolve the questioned costs with the grantor agency.

Status of Finding:
Implemented. The SEMA dedicated staff and resolved the questioned costs. Staff worked on the project and ensured all documentation was filed correctly in the SEMA files.

Status of Questioned Costs:
The SEMA determined that all costs were eligible, allocable, necessary and reasonable within the grant guidelines. The SEMA has been in contact with the grantor agency on June 21, 2012, with a resolution of the audit finding.

Contact Person: Dante Gliniecki
Phone Number: (573) 526-9132

2011-12. Disaster Assistance Subrecipient Monitoring

Federal Agency: Department of Homeland Security
Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
2006 - FEMA-DR-1631-MO and FEMA-DR-1635-MO
2007 - FEMA-DR-1673-MO, FEMA-DR-1676-MO, FEMA-DR-1708-MO, and FEMA-DR-1728-MO
2008 - FEMA-DR-1736-MO, FEMA-DR-1742-MO, FEMA-DR-1748-MO, FEMA-DR-1749-MO, and FEMA-DR-1773-MO
2009 - FEMA-DR-1809-MO, FEMA-DR-1822-MO, and FEMA-DR-1847-MO
2010 - FEMA-DR-1934-MO
2011 - FEMA-DR-1961-MO and FEMA-DR-1980-MO
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

The SEMA did not adequately track subrecipients to ensure an independent Single Audit had been completed, when required, and submitted to the SEMA on a timely basis.

Recommendation:
The SEMA develop procedures to ensure subrecipients obtain and submit independent Single Audits when required.

Status of Finding:
Partially implemented. The SEMA has established a monitoring plan to include annual certifications for A-133 compliance by our local sub-recipients, on-site monitoring visits, and review of hard copy audits from local sub-recipients in conjunction with review of electronic audit status from the federal audit clearinghouse. Annual certification letters were mailed to the sub-recipients in late February 2013. The SEMA is in the process of reviewing Certification of Audit Requirement forms received from sub-recipients. Certification of Audit Requirement forms for fiscal year 2013 are scheduled to be mailed in February 2014.

Contact Person: LeAnn Ringwald
Phone Number: (573) 526-9130

2011-14A. Eligibility and Child Care Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 Child Care and Development Block Grant
2010 - G1001MOCCDF and 2011 - G1101MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2010 - G1001MOCCDF and 2011 - G1101MOCCDF
93.713 ARRA - Child Care and Development Block Grant
2009 - G0901MOCCD7
State Agency: Department of Social Services (DSS) - Children's Division (CD) and Family Support Division (FSD)
Questioned Costs: $42,204

Controls over eligibility and provider payments were not sufficient to prevent and/or detect payments made on behalf of ineligible clients or improper payments to child care providers.

- The DSS could not locate the eligibility file for 6 of 60 cases reviewed. Child care payments made on behalf of these children and their siblings during the year ended June 30, 2011, totaled $46,466. We questioned the federal share of $37,637 (81 percent).

- Eligibility documentation was not sufficient to support a valid need for child care for 3 of 60 cases reviewed. Payments totaling $4,610, made on behalf of these children and their siblings, were unallowable and/or unsupported by adequate documentation. We questioned the federal share of $3,734 (81 percent).

- For child care payments, 13 of 60 payments reviewed were not supported by adequate documentation and/or were not in compliance with DSS policies. Of these 13 payments, 2 were for cases which also lacked eligibility documentation and were included in the above questioned costs. Payments for the remaining 11

cases totaled an additional $1,028. We questioned the federal share of $833 (81 percent).

Recommendation:

The DSS, through the CD and FSD, resolve the questioned costs with the grantor agency and review and strengthen policies and procedures regarding child care eligibility determinations, provider payments, and case record documentation and retention. These procedures should include sufficient monitoring of eligibility determinations and provider payments, and follow-up on errors identified.

Status of Finding:

Corrective actions taken since the finding was issued follow:

Case Adjustments - Funds have been returned to the federal government or claims have been entered on either a parent or provider.

Case Review Tool - On July 27, 2011, the FSD presented to the CD a walkthrough of the base Case Review System (CRS) to which a child care component was added. A webinar providing detail on the child care component of the system was completed with the Rushmore Group (provider of the current CRS) on August 11, 2011. On September 2, 2011, the Rushmore Group began coding child care into the existing CRS. In the spring of 2012, the CD trained 232 supervisors and program managers on the CRS. The CRS was implemented in March 2012. The CD is utilizing output reports from the CRS to identify programmatic strengths and challenges and areas for policy, field and training improvement. The output reports for fiscal year 2013 have been reviewed and indicate a 95 percent accuracy rate statewide. In September 2013, a memorandum was issued to FSD staff clarifying expectations of supervisors as well as regional, program and county managers. Local FSD leadership is expected to monitor reviews for timely submission and ensure that quality and accuracy standards are met for each child care eligibility element. It was further clarified that supervisors are to conduct case reviews on approved child care assistance cases. Closed or rejected actions should only be reviewed if there are no approval or adjustment actions for a county, for the review month. Supervisors must ensure staff take necessary action to correct any cases determined to be incorrect, including entering any client claims discovered through the case reading process.

Updates have been made to the CRS, as a result of feedback from FSD management at the local level. These updates include changes to the child care worksheet; moving transitional child care documentation above sliding fee documentation; removal of the IM-3 form as a causal factor, since it is no longer required; and changing the wording for the "Child Not Eligible" indicator to "Child Not Eligible to be Authorized."

We will continue to analyze data to identify programmatic strengths and weaknesses to determine which local FSD offices are in need of Program Enhancement Plans. A full statewide analysis is being prepared for the FSD and will be provided to FSD leadership. This analysis outlines areas for improvement with recommendations that are present statewide.

Self-Employment Training - Effective August 1, 2011 the FSD eligibility specialists (ES) and eligibility supervisors are required to complete the on-line Self-Employment Income Budgeting training course found in the Employee Learning Center. ES and eligibility supervisors were required to complete the training by December 31, 2011. The self-employment training is to assist in reducing the error rates for all income maintenance programs.

The CD will be using data made available through the CRS to determine whether the training has been beneficial to staff.

FSD Workers Online Child Care Training - The FSD administers the child care assistance program for income maintenance households. The majority of the families accessing child care receive services through their local FSD office. As of September 1, 2011, FSD frontline workers and supervisors were able to access online child care training through the FSD Training Unit intranet page. New FSD employees are required to successfully complete the online training prior to enrolling in the in-person Basic Child Care Orientation training. New staff access and complete the training through the DSS Employee Learning Center with the online assessment component. Effective April 1, 2013, ES and eligibility supervisors are required to retake the online Child Care Assistance training every two years after initial completion. The CD will be using data made available through the CRS to determine whether the training has been beneficial to staff.

Casework Reference Guide - The FSD Training Unit, in collaboration with Child Care Program and Policy staff, developed a Case Reference Guide (CRG) for FSD workers. The CRG is an informational tool that can be utilized by workers when processing applications and completing other case actions. The CRG does not replace the policy and forms manuals. It is intended to be an additional resource for workers. Workers are to use this guide in conjunction with the policy and forms manuals and memorandums. The CD is currently updating the CRG.

Child Care Manual Revisions - Early Childhood and Prevention Services Program and Policy staff is continually reviewing the child care manual for clarification and revision.

Calendar Year	Policy Memorandum Updates by Section	Practice Points/Alerts
2011	40	5
2012	82	1
2013	10	4

Child Care Steering Committee - During the summer of 2012, the DSS formed a steering committee to address child care issues. From this initiative there were four project teams designated to identify deficiencies and problematic areas within the Child Care Program: Eligibility, Provider Issues and Policy/Payments, Program Integrity, and Information and Systems Technology. Each team made five or six recommendations related to the team's assigned area.

Status of Questioned Costs:
The DSS recovered some of the questioned costs via processing claims against parents or providers. The DSS completed the remaining adjustments on the March 31, 2012 quarterly report. The DSS is waiting on clearance from the grantor agency.

Contact Person: Marianne Dawson
Phone Number: (573) 522-2294

2011-14B. Eligibility and Child Care Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 Child Care and Development Block Grant
2010 - G1001MOCCDF and 2011 - G1101MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2010 - G1001MOCCDF and 2011 - G1101MOCCDF
93.713 ARRA - Child Care and Development Block Grant
2009 - G0901MOCCD7
State Agency: Department of Social Services (DSS) - Children's Division (CD) and Family Support Division (FSD)
Questioned Costs: $16,011

Payments were made on behalf of clients ineligible for an ARRA Child Care Initiative. We noted 9 of 49 clients reviewed were receiving Temporary Assistance for Needy Family (TANF) benefits, although the initiative provided that clients receiving TANF benefits were not eligible. We questioned the federal share of the payments made on behalf of these clients, or $16,011 (100 percent).

Recommendation:
The DSS, through the CD and FSD, resolve the questioned costs with the grantor agency and revise its methodology for identifying clients who were ineligible for non-TANF ARRA Child Care Initiative benefits and recoup any improper payments identified.

Status of Finding:
On April 29, 2011, memorandum CD11-41/OEC11-110 was sent to field staff to reinforce the use of the non-TANF job search. Along with the memo, a listing of TANF recipients who potentially received the non-TANF job search child care benefit anytime between May 2010 and March 2011 was issued to FSD eligibility staff. During the subsequent months in which the program was in effect, the CD issued to field staff a non-TANF job search list for review and potential cleanup. The non-TANF job search program ended August 2011. The CD worked with the FSD to identify cases with unallowable costs. The case reviews were completed and inappropriately claimed funds have been repaid.

Status of Questioned Costs:
The DSS recovered a portion of the questioned costs via claims against parents or providers. The DSS is in discussions with the grantor agency on how to adjust for remaining questioned costs since the ARRA grant has expired.

Contact Person: Marianne Dawson
Phone Number: (573) 522-2294

2011-16. Cost Allocation Procedures

Federal Agency: Department of Health and Human Services
Federal Program: 93.667 Social Services Block Grant
2010 - G1001MOSOSR and 2011 - G1101MOSOSR
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

DFAS controls and procedures over the allocation of costs to the Social Services Block Grant program were not sufficient and as a result, cost allocation errors were not prevented and/or detected.

Recommendation:
The DSS, through the DFAS, strengthen controls and procedures to ensure the accurate allocation of costs to the Social Services Block Grant. These procedures should include a detailed and documented supervisory review of cost allocation spreadsheets.

Status of Finding:
The DSS is working in consultation with the Department of Health and Human Services (DHHS) to rewrite the cost allocation plan to better define its methodologies for allocating costs to various DHHS grants. The DSS has contracted with a third party to help develop and implement a new cost allocation plan and system. The first phase/portion of the new cost allocation plan should be submitted by March 2014. The plan will be tested and finalized by June 30, 2014. The remaining portion of the plan will be implemented after successful completion of phase one.

The DSS has also assigned a senior level staff person to manage the cost allocation plan. That person is responsible and accountable for updates/revisions to the plan.

Contact Person: Amy Patel
Phone Number: (573) 751-2170

2011-17. Earmarking

Federal Agency: Department of Health and Human Services
Federal Program: 93.667 Social Services Block Grant

2010 - G1001MOSOSR and 2011 - G1101MOSOSR

State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

Questioned Costs: $6,461,316

Controls and procedures to ensure Temporary Assistance for Needy Families (TANF) funds transferred to the Social Services Block Grant (SSBG) were used for programs and services to eligible individuals were not sufficient. During preparation of the Post-Expenditure report for the year ended June 30, 2011, DFAS personnel allocated expenditures totaling $6,461,316 of TANF transfer funding to programs other than allowable case management and residential treatment. The DFAS did not have support to demonstrate the expenditures for the other programs reported were allowable. We questioned the $6,461,316 allocated in error to unapproved programs.

Recommendation:

The DSS, through the DFAS, resolve the questioned costs with the grantor agency. In addition, the DFAS should strengthen controls and procedures to ensure TANF funds transferred to the SSBG are used for programs and services to eligible individuals and transferred funds are accurately reported. These procedures should include a detailed and documented supervisory review of program reports.

Status of Finding:

The DSS does track and report funds transferred from TANF to SSBG. There was an oversight due to staff changes and reports have been revised and resubmitted to the federal agency. The DSS also provided the basis for its assurance that funds expended from TANF transfers to SSBG are used for children and their families with income less than 200 percent of the federal poverty level. The actual expenditure of funds met the requirements and was allowable; therefore, the DSS disagrees with the questioned costs.

Status of Questioned Costs:

This finding is the subject of continued discussion with the grantor agency, but no resolution has yet been finalized. Questioned costs have not been resolved with the grantor agency.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2011-18A. Eligibility and TANF Assistance Payments

Federal Agency: Department of Health and Human Services

Federal Program: 93.558 Temporary Assistance for Needy Families
2010 - G1002MOTANF and 2011 - G1102MOTANF
93.714 ARRA- Emergency Contingency Fund for Temporary Assistance for Needy Families State Program
2009 - G0901MOTAN2 and 2010 - G1001MOTAN2

State Agency: Department of Social Services (DSS) - Family Support Division (FSD)
Questioned Costs: $15,070

The FSD paid Temporary Assistance for Needy Family (TANF) benefits to some recipients who may not have been eligible or were ineligible for the full amount of TANF payments received.

- For 4 of 60 recipients tested, the eligibility specialist did not act on information timely when quarterly wage matches between various federal and state databases and the TANF case management system showed significant unresolved differences in income earned during state fiscal year 2011. The FSD determined these four recipients received overpayments totaling $4,246, for which we questioned the entire amount (100 percent federal share).

- For 3 of 60 recipients tested, the FSD did not maintain adequate eligibility documentation to support payments made. Payments made for these three cases during the year ended June 30, 2011, totaled $10,824, of which we questioned the entire amount (100 percent federal share).

Recommendation:
The FSD resolve the questioned costs with the grantor agency and strengthen controls to ensure income information is reviewed periodically and proper and timely action is taken regarding the updated income information, including case sanctions, case closures and recoupment of overpayments, if warranted. In addition, the FSD should maintain required eligibility documentation in all case files.

Status of Finding:
The FSD continues to ensure cases are thoroughly reviewed and acted upon in a timely manner for reported household income changes, at points of assistance application and identified at scheduled continued-eligibility reviews. The FSD Income Maintenance (IM) staff and Family Assistance Management Information System staff is in the process of developing a Quarterly Wage Match (QWM) report for staff. IM Memo #53 (6/25/12) was issued to staff with detailed steps to process QWM within 15 days of receipt.

Status of Questioned Costs:
Questioned costs were adjusted on the March 31, 2012, and September 30, 2012, quarterly reports. The DSS is waiting on clearance from the grantor agency.

Contact Person: Jeannie Olson
Phone Number: (573) 751-3178

2011-18B. Eligibility and TANF Assistance Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families

2010 - G1002MOTANF and 2011 - G1102MOTANF
93.714 ARRA- Emergency Contingency Fund for Temporary Assistance for Needy Families State Program
2009 - G0901MOTAN2 and 2010 - G1001MOTAN2

State Agency: Department of Social Services (DSS) - Family Support Division (FSD)
Questioned Costs: $1,258

The FSD did not act upon some notices of non-cooperation from the Child Support Enforcement Unit to sanction Temporary Assistance for Needy Family (TANF) recipients. For 7 of 47 recipients reviewed, the FSD did not sanction the recipient when notified. The FSD identified overpayments totaling $1,258 were made to these recipients during the year ended June 30, 2011. We questioned the federal share of these costs totaling $1,258 (100 percent federal share).

Recommendation:

The FSD resolve the questioned costs with the grantor agency and develop additional controls to ensure sanctions are imposed on TANF recipients who fail to cooperate with child support enforcement program requirements.

Status of Finding:

The FSD Income Maintenance (IM) section continues to work closely with the division's Child Support (CS) section to further ensure non-cooperation notifications from the CS section are promptly reviewed by IM staff for potential sanctions, and subsequently imposed as warranted. The FSD IM section implemented, with IM Memo #55 (July 3, 2012), a log to track the non-cooperation notifications received from the CS section to ensure IM staff process the requests in a timely manner. In addition, the FSD CS section notified CS staff with CS Memo #20 (April 15, 2013) about non-cooperation procedures for TANF recipients. The electronic database, which will replace the paper log, is still in development.

Status of Questioned Costs:

Questioned costs were adjusted on the March 31, 2012, and September 30, 2012, quarterly reports. The DSS is waiting on clearance from the grantor agency.

Contact Person: Jeannie Olson
Phone Number: (573) 751-3178

2011-19A. Unallowable Costs and Maintenance of Effort

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2010 - G1002MOTANF and 2011 - G1102MOTANF
93.714 ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families State Program
2009 - G0901MOTAN2 and 2010 - G1001MOTAN2

State Agency: Department of Social Services (DSS) - Family Support Division (FSD)
Questioned Costs: $25,810,891

The DSS claimed unallowable state foster care, adoption assistance, and subsidized guardianship costs under the Temporary Assistance for Needy Families (TANF) program. The foster care, adoption assistance, and subsidized guardianship costs claimed included non-emergency assistance, and the costs claimed for emergency assistance were not separately identified; therefore, all costs were unallowable. We questioned all state fiscal year 2011 costs for foster care, adoption assistance, and subsidized guardianship claimed under the TANF program, totaling $25,810,891 (100 percent federal share).

Recommendation:

The DSS resolve the questioned costs with the grantor agency and ensure prior approved program costs claimed under the TANF program comply with federal regulations.

Status of Finding:

The DSS disagreed with this finding. The DSS's previous response to the finding is unchanged. The DSS is using a manual, developed with the assistance of a third party, to evaluate whether costs are allowable under TANF and/or TANF maintenance of effort (MOE). This desk manual will help the DSS ensure that it has appropriately categorized costs as TANF or TANF MOE as the definitions of allowable costs vary between the two. The desk manual was finished December 2012 and was submitted on January 24, 2013, to our grantor agency for review.

Status of Questioned Costs:

The status is still under discussion with the grantor agency.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2011-19B. Unallowable Costs and Maintenance of Effort

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2010 - G1002MOTANF and 2011 - G1102MOTANF
93.714 ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families State Program
2009 - G0901MOTAN2 and 2010 - G1001MOTAN2
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)

The DSS included unallowable educational expenditures totaling $19,034,632 in the amounts reported for the annual maintenance of effort (MOE) requirement for the Temporary Assistance for Needy Families (TANF) program.

Recommendation:
The DSS ensure expenditures claimed as MOE are allowable.

Status of Finding:
The DSS disagreed with this finding. The DSS's previous response to the finding is unchanged. The DSS is using a manual, developed with the assistance of a third party, to evaluate whether costs are allowable under TANF and/or TANF MOE. This desk manual will help the DSS ensure that it has appropriately categorized costs as TANF or TANF MOE as the definitions of allowable costs vary between the two. The desk manual was finished December 2012 and was submitted on January 24, 2013, to our grantor agency for review.

Additionally, during this process, the third party validated the allowability of the claim in question, citing 1999 TANF Final Rule (page 17825), which supports the DSS's contention that it claimed these funds correctly.

We would like to point out that federal TANF funds may also be used to pay for "nonassistance" activities (such as those identified in this finding) that meet the purposes of the program as given in Sections 401(a)(1)-(4) of the Social Security Act and 45 CFR Section 260.20. Federal TANF funds may also be used for activities that benefit non-needy families in some cases, e.g., activities that meet the purpose of either Section 401(a)(3) or (a)(4) of the Act. In this respect, there may be more flexibility in the expenditures that are allowable uses of federal funds than those that are allowable for MOE purposes. This is because federally funded services or benefits do not necessitate a determination of financial eligibility (need) if they do not meet the definition of assistance. Thus, states may use federal TANF funds (in accordance with Section 404 of the Act) to provide "nonassistance" services or benefits to eligible individuals who meet the state's other, nonfinancial, objective criteria for the delivery of such benefits.

The status is still under discussion with the grantor agency.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2011-19C. Unallowable Costs and Maintenance of Effort

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2010 - G1002MOTANF and 2011 - G1102MOTANF
93.714 ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families State Program
2009 - G0901MOTAN2 and 2010 - G1001MOTAN2
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)
Questioned Costs: $18,493,665

For the quarter ended September 30, 2010, the DSS claimed costs under the Temporary Assistance for Needy Families (TANF) program, totaling $18,493,665, related to three scholarship programs: A+ Schools, Bright Flight Scholarships, and Ross-Barnett Scholarships. The DSS had not determined and documented there was any correlation between those programs and any of the four allowable TANF purposes. We questioned the state fiscal year 2011 costs for scholarship programs that were claimed under the TANF program, totaling $18,493,665 (100 percent federal share).

Recommendation:

The DSS resolve the questioned costs with the grantor agency and ensure program costs claimed under the TANF program comply with federal regulations.

Status of Finding:

The DSS disagreed with this finding. The DSS's previous response to the finding is unchanged. The DSS is using a manual, developed with the assistance of a third party, to evaluate whether costs are allowable under TANF and/or TANF maintenance of effort (MOE). This desk manual will help the DSS ensure that it has appropriately categorized costs as TANF or TANF MOE as the definitions of allowable costs vary between the two. The desk manual was finished December 2012 and was submitted on January 24, 2013, to our grantor agency for review.

Additionally, during this process, the third party validated the allowability of the claim in question, citing 1999 TANF Final Rule (page 17825), which supports the DSS's contention that it claimed these funds correctly.

We would like to point out that federal TANF funds may also be used to pay for "nonassistance" activities (such as those identified in this finding) that meet the purposes of the program as given in Sections 401(a)(1)-(4) of the Social Security Act and 45 CFR Section 260.20. Federal TANF funds may also be used for activities that benefit non-needy families in some cases, e.g., activities that meet the purpose of either section 401(a)(3) or (a)(4) of the Act. In this respect, there may be more flexibility in the expenditures that are allowable uses of federal funds than those that are allowable for MOE purposes. This is because federally funded services or benefits do not necessitate a determination of financial eligibility (need) if they do not meet the definition of assistance. Thus, states may use federal TANF funds (in accordance with section 404 of the Act) to provide "nonassistance" services or benefits to eligible individuals who meet the state's other, nonfinancial, objective criteria for the delivery of such benefits.

DSS has changed is claiming process to claim these funds as TANF, instead of TANF MOE to align its claiming with the above information.

Status of Questioned Costs:

The status is still under discussion with the grantor agency.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2011-19D. Unallowable Costs and Maintenance of Effort

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2010 - G1002MOTANF and 2011 - G1102MOTANF
93.714 ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families State Program
2009 - G0901MOTAN2 and 2010 - G1001MOTAN2
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)

The DSS control system was not effective in ensuring the types of costs claimed under the Temporary Assistance for Needy Families (TANF) program or recorded as TANF maintenance of effort (MOE) met all federal regulatory and grant requirements, resulting in unallowable costs and unqualified sources of MOE claimed against the federal TANF grant.

Recommendation:
The DSS establish a formal control system to ensure the types of costs claimed under the TANF program or recorded as TANF MOE meet all federal regulatory and grant requirements.

Status of Finding:
The DSS disagreed with this finding. The DSS's previous response to the finding is unchanged. The DSS is using a manual, developed with the assistance of a third party, to evaluate whether costs are allowable under TANF and/or TANF MOE. This desk manual will help the DSS ensure that it has appropriately categorized costs as TANF or TANF MOE as the definitions of allowable costs vary between the two. The desk manual was finished December 2012 and was submitted on January 24, 2013, to our grantor agency for review. The status is still under discussion with the grantor agency.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2011-20A. Work Participation and Sanctions

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2010 - G1002MOTANF and 2011 - G1102MOTANF
93.714 ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families State Program
2009 - G0901MOTAN2 and 2010 - G1001MOTAN2
State Agency: Department of Social Services - Family Support Division (FSD)

The FSD was not in compliance with certain work activity reporting requirements contained in the Temporary Assistance for Needy Families Work Verification Plan in

effect for state fiscal year 2011. We noted for 17 of 60 cases tested, the work participation hours were either not documented, not verified, and/or not reported correctly in accordance with the Work Verification Plan.

Recommendation:

The FSD develop additional controls to ensure work activities are adequately documented, verified, and reported in accordance with the FSD Work Verification Plan.

Status of Finding:

The Missouri Work Assistance (MWA) Case Management system was available for data entry June 28, 2011, and entries ceased in the Toolbox system on June 23, 2011. Inquiry access to Toolbox has continued to ensure necessary data was converted from Toolbox to the MWA System.

A Case Review form was developed for use by all MWA coordinators to provide consistency when reviewing data entries and physical files of MWA participants each contractor is serving. This tool is used by all MWA coordinators effective July 1, 2011.

A Case Review Guide was written and shared with MWA staff August 2011 (and upgraded December 2011) to ensure the MWA coordinators understand where policies regarding the form are located in the policy manual and request for proposal to assist contractors with any incorrect findings. This guide and the case review form have also been shared with MWA contractors for use when reviewing their staff case files.

Effective August 1, 2011, MWA coordinators report to the FSD program manager responsible for the MWA program (before that time coordinators reported to regional FSD staff). The change in supervision ensures that positions are dedicated to the MWA program and coordinator accountability for assigned work by the MWA FSD program manager. All field managers and coordinators continue to be dedicated to the support of the MWA program and report to the MWA unit manager.

With this change, four teams have been designated to further develop the MWA program. These teams are:

- MWA System and Data - user guides, system enhancements, reports;
- MWA Policy and Training – policy manual updates, training materials;
- MWA Contracts and Monitoring – monitoring tools, compliance; and
- Special Projects and Research – MWA webpage, research to improve the work participation rates.

Tools developed by these teams will provide contractors with information to ensure participation activities meet work verification standards and supported with adequate documentation. Resources developed will also serve to increase the work participation rate for the state and provide performance measures to the contractors.

MWA staff completed targeted case file reviews in March 2012 for individuals participating in Vocational Education as an activity. The review was conducted to ensure contractors were obtaining actual attendance sheets (work verification) for this activity rather than entering hours based on a class schedule. This review, and regular case file reviews examine if work verification standards are met.

Contact Person: Jennifer Roberts
Phone Number: (573) 526-5444

2011-20B. Work Participation and Sanctions

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2010 - G1002MOTANF and 2011 - G1102MOTANF
93.714 ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families State Program
2009 - G0901MOTAN2 and 2010 - G1001MOTAN2
State Agency: Department of Social Services - Family Support Division (FSD)
Questioned Costs: $1,134

The FSD did not have adequate procedures in place to ensure contractors notified the FSD when Temporary Assistance for Needy Families (TANF) recipients failed to meet work participation requirements. As a result, many TANF recipients who failed to meet work participation requirements were not sanctioned. We noted 18 of 55 recipients tested were not appropriately sanctioned for non-compliance with work participation requirements. We questioned the amount of the sanctions that were not imposed for these recipients for the month reviewed, which totaled $1,134 (100 percent federal share). In addition, the FSD did not ensure TANF recipients referred to Missouri Work Assistance (MWA) contractors were assigned case managers.

Recommendation:
The FSD develop additional controls to ensure TANF recipients failing to meet work participation requirements are sanctioned as required. In addition, the FSD should resolve the questioned costs with the grantor agency.

Status of Finding:
The FSD continues to perform the following activities to evaluate contractor compliance with notification requirements to ensure TANF recipients are sanctioned accordingly to policy and procedure.

The case review form includes an evaluation of the conciliation and sanction referral process. This tool continues to determine appropriate and timely actions of the MWA contractors should TANF recipients fail to meet the work participation requirements.

The MWA field managers and coordinators review the mass participation screens for case managers in each office to identify those individuals that are not participating in an activity and work with the contractors to identify those that should be placed in conciliation and possibly sanctioned.

Quarterly, the MWA coordinators review a sample of participants that have no hours of participation, no conciliation activity, or no sanction in place. Individuals identified are shared with the contractor for immediate contact and initiation of the conciliation and sanctioning process to ensure participants failing to meet the work participation requirement are sanctioned as required. These reviews have continued through state fiscal year 2013. Contractors are provided with information on any case file discovered during these reviews that require attention.

Status of Questioned Costs:
An adjustment was made to the March 31, 2012, quarterly report. The DSS is waiting on clearance from the grantor agency.

Contact Person: Jennifer Roberts
Phone Number: (573) 526-5444

2011-22A. Medicaid Management Information System

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2010 - 1005MO05021
93.778 Medical Assistance Program
2010 - 1005MO5MAP and 1005MO5ADM
2011 - 1105MO5MAP and 1105MO5ADM
93.778 ARRA - Medical Assistance Program
2009 - 0905MOARRA
2010 - 1005MOARRA
2011 - 1105MOARRA and 1105MOEXTN
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD)
Questioned Costs: $45

Medicaid Management Information System edit override documentation was not properly completed or approved by MHD personnel for 2 of 60 override actions reviewed. The payments related to these overrides totaled $63. We questioned the federal share of the total payments, or $45 (71.61 percent).

Recommendation:
The MHD ensure the override authorizations are properly completed and approved by appropriate employees. In addition, the MHD should resolve questioned costs with the grantor agency.

Status of Finding:

On March 1, 2012, the MHD notified the fiscal agent's claims manager of the errors with instructions to return any future override claims to the MHD if the reason for override or the authorized signature was missing. Each MHD unit is responsible for monitoring and logging override requests submitted by their staff. Notification is sent to the MHD Units with a reminder to ensure requests have been signed by an authorized person and indicate the reason for the override.

Status of Questioned Costs:

A decreasing adjustment is not necessary as the documentation to support the override authorizations for the two claims in question is maintained in the Medicaid Management Information System. The documentation previously provided to the State Auditor's office was not a copy of the actual override authorizations submitted with the claim but an incomplete file copy. In addition, the documentation to support the reason for the override was maintained in the case file and not submitted with the override authorization for the claims due to the volume of the documentation. The DSS will work with the grantor agency to resolve the questioned costs.

Contact Person: Todd Meyer
Phone Number: (573) 751-7996

2011-22C. Medicaid Management Information System

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2010 - 1005MO05021
93.778 Medical Assistance Program
2010 - 1005MO5MAP and 1005MO5ADM
2011 - 1105MO5MAP and 1105MO5ADM
93.778 ARRA - Medical Assistance Program
2009 - 0905MOARRA
2010 - 1005MOARRA
2011 - 1105MOARRA and 1105MOEXTN
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD)
Questioned Costs: $78

The Medicaid Management Information System did not properly process certain spend down claims, allowing some participants with medical claims that extended between 2 or more calendar months to receive benefits without meeting spend down requirements in any of the months. Of nine claims reviewed for spend down participants, we noted one paid claim where the participant had not met the required monthly spend down amount. The payments related to the claim tested totaled $109. We questioned the federal share of the total payments, or $78 (71.61 percent).

Recommendation:
The MHD identify and resolve questioned costs with the grantor agency related to spend down participant claims paid in error.

Status of Finding:
The MHD identified spend down claims with dates of service extending across two or more months that did not process correctly. The claims will be reviewed and appropriation action taken as necessary.

Status of Questioned Costs:
Any action that results in an adjustment to the claim payment amount will be reflected on future CMS 64 reports based upon the quarter for when the adjustment is completed.

Contact Person: Todd Meyer
Phone Number: (573) 751-7996

2011-23. Participant Eligibility

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2010 - 1005MO05021
93.778 Medical Assistance Program
2010 - 1005MO5MAP and 1005MO5ADM
2011 - 1105MO5MAP and 1105MO5ADM
93.778 ARRA - Medical Assistance Program
2009 - 0905MOARRA
2010 - 1005MOARRA
2011 - 1105MOARRA and 1105MOEXTN
State Agency: Department of Social Services (DSS) - Family Support Division (FSD) and MO HealthNet Division (MHD)
Questioned Costs: $2,620

Adequate controls were not in place to ensure all required documentation was obtained and maintained supporting eligibility of participants related to the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP). The FSD did not obtain or maintain all documentation required for eligibility for 3 of 60 Medicaid and CHIP participants reviewed. The ineligible payments made on behalf of these participants totaled $3,717 during the year ended June 30, 2011. We questioned the federal share or $2,620 (70.49 percent).

Recommendation:
The DSS ensure all information required to determine participant eligibility is obtained, verified, and retained to ensure compliance with applicable federal requirements. In addition, the DSS should resolve questioned costs with the grantor agency.

Status of Finding:

The DSS has taken steps to ensure staff is following existing policy for obtaining verified Social Security Numbers, verifying citizenship, and exploring potential income sources when approving assistance applications and conducting periodic reviews. To enhance measures already in place and to continue to ensure correct case results, the corrective actions include the following:

- MHD Program and Policy has released a memorandum, IM-93 on November 27, 2012, reminding staff of required verification of citizenship, identification, and income when determining eligibility for MHD programs, IM-46 on June 1, 2012, to remind staff of the policies on citizenship and immigrant status and to apply policies appropriately, and IM-49 on August 25, 2011, to clarify reasonable opportunity to present documentary evidence of citizenship for MHD programs.

- When an applicant applies and declares to be a citizen or national, the eligibility specialist must follow policy as outlined in Income Maintenance Manual Policy Section 0110.020.02. The FSD Quality Control unit started reviewing as of November 2011, a random sampling of MO HealthNet for Families (MHF), MO HealthNet for Kids (MHK), MO HealthNet for The Aged, Blind, and Disabled (MHABD), and MO HealthNet for Pregnant Women (MPW) applications through the Payment Error Rate Measurement Reviews (PERM). If while reviewing a case for PERM, it is found that the case file does not contain the necessary documentation to verify citizenship, Quality Assurance/Quality Control will verify citizenship if possible, then forward the verification to the field office to update the case record. PERM review summaries are distributed to county of origin for follow up and corrective action. Also, FSD supervisors conduct random case readings of MHF, MHK, MHABD, and MPW cases identified on reports available on the Managed Reporting to measure eligibility specialist's performance in determining eligibility and providing correct benefits.

A request for automation of adverse actions when citizenship or ID verification has not been received within 90 days was submitted to the Family and Medical Information System (FAMIS) for inclusion on a list of planned systems enhancements. Due to the conversion currently in process from FAMIS to the Missouri Eligibility Determination and Enrollment System (MEDES), as well as budgetary constraints, the request was not completed. However, this automated function is included with the business requirements for MEDES.

Status of Questioned Costs:

An adjustment will be made on the December 31, 2013, quarterly reports. The DSS is waiting on clearance from the grantor agency.

Contact Person: Jeannie Olson
Phone Number: (573) 751-3178

2011-24. Pharmacy Dispensing Fees

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2010 - 1005MO05021
93.778 Medical Assistance Program
2010 - 1005MO5MAP and 1005MO5ADM
2011 - 1105MO5MAP and 1105MO5ADM

93.778 ARRA - Medical Assistance Program
2009 - 0905MOARRA
2010 - 1005MOARRA
2011 - 1105MOARRA and 1105MOEXTN
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD)
Questioned Costs: $6,909,934

The MHD periodically changed the rate paid pharmacies for dispensing prescription drugs under the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP); however, the state regulation authorizing these dispensing fees had not been updated since 1988 and the current rate paid exceeded a 1991 settlement agreement that increased the pharmacy dispensing fee. The MHD did not have adequate documentation to support the determination of the current dispensing fee structure. The MHD paid pharmacies base dispensing fees totaling $62,331,717 during the year ended June 30, 2011. Had the dispensing fees been paid in accordance with the 1991 settlement agreement, the fees would have totaled $52,672,877, a difference of $9,658,840. We questioned the federal share of the difference, or $6,909,934 (71.54 percent).

Recommendation:

The MHD ensure state regulations related to administration of the Medicaid program and the CHIP are updated when changes are justified, and resolve questioned costs with the grantor agency. In addition, the MHD should ensure increases in payment rates are adequately supported and actuarially sound, as required by federal guidelines.

Status of Finding:

The MHD disagreed with the finding. The MHD makes payments in accordance with the Department of Health and Human Services, Centers for Medicare and Medicaid Services approved state plan. Furthermore, pharmacy dispensing fees paid under Title XIX and CHIP are communicated in documents during the budget process and authorized by the General Assembly through the appropriations process.

The MHD will work with the grantor agency to resolve any questioned costs. The proposed rule was published on November 1, 2013, Volume 38, No. 21, page 1768, for the regulatory changes necessary to reflect the current pharmacy dispensing fee.

Status of Questioned Costs:
This finding is the subject of future discussions with the grantor agency, but no resolution has yet been finalized.

Contact Person: Rhonda Driver
Phone Number: (573) 522-9879

2011-25A. Report Reviews

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2010 - 1005MO05021
93.778 Medical Assistance Program
2010 - 1005MO5MAP and 1005MO5ADM
2011 - 1105MO5MAP and 1105MO5ADM
93.778 ARRA - Medical Assistance Program
2009 - 0905MOARRA
2010 - 1005MOARRA
2011 - 1105MOARRA and 1105MOEXTN
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD)

The MHD identified Medical Assistance Program and Children's Health Insurance Program claims requiring post-payment reviews and generated daily exception reports; however, these reports were not reviewed during the year ended June 30, 2011.

Recommendation:
The MHD review the report of claims that have been identified for post-payment reviews to ensure erroneous billings are properly recouped.

Status of Finding:
The MHD is currently working to verify the need for any exception to have a status of 4 (requiring a post-payment review). Unit program managers are being contacted to make the decision for their specific program areas. Thus far, we have received confirmation from the managers to change many status 4 exceptions to a different status because reporting the claims is not necessary. The size of the daily report has decreased from an average of 2,200 pages to 150 pages or less. Of this amount, many of the exceptions are utilized by Xerox through the CMSP contract (Clinical Management Services and System for Pharmacy Claims and Prior Authorization). The MHD is currently reviewing the CMSP exceptions to determine the need to continue using a status of 4.

One Unit (Third Party Liability) has chosen to continue to review the report for several exceptions which they feel may be of benefit to MHD. If they decide it does not benefit MHD, they will request a status change.

The next step in this process will be to submit a request to change the way GMCM6500-R018 is produced. We want to eliminate repetition of claim Internal Control Numbers (ICN) on the report. Currently, if an ICN posts more than one exception (up to 25) and any of the exceptions have a status of 4, the ICN will repeat on the report for every exception listed. For example, the report lists ICNs for EXC 715. The status of this exception was changed to 5 at the request of the pharmacy unit supervisor but still is reported because other exceptions on the same ICN posted. We only want to see the ICN reported one time.

We continue our efforts to confirm the necessity of this report as it applies to our claims processing and payment systems today. We are finding that the majority of this report is simply outdated, while newer, more advanced system tools provide the required editing for MHD.

Contact Person: Julie Creach
Phone Number: (573) 751-8985

2012-4A. Subrecipient Monitoring and Participant Data

Federal Agency: Department of Labor
Federal Program: 17.258 Workforce Investment Act - Adult Program
2010 - AA-20203-10-55-A-29
2011 - AA-21405-11-55-A-29
17.259 Workforce Investment Act - Youth Activities
2010 - AA-20203-10-55-A-29
2011 - AA-21405-11-55-A-29
17.278 Workforce Investment Act - Dislocated Workers Formula Grants
2010 - AA-20203-10-55-A-29
2011 - AA-21405-11-55-A-29
State Agency: Department of Economic Development - Division of Workforce Development (DWD)

The DWD did not establish adequate procedures to ensure subrecipients were complying with all federal requirements regarding participant enrollment. The DWD did not take action to ensure Workforce Investment Boards (WIB) were following federal guidelines which require participants be exited from the Workforce Investment Act program if no services had been provided for 90 days.

Recommendation:
The DWD continue to implement additional monitoring of WIB representatives or other staff responsible for documenting program exits to ensure compliance with federal requirements.

Status of Finding:
The July 31, 2013 final determination letter from the Department of Labor found the corrective action taken was sufficient and the finding is considered corrected.

Contact Person: Tracey Brown
Phone Number: (573) 526-8222

2012-4B. Subrecipient Monitoring and Participant Data

Federal Agency: Department of Labor
Federal Program: 17.258 Workforce Investment Act - Adult Program
2010 - AA-20203-10-55-A-29
2011 - AA-21405-11-55-A-29
17.259 Workforce Investment Act - Youth Activities
2010 - AA-20203-10-55-A-29
2011 - AA-21405-11-55-A-29
17.278 Workforce Investment Act - Dislocated Workers Formula Grants
2010 - AA-20203-10-55-A-29
2011 - AA-21405-11-55-A-29
State Agency: Department of Economic Development - Division of Workforce Development (DWD)

The DWD did not ensure participant records were complete and accurate for the Workforce Investment Act program. The DWD Central Office approved change requests to participant records which were not in compliance with federal requirements. In addition, changes made via the agency's change order process were documented with hard-copy change requests and logged separately from the electronic participant tracking system. However, the tracking system itself contained no mention or documentation of any changes to the participant records.

Recommendation:
The DWD ensure administrative changes made to participant records are appropriate, and develop or acquire the functionality to maintain adequate records of all changes made to participant records in the Toolbox Case Tracking System.

Status of Finding:
The July 31, 2013 final determination letter from the Department of Labor found the corrective action taken was sufficient and the finding is considered corrected.

Contact Person: Tracey Brown
Phone Number: (573) 526-8222

2012-5A. Vocational Rehabilitation

Federal Agency: Department of Education
Federal Program: 84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States
2010 - H126A100036C; 2011 - H126A110036-11H and
2012 - H126A120036-12D
84.187 Supported Employment Services for Individuals with Significant Disabilities
2012 - H187A120037-12B
State Agency: Department of Elementary and Secondary Education (DESE) - Missouri Vocational Rehabilitation (MVR)

An adequate review of community rehabilitation provider (CRP) billings and other supporting documentation was not performed, and employment of some clients was not independently verified prior to payment for placement and job coaching services. As a result, 23 payments totaling $33,699 were made during the period March 2011 to July 2012 to a CRP for falsified billings, and another 14 payments totaling $12,331 made to the same CRP during the period March 2011 to May 2012 were determined questionable and may have been either billing errors or additional falsified billings. As of November 2012, the MVR received full reimbursement of these questionable payments from the CRP.

Recommendation:
The DESE continue improving procedures over the billing review process to help prevent and identify falsified or erroneous billings from CRPs in a timely manner and ensure adequate supporting documentation is obtained for all expenditures.

Status of Finding:
Corrective action was taken.

Contact Person: Pam Sandbothe
Phone Number: (573) 526-7009

2012-5B. Vocational Rehabilitation

Federal Agency: Department of Education
Federal Program: 84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States
2010 - H126A100036C; 2011 - H126A110036-11H and
2012 - H126A120036-12D
84.187 Supported Employment Services for Individuals with Significant Disabilities
2012 - H187A120037-12B

State Agency: Department of Elementary and Secondary Education (DESE) - Missouri Vocational Rehabilitation

Procedures were not established to effectively address concerns related to inadequate client contact identified in annual performance appraisals of counselors.

Recommendation:
The DESE ensure concerns with inadequate client contact identified during annual performance appraisals are corrected timely.

Status of Finding:
Corrective action was taken.

Contact Person: Pam Sandbothe
Phone Number: (573) 526-7009

2012-6. Medicaid Home and Community Based Services

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
2011 - 1105MO5MAP and 1105MO5ADM
2012 - 1205MO5MAP and 1205MO5ADM
State Agency: Department of Health and Senior Services (DHSS) - Division of Senior and Disability Services (DSDS)
Questioned Costs: $297,964

The DSDS did not ensure annual reassessments were performed, as required, to determine continued need of services of Home and Community Based Services (HCBS) recipients. Assessment documentation was tested for 60 Medicaid recipients who received State Plan Personal Care (SPPC) and/or Aged and Disabled Waiver (ADW) services during the year ended June 30, 2012. The DSDS did not perform annual reassessments of eligibility for 40 of the 58 (69 percent) recipients requiring a reassessment. The payments for SPPC and ADW services provided to these recipients without annual reassessments during the year ended June 30, 2012 totaled $468,570. We questioned the federal share, or $297,964 (63.59 percent).

Recommendation:
The DHSS, through the DSDS, resolve the questioned costs with the grantor agency and ensure annual reassessments are performed as required.

Status of Finding:
The fiscal year 2014 state budget includes funding for HCBS providers to conduct reassessments. The ten Area Agencies on Aging will also begin conducting reassessments in fiscal year 2014. Reassessments for level of care of current clients will be scheduled for completion based upon the anniversary date of the last assessment. DHSS staff will

review and approve all reassessments submitted by HCBS providers and the Area Agencies on Aging.

Status of Questioned Costs:
DHSS staff has met with staff from the federal Centers for Medicare and Medicaid Services to discuss the issues raised in the audit. The meetings are ongoing.

Contact Person: Celesta Hartgraves
Phone Number: (573) 526-3626

2012-7A. Homeland Security Grant Program

Federal Agency: Department of Homeland Security
Federal Program: 97.067 Homeland Security Grant Program
2007 - GE-T7-0034
2008 - GE-T8-0014
2009 - SS-T9-0062
2010 - SS-T0-0039
2011 - SS - 00003
State Agency: Department of Public Safety - Office of the Director (OD)
Questioned Costs: $745,978

The OD did not ensure personnel related expenditures were properly supported by salary certifications and approved activity reports for the Homeland Security program.

1) Salary certifications were not prepared for the 17 employees working solely on the Homeland Security program from July 2011 to March 2012. We questioned the federal share of personnel costs for these employees, or $511,940 (100 percent). In addition, after the OD began preparing salary certifications, our review identified 1 of the 17 employees still lacked a salary certification for both May and June 2012 and an additional employee, newly assigned to the program in May 2012, did not prepare a salary certification until June 2012. We questioned the federal share of personnel costs for these two employees during the additional periods, or $8,762 (100 percent).

2) Documentation of employee and supervisor approval for time worked was not always maintained for employees splitting time between multiple programs. We questioned the federal share of salary costs allocated for 10 employees charging part of their time to the Homeland Security program during July 2011 to March 2012, or $215,991 (100 percent). In addition, after the OD updated procedures for approving time worked, we identified 3 of 5 employees working on multiple programs in May 2012 either did not have properly approved activity forms or the allocation made did not agree to the approved form or other supporting documentation. Two of these 3 employees had similar errors in June 2012. We

questioned the federal share for these employees during May and June, or $9,285 (100 percent).

Recommendation:
The OD resolve the questioned costs with the grantor agency, and ensure adequate records of time worked are prepared and approved by the employee and/or their supervisor to support the salary costs allocated to the program.

Status of Finding:
Implemented.

Status of Questioned Costs:
Our federal granting agency has advised, upon our completed actions and corrective action plan submission, their portion of the audit is considered closed. The questioned costs are resolved with no further action required.

Contact Person: Bruce Clemonds
Phone Number: (573) 522-612

2012-7B. Homeland Security Grant Program

Federal Agency: Department of Homeland Security
Federal Program: 97.067 Homeland Security Grant Program
2007 - GE-T7-0034
2008 - GE-T8-0014
2009 - SS-T9-0062
2010 - SS-T0-0039
2011 - SS - 00003
State Agency: Department of Public Safety - Office of the Director (OD)

The OD needed to improve policies and procedures to provide better assurance that subrecipients of the Homeland Security program were in compliance with applicable federal and grant requirements.

1) Although a formal subrecipient monitoring policy was implemented in March 2011 and a revised policy was issued in April 2012 for the Homeland Security program, the OD did not comply with these policies and monitoring procedures could still have been improved.

2) The OD had not established an audit tracking system or ensured Homeland Security program subrecipients expending $500,000 or more in federal funds obtained independent Single Audits as required. In addition, follow-up was not performed on findings reported in subrecipient Single Audits.

Recommendation:
The OD improve procedures to ensure subrecipients are monitored timely. In addition, a system should be established to track Single Audit reports expected and received from applicable subrecipients, and to document the review and follow-up of all subrecipient Single Audit reports received.

Status of Finding:
Implemented.

Contact Person: Bruce Clemonds
Phone Number: (573) 522-6125

2012-7C. Homeland Security Grant Program

Federal Agency: Department of Homeland Security
Federal Program: 97.067 Homeland Security Grant Program
2007 - GE-T7-0034
2008 - GE-T8-0014
2009 - SS-T9-0062
2010 - SS-T0-0039
2011 - SS - 00003
State Agency: Department of Public Safety - Office of the Director (OD)

The OD did not have adequate controls and procedures to ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA), and, as a result, several subawards were not reported timely as required.

Recommendation:
The OD establish procedures to ensure the subaward information required to be reported per the FFATA is complete, accurate, and submitted timely.

Status of Finding:
Implemented.

Contact Person: Bruce Clemonds
Phone Number: (573) 522-6125

2012-8. Payroll Cost Allocation Procedures

Federal Agency: Department of Agriculture
Department of Health and Human Services
Federal Program: 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

2011 - 2011IS252043, 2011IE251843, 2011CQ270343, and 2011IQ390343
2012 - 2012IS252043, 2012IE251843, and 2012IQ390343
93.558 Temporary Assistance for Needy Families
2011 - G1102MOTANF and 2012 - G1202MOTANF
93.575 Child Care and Development Block Grant
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
93.658 Foster Care - Title IV-E
2011 - G1101MO1401 and 2012 - G1201MO1401
93.659 Adoption Assistance
2011 - G1101MO1407 and 2012 - G1201MO1407
93.667 Social Services Block Grant
2011 - G1101MOSOSR and 2012 - G1201MOSOSR
93.778 Medical Assistance Program
2011 - 1105MO5ADM and 2012 - 1205MO5ADM

State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

Questioned Costs: $148,884

DFAS controls and procedures over the allocation of some payroll costs to federal programs were inadequate, and, as a result, several errors were not prevented and/or detected. Incorrect labor codes were assigned to some employees, resulting in payroll costs for those employees being charged to the wrong cost pools. These cost pool errors resulted in overstatements of payroll costs totaling approximately $236,000 ($148,884 federal share) and understatements totaling approximately $139,000 ($86,000 federal share) for seven federal programs for the year ended June 30, 2012. We questioned the federal share of the overstatements, or $148,884.

Recommendation:

The DSS, through the DFAS, resolve the questioned costs with the grantor agency, and establish controls and procedures to ensure payroll costs are allowable and allocable. These procedures should include a periodic documented review of labor codes assigned to employees and the purpose and definition of labor codes to ensure associated payroll costs are charged to appropriate federal programs directly or through the proper cost pool.

Status of Finding:

The DSS - DFAS is working with program staff to ensure that staff is assigned to the appropriate labor codes that correspond to their job functions. The DFAS is also currently working to revise the Public Assistance Cost Allocation Plan. Currently, the labor code is part of the position code for each employee and is used to allocate payroll costs to various federal grants or cost pools. One of the changes being made is to allocate salaries to allowable cost pools through the Labor Distribution Profile (LDPR) codes in SAM II.

The reporting categories which identify which federal grant or pool to allocate to will be part of the LDPR code in SAM II.

Status of Questioned Costs:
Questioned costs were adjusted on the September 30, 2013 quarterly reports. The DSS is waiting on clearance from the grantor agency.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2012-9. Schedule of Expenditures of Federal Awards

Federal Agency: Department of Education
Department of Health and Human Services

Federal Program:
84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States
2011 - H126A110037 and 2012 - H126A120037
93.090 Guardianship Assistance
2012 - 1201MO1409
93.090 ARRA - Guardianship Assistance
2012 - 1201MO1408
93.558 Temporary Assistance for Needy Families
2011 - G1102MOTANF and 2012 - G1202MOTANF
93.714 ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families State Program
2009 - G0901MOTAN2 and 2010 - G1001MOTAN2
93.563 Child Support Enforcement
2010 - G1004MO4004; 2011 - G1104MO4004 and
2012 - G1204MO4005
93.568 Low-Income Home Energy Assistance Program
2011 - G11B1MOLIEA and 2012 - G12B1MOLIEA
93.575 Child Care and Development Block Grant
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
93.713 ARRA - Child Care and Development Block Grant
2009 - G0901MOCCD7
93.658 Foster Care - Title IV-E
2011 - G1101MO1401 and 2012 - G1201MO1401
93.667 Social Services Block Grant
2009 - 0901MOSOS2; 2011 - G1101MOSOSR and
2012 - G1201MOSOSR
93.767 Children's Health Insurance Program
2010 - 1005MO5021 and 2011 - 1105MO5021

93.778 Medical Assistance Program
2011 - 1105MO5MAP and 1105MO5ADM
2012 - 1205MO5MAP and 1205MO5ADM
93.778 ARRA - Medical Assistance Program
2011 - 1105MOARRA, 1105MOHIMP, 1105MOINCT and 1105MOEXTN
2012 - 1205MOIMPL and 1205MOINCT

State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

DFAS controls and procedures over the preparation of the Schedule of Expenditures of Federal Awards (SEFA) were not sufficient, and, as a result, errors on the SEFA were not prevented and/or detected.

Recommendation:

The DSS, through the DFAS, continue to implement controls and procedures to ensure the schedule of expenditures of federal awards is complete and accurate.

Status of Finding:

The DSS has implemented procedures to ensure the SEFA is complete and accurate. The division updates the SEFA quarterly, instead of annually. The DFAS assigned a staff person outside of the Grants Management section to review the SEFA before a final review and approval by the Deputy Director over Grants Management.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2012-10. Reporting

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2011 - G1102MOTANF and 2012 - G1202MOTANF
93.568 Low-Income Home Energy Assistance Program
2011 - G11B1MOLIEA and 2012 - G12B1MOLIEA
93.575 Child Care and Development Block Grant
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
93.667 Social Services Block Grant
2011 - G1101MOSOSR and 2012 - G1201MOSOSR

State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

The DFAS did not have adequate controls and procedures to ensure compliance with the Federal Funding Accountability and Transparency Act of 2006 (FFATA) and, as a result, several subawards were not reported as required. For 23 of 24 subawards reviewed, totaling approximately $35.3 million, FFATA information was either not reported or not reported timely.

Recommendation:

The DSS, through the DFAS, improve controls to ensure the subaward information required to be reported per the FFATA is complete, accurate, and submitted timely. In addition, the DSS should report the 2012 subawards not yet reported as required.

Status of Finding:

The DSS DFAS has implemented procedures to ensure the accuracy of FFATA reporting. The subawards for the Low Income Home Energy Assistance amendments were reported October 2012 against the federal fiscal year 2012 grant.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2012-11A. Child Care Eligibility and Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 Child Care and Development Block Grant
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
93.713 ARRA - Child Care and Development Block Grant
2009 - G0901MOCCD7
State Agency: Department of Social Services (DSS) - Children's Division (CD), Family Support Division (FSD), and Division of Legal Services
Questioned Costs: $55,465

Controls over eligibility and provider payments were not sufficient to prevent and/or detect payments made on behalf of ineligible clients or improper payments to child care providers.

- The DSS could not locate the child care eligibility file for 5 of 60 (8 percent) cases reviewed. Child care payments made on behalf of these children and their siblings during the year ended June 30, 2012, totaled $51,884. We questioned the federal share of $42,026 (81 percent).

- Eligibility documentation was not sufficient to support a valid need for child care for 5 of 60 (8 percent) cases reviewed. Payments totaling $12,603, made on behalf of these children and their siblings, were unallowable and/or unsupported by

adequate documentation. We questioned the federal share of $10,208 (81 percent).

- For child care payments, 22 of 60 (37 percent) payments reviewed were not supported by adequate documentation and/or were not in compliance with DSS policies. Of these 22 payments, 6 were for cases which also lacked eligibility documentation and were included in the questioned costs above, or were absence and/or holiday payment errors and were questioned in Finding 2012-11B. Payments for the remaining 16 cases totaled an additional $3,989. We questioned the federal share of $3,231 (81 percent).

Recommendation:

The DSS, through the CD and FSD, resolve the questioned costs with the grantor agency and review and strengthen policies and procedures regarding child care eligibility determinations, provider payments, and case record documentation and retention. These procedures should include sufficient monitoring of eligibility determinations and provider payments, and follow-up on errors identified.

Status of Finding:

Corrective actions taken since the finding was issued follow:

Case Adjustments - Funds have been returned to the federal government or claims have been entered on either a parent or provider.

Case Review Tool - On July 27, 2011, the FSD presented to the CD a walkthrough of the base Case Review System (CRS) to which a child care component was added. A webinar providing detail on the child care component of the system was completed with the Rushmore Group (provider of the current CRS) on August 11, 2011. On September 2, 2011, the Rushmore Group began coding child care into the existing CRS. In the spring of 2012, the CD trained 232 supervisors and program managers on the CRS. The CRS was implemented in March 2012. The CD is utilizing output reports from the CRS to identify programmatic strengths and challenges and areas for policy, field and training improvement. The output reports for fiscal year 2013 have been reviewed and indicate a 95 percent accuracy rate statewide. In September 2013, a memorandum was issued to FSD staff clarifying expectations of supervisors as well as regional, program and county managers. Local FSD leadership is expected to monitor reviews for timely submission and ensure that quality and accuracy standards are met for each child care eligibility element. It was further clarified that supervisors are to conduct case reviews on approved child care assistance cases. Closed or rejected actions should only be reviewed if there are no approval or adjustment actions for a county, for the review month. Supervisors must ensure staff take necessary action to correct any cases determined to be incorrect, including entering any client claims discovered through the case reading process.

Updates have been made to the CRS, as a result of feedback from FSD management at the local level. These updates include changes to the child care worksheet; moving transitional child care documentation above sliding fee documentation; removal of the

IM-3 form as a causal factor, since it is no longer required; and changing the wording for the "Child Not Eligible" indicator to "Child Not Eligible to be Authorized."

We will continue to analyze data to identify programmatic strengths and weaknesses to determine which local FSD offices are in need of Program Enhancement Plans. A full statewide analysis is being prepared for the FSD and will be provided to FSD leadership. This analysis outlines areas for improvement with recommendations that are present statewide.

Self-Employment Training - Effective August 1, 2011 the FSD eligibility specialists (ES) and eligibility supervisors are required to complete the on-line Self-Employment Income Budgeting training course found in the Employee Learning Center. ES and eligibility supervisors were required to complete the training by December 31, 2011. The self-employment training is to assist in reducing the error rates for all income maintenance programs.

The CD will be using data made available through the CRS to determine whether the training has been beneficial to staff.

FSD Workers Online Child Care Training - The FSD administers the child care assistance program for income maintenance households. The majority of the families accessing child care receive services through their local FSD office. As of September 1, 2011, FSD frontline workers and supervisors were able to access online child care training through the FSD Training Unit intranet page. New FSD employees are required to successfully complete the online training prior to enrolling in the in-person Basic Child Care Orientation training. New staff access and complete the training through the DSS Employee Learning Center with the online assessment component. Effective April 1, 2013, ES and eligibility supervisors are required to retake the online Child Care Assistance training every two years after initial completion. The CD will be using data made available through the CRS to determine whether the training has been beneficial to staff.

Casework Reference Guide - The FSD Training Unit, in collaboration with Child Care Program and Policy staff, developed a Case Reference Guide (CRG) for FSD workers. The CRG is an informational tool that can be utilized by workers when processing applications and completing other case actions. The CRG does not replace the policy and forms manuals. It is intended to be an additional resource for workers. Workers are to use this guide in conjunction with the policy and forms manuals and memorandums. The CD is currently updating the CRG.

Child Care Manual Revisions - Early Childhood and Prevention Services Program and Policy staff is continually reviewing the child care manual for clarification and revision.

Calendar Year	Policy Memorandum Updates by Section	Practice Points/Alerts
2011	40	5
2012	82	1
2013	10	4

Child Care Steering Committee - During the summer of 2012, the DSS formed a steering committee to address child care issues. From this initiative there were four project teams designated to identify deficiencies and problematic areas within the Child Care program: Eligibility, Provider Issues and Policy/Payments, Program Integrity, and Information and Systems Technology. Each team made five or six recommendations related to the team's assigned area.

Status of Questioned Costs:

The DSS recovered some of the questioned costs via processing claims against parents or providers. The DSS completed the remaining adjustments on the September 30, 2013 quarterly report. The DSS is waiting on clearance from the grantor agency.

Contact Person: Marianne Dawson
Phone Number: (573) 522-2294

2012-11B. Child Care Eligibility and Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 Child Care and Development Block Grant
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
93.713 ARRA - Child Care and Development Block Grant
2009 - G0901MOCCD7
State Agency: Department of Social Services (DSS) - Children's Division (CD), Family Support Division (FSD), and Division of Legal Services
Questioned Costs: $243,382

Controls and procedures over absence and holiday payments were inadequate. Our review of DSS expenditure data determined the DSS paid at least 680 providers on behalf of at least 2,900 children for absences and/or holidays in months with no attendance reported for the child during either the month reported or the subsequent month. Identified payments made on behalf of these children with fiscal year 2012 service dates totaled $300,471. We questioned the federal share, or $243,382 (81 percent). In addition, some payment edit checks in the Family Assistance Management Information System and Child Care Online Invoicing System (CCOIS) were not in place or were not operating effectively.

Recommendation:
The DSS, through the CD and FSD, resolve the questioned costs with the grantor agency and implement procedures to ensure payments for absences and holidays are allowable and reviewed in accordance with policy. In addition, system controls should be strengthened to ensure claimed absences are limited in accordance with policy and service dates claimed are timely.

Status of Finding:
The CD clarified payment and attendance policies to identify when it is appropriate to claim absences and holidays during a service month. The policy clarification has been shared with FSD staff and child care providers.

The CD implemented system enhancements to address the absence and holiday issue in the CCOIS. System edits have been implemented in the CCOIS to disallow a provider from billing and being paid for absences and holidays in a service month when actual care has not been provided to a child. These system edits were implemented in March 2013. The CD tested the system edit using payment data from the last three months of fiscal year 2013 and the first four months of data for fiscal year 2014.

Staff identified all child care providers paid for absences and holidays with no actual attendance, during service months covering fiscal year 2012 and fiscal year 2013. Claims have been entered against these providers, if claims were not already established during previous reviews. Staff will review all child care providers paid in fiscal year 2012 and fiscal year 2013 for payment of more than the allotted amount of absences and holidays. Claims will be entered if the claims have not already been entered during previous reviews. Provider information and billing patterns will also be reviewed for possible referral to Attendance and Payment Accuracy training and/or referral to the Division of Legal Services - Welfare Investigations Unit (WIU) for investigation.

Status of Questioned Costs:
The DSS entered claims against some providers with absence and holiday overpayments and is recouping funds from active providers. The DSS completed the remaining adjustments on the September 30, 2013 quarterly report. Some providers were referred to the WIU and additional claims for absence and holiday overpayments will be entered upon identification. The DSS is waiting on clearance from the grantor agency.

Contact Person: Marianne Dawson
Phone Number: (573) 522-2294

2012-11C. Child Care Eligibility and Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 Child Care and Development Block Grant
2011 - G1101MOCCDF and 2012 - G1201MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
93.713 ARRA - Child Care and Development Block Grant
2009 - G0901MOCCD7

State Agency: Department of Social Services (DSS) - Children's Division (CD), Family Support Division (FSD), and Division of Legal Services (DLS)

Controls over child care fraud investigations were not sufficient to ensure cases were investigated timely and effectively.

Recommendation:

The DSS, through the DLS, improve controls and procedures over fraud investigations, and ensure cases are investigated timely, appropriate actions are taken to recover overpayments, and eligibility is not approved when the client is not repaying.

Status of Finding:

DLS Investigations Unit management is working towards ensuring all investigations are completed in a timely manner. Management has conducted a case closing study for the period of January 2010 through September 2012 and established timeframes for closing cases and/or completing various types of investigations. The case closing study allowed management to develop new performance objectives which is expected to increase the accountability for both investigators and supervisors. These performance objectives have been added to both Investigator II and Investigator III job expectations and took effect with cases opened after March 1, 2013.

Management is currently conducting a statewide review of all open cases/investigations to address all case closing deficiencies and to ensure that all appropriate steps have been taken. Each investigation opened prior to January 1, 2011 will be reviewed and prioritized to ensure closure prior to the statute of limitations. Any case beyond the statute of limitations will be investigated and referred to the FSD or the CD for appropriate action. Management will conduct an annual review to ensure timely investigations.

As a result of the statewide review, management has been successful in identifying deficiencies in each region. The Assistant Chief of Investigations currently performs a bi-monthly review of all pending cases to ensure timely closings.

To ensure that provider child care investigations are completed timely, management created a specialized team of investigators in the St. Louis region. These designated investigators will exclusively handle provider child care fraud investigations. All open child care fraud investigations have been prioritized by opening date.

The DLS Investigations Unit has completed 23 child care provider investigations statewide from July 2012 through October 2013. Of these 23 investigations, 11 are pending claim determination, 6 have been referred for prosecution, and 6 cases were closed.

The absence and holiday investigations stemming from the results of this audit remain pending.

Contact Person: Bridget Hug
Phone Number: (573) 751-0903

2012-12A. Child Care Reporting and Earmarking

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 Child Care and Development Block Grant
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

DFAS controls over the preparation of quarterly federal financial reports were inadequate and, as a result, some reports were inaccurate. Expenditure amounts reported on Child Care and Development Fund quarterly financial reports (ACF-696) for two quarters exceeded actual expenditures because formula errors in a supporting spreadsheet were not detected.

Recommendation:
The DSS, through the DFAS, improve controls and procedures to ensure quarterly federal financial reports are complete and accurate and reflect actual expenditures. Controls and procedures should include a supervisory review of quarterly reports sufficient to detect errors.

Status of Finding:
DSS staff review amounts to be claimed on federal reports to ensure accuracy. The DSS has revised the spreadsheets used to prepare the federal reports to change the formulas in question. In addition, the DSS is currently restructuring the cost allocation plan and is working with a contractor to develop an automated system for federal grant reporting. The DSS has contracted with a third party to help develop and implement a new cost allocation plan and system. The first phase/portion of the new cost allocation plan should be submitted by March 2014. The plan will be tested and finalized by June 30, 2014. The remaining portion of the plan will be implemented after successful completion of Phase 1. This should considerably reduce the possibility of errors as a result of manual data entry.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2012-12B. Child Care Reporting and Earmarking

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 Child Care and Development Block Grant
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2011 - G1101MOCCDF and 2012 - G1201MOCCDF
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

DFAS procedures needed improvement to ensure Child Care and Development Fund (CCDF) federal earmarking requirements (targeted funds) were met. As a result, the DFAS did not report meeting two of three targeted fund requirements for federal fiscal year 2012, and some reported amounts were not supported.

Recommendation:
The DSS, through the DFAS, ensure earmarking requirements are met and improve controls for tracking and reporting targeted fund expenditures. Controls should be sufficient to ensure targeted fund expenditures are allowable and supported.

Status of Finding:
Discretionary funds include targeted funds. The CCDF grant terms and conditions require states to liquidate the discretionary funds by the end of the third fiscal year. The DSS has sufficient controls in place to track and report all targeted fund expenditures, and ensure the requirements are met within the liquidation period.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2012-13A. Vocational Rehabilitation

Federal Agency: Department of Education
Federal Program: 84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States
2011 - H126A110037 and 2012 - H126A120037
State Agency: Department of Social Services (DSS) - Family Support Division (FSD) - Rehabilitation Services for the Blind (RSB)
Questioned Costs: $5,903

The RSB did not adequately review employment services (ES) provider billings and other supporting documentation and did not obtain independent verification of employment of the clients prior to payment for job placement services for the Vocational Rehabilitation (VR) program. For seven of eight cases reviewed, payments of $7,501 were made even though at least one or more of the required reports or monthly logs was not submitted by

the provider. In addition, a monthly log for one case appeared to be a duplicate of the prior month's log with a client signature that was not consistent with other signatures made by the client in the file. We questioned the federal share of payments for ES services for these seven cases, or $5,903 (78.7 percent).

Recommendation:

The DSS, through the FSD and RSB, resolve the questioned costs with the grantor agency. In addition, the FSD should establish procedures to improve the billing review process for ES providers, conduct independent verification of job placement for VR clients, and ensure adequate supporting documentation is obtained for all expenditures. The RSB should also consider more closely reviewing the remainder of the billings reimbursed to this provider.

Status of Finding:

The RSB has enhanced communication procedures between counselors and rehabilitation assistants to ensure adequate supporting documentation and independent verification of job placement is obtained as part of the bill review process for ES providers. The RSB has provided training directed to vocational counselors, rehabilitation assistants, and district supervisors regarding reconciliation of invoices specifically for employment services with required reports, any other supporting documentation that services invoiced have been delivered, and resultant case record documentation prior to submitting those same invoices for processing. The DSS continues to communicate with the grantor agency to resolve the questioned costs and related federal reports.

Status of Questioned Costs:

The DSS is awaiting clearance from the grantor agency.

Contact Person: Mark Laird
Phone Number: (573) 751-4249

2012-13B. Vocational Rehabilitation

Federal Agency: Department of Education
Federal Program: 84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States
2011 - H126A110037 and 2012 - H126A120037
State Agency: Department of Social Services (DSS) - Family Support Division (FSD) - Rehabilitation Services for the Blind (RSB)

The RSB did not always conduct or adequately document annual reviews of Individualized Plans for Employment (IPE) for the Vocational Rehabilitation (VR) program. Documentation of the annual review was not included in the case file for 14 of 47 (30 percent) of cases tested.

Recommendation:
The DSS, through the FSD and RSB, ensure annual reviews of the IPE for VR clients are performed and documented as required.

Status of Finding:
The RSB has partnered with the current contractor maintaining the RSB electronic case management system, known as System 7, to complete a pre-defined query (PDQ) to alert/prompt vocational counselors that an annual review of progress toward the current vocational goal is due. The RSB has provided training in the use of the PDQ to vocational counselors and district supervisors. The RSB has also developed best practice guidelines and provided training to vocational counselors and district supervisors on case record documentation of the annual review of progress toward the current vocational goal. This finding has been cleared by the grantor agency.

Contact Person: Mark Laird
Phone Number: (573) 751-4249

2012-14A. Unallowable Costs and Maintenance of Effort

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2011 - G1102MOTANF and 2012 - G1202MOTANF
State Agency: Department of Social Services (DSS) - Family Support Division
Questioned Costs: $32,412,572

The DSS claimed unallowable state foster care, adoption assistance, and subsidized guardianship costs under the Temporary Assistance for Needy Families (TANF) program. The foster care, adoption assistance, and the subsidized guardianship costs claimed included non-emergency assistance, and the costs claimed for emergency assistance were not separately identified; therefore, all costs were unallowable. We questioned all state fiscal year 2012 costs for foster care, adoption assistance, and subsidized guardianship claimed under the TANF program, totaling $32,412,572 (100 percent federal share).

Recommendation:
The DSS resolve the questioned costs with the grantor agency and ensure prior approved program costs claimed under the TANF program comply with federal regulations.

Status of Finding:
The DSS disagreed with this finding. The DSS's previous response to the finding is unchanged. The DSS is using a manual, developed with the assistance of a third party, to evaluate whether costs are allowable under TANF and/or TANF maintenance of effort (MOE). This desk manual will help the DSS ensure that it has appropriately categorized costs as TANF or TANF MOE as the definitions of allowable costs vary between the two.

The desk manual was finished December 2012 and was submitted on January 24, 2013, to our grantor agency for review.

Status of Questioned Costs:
The status is still under discussion with the grantor agency.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2012-14B. Unallowable Costs and Maintenance of Effort

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2011 - G1102MOTANF and 2012 - G1202MOTANF
State Agency: Department of Social Services (DSS) - Family Support Division

The DSS included unallowable early childhood educational expenditures of the Missouri Pre-School Program totaling $14,307,089 in the amounts reported for the annual maintenance of effort (MOE) requirement for the Temporary Assistance for Needy Families (TANF) program.

Recommendation:
The DSS ensure expenditures claimed as MOE are allowable.

Status of Finding:
The DSS disagreed with this finding. The DSS's previous response to the finding is unchanged. The DSS is using a manual, developed with the assistance of a third party, to evaluate whether costs are allowable under TANF and/or TANF MOE. This desk manual will help the DSS ensure that it has appropriately categorized costs as TANF or TANF MOE as the definitions of allowable costs vary between the two. The desk manual was finished December 2012 and was submitted on January 24, 2013, to our grantor agency for review.

Additionally, during this process, the third party validated the allowability of the claim in question, citing 1999 TANF Final Rule (page 17825), which supports the DSS's contention that it claimed these funds correctly.

We would like to point out that federal TANF funds may also be used to pay for "nonassistance" activities (such as those identified in this finding) that meet the purposes of the program as given in Sections 401(a)(1)-(4) of the Social Security Act and 45 CFR Section 260.20. Federal TANF funds may also be used for activities that benefit non-needy families in some cases, e.g., activities that meet the purpose of either Section 401(a)(3) or (a)(4) of the Act. In this respect, there may be more flexibility in the expenditures that are allowable uses of federal funds than those that are allowable for MOE purposes. This is because federally funded services or benefits do not necessitate a

determination of financial eligibility (need) if they do not meet the definition of assistance. Thus, states may use federal TANF funds (in accordance with Section 404 of the Act) to provide "nonassistance" services or benefits to eligible individuals who meet the state's other, nonfinancial, objective criteria for the delivery of such benefits.

The status is still under discussion with the grantor agency.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2012-14C. Unallowable Costs and Maintenance of Effort

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2011 - G1102MOTANF and 2012 - G1202MOTANF
State Agency: Department of Social Services (DSS) - Family Support Division
Questioned Costs: $24,213,235

For the quarter ended September 30, 2011, the DSS claimed costs under the Temporary Assistance for Needy Families (TANF) program, totaling $24,213,235, related to two scholarship programs: A+ Schools, and Bright Flight Scholarships. The DSS had not determined and documented there was any correlation between those programs and any of the four TANF purposes. We questioned the state fiscal year 2012 costs for scholarship programs that were claimed under the TANF program, totaling $24,213,235 (100 percent federal share).

Recommendation:
The DSS resolve the questioned costs with the grantor agency and ensure program costs claimed under the TANF program comply with federal regulations.

Status of Finding:
The DSS disagreed with this finding. The DSS's previous response to the finding is unchanged. The DSS is using a manual, developed with the assistance of a third party, to evaluate whether costs are allowable under TANF and/or TANF maintenance of effort (MOE). This desk manual will help the DSS ensure that it has appropriately categorized costs as TANF or TANF MOE as the definitions of allowable costs vary between the two. The desk manual was finished December 2012 and was submitted on January 24, 2013, to our grantor agency for review.

Additionally, during this process, the third party validated the allowability of the claim in question, citing 1999 TANF Final Rule (page 17825), which supports the DSS's contention that it claimed these funds correctly.

We would like to point out that federal TANF funds may also be used to pay for "nonassistance" activities (such as those identified in this finding) that meet the purposes

of the program as given in Sections 401(a)(1)-(4) of the Social Security Act and 45 CFR Section 260.20. Federal TANF funds may also be used for activities that benefit non-needy families in some cases, e.g., activities that meet the purpose of either Section 401(a)(3) or (a)(4) of the Act. In this respect, there may be more flexibility in the expenditures that are allowable uses of federal funds than those that are allowable for MOE purposes. This is because federally funded services or benefits do not necessitate a determination of financial eligibility (need) if they do not meet the definition of assistance. Thus, states may use federal TANF funds (in accordance with Section 404 of the Act) to provide "nonassistance" services or benefits to eligible individuals who meet the state's other, nonfinancial, objective criteria for the delivery of such benefits.

The DSS has changed its claiming process to claim these funds as TANF, instead of TANF MOE to align its claiming with the above information.

Status of Questioned Costs:
The status is still under discussion with the grantor agency.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2012-14D. Unallowable Costs and Maintenance of Effort

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2011 - G1102MOTANF and 2012 - G1202MOTANF
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)

The DSS control system was not effective in ensuring the types of costs claimed under the Temporary Assistance for Needy Families (TANF) program or recorded as TANF maintenance of effort (MOE) met all federal regulatory and grant requirements which resulted in unallowable costs and unqualified sources of MOE claimed against the federal TANF grant.

Recommendation:
The DSS establish a formal control system to ensure the types of costs claimed under the TANF program or recorded as TANF MOE meet all federal regulatory and grant requirements.

Status of Finding:
The DSS disagreed with this finding. The DSS's previous response to the finding is unchanged. The DSS is using a manual, developed with the assistance of a third party, to evaluate whether costs are allowable under TANF and/or TANF MOE. This desk manual will help the DSS ensure that it has appropriately categorized costs as TANF or TANF MOE as the definitions of allowable costs vary between the two. The desk manual was

finished December 2012 and was submitted on January 24, 2013, to our grantor agency for review. The status is still under discussion with the grantor agency.

Contact Person: Ami Patel
Phone Number: (573) 751-2170

2012-15A. Eligibility and TANF Assistance Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2011 - G1102MOTANF and 2012 - G1202MOTANF
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)
Questioned Costs: $18,024

The FSD paid Temporary Assistance for Needy Families (TANF) benefits to some recipients who may not have been eligible or were ineligible for the full amount of TANF payments received.

- For 5 of 60 recipients tested, the eligibility specialist did not act promptly or properly on available information affecting recipient eligibility, resulting in payment of improper benefits. We questioned the amount of improper benefits paid to these five recipients, totaling $6,342 (100 percent federal share).

- For 4 of 60 recipients tested, the FSD identified unreported income and took action to close the case; however, the FSD did not establish claims for improper benefits until we inquired about the cases. We questioned the amount of improper benefits identified totaling $2,369 (100 percent federal share).

- For 4 of 60 recipients tested, the FSD did not maintain adequate documentation to demonstrate compliance with federal requirements related to eligibility for the TANF program. Payments made for these four cases during the year ended June 30, 2012, totaled $9,313, for which we questioned the entire amount (100 percent federal share).

Recommendation:
The FSD resolve the questioned costs with the grantor agency and strengthen controls to ensure information affecting eligibility is properly reviewed periodically and proper and timely action is taken regarding the information, including case closures and recoupment of overpayments if warranted. In addition, the FSD should maintain required eligibility documentation in all case files.

Status of Finding:
The FSD continues to ensure cases are thoroughly reviewed and acted upon in a timely manner for reported household income changes, at points of assistance application and at scheduled continued-eligibility reviews. The FSD Income Maintenance (IM) staff and

Family Assistance Management Information System staff is in the process of developing a Quarterly Wage Match (QWM) report for staff. IM Memo #53 (June 25, 2012) was issued to staff with detailed steps to process QWM within 15 days of receipt.

Status of Questioned Costs:
An adjustment will be made on the December 31, 2013, quarterly report. The DSS is awaiting clearance from the grantor agency.

Contact Person: Valerie Howard
Phone Number: (573) 526-6598

2012-15B. Eligibility and TANF Assistance Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2011 - G1102MOTANF and 2012 - G1202MOTANF
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)
Questioned Costs: $2,237

The FSD did not act upon some notices of non-cooperation from the Child Support Enforcement (CSE) Unit to sanction recipients of the Temporary Assistance for Needy Families (TANF) program, and the CSE Unit did not always notify the FSD of non-cooperating clients.

- The CSE Unit did not notify the FSD of 23 non-cooperating clients tested. Of the 23 cases reviewed, 6 recipients received overpayments totaling $1,199 during the year ended June 30, 2012. We questioned the federal share of overpayments totaling $1,199 (100 percent federal share).

- The FSD did not sanction 11 recipients when notified of referral for noncooperation, resulting in overpayments totaling $1,038 during the year ended June 30, 2012. We questioned the federal share of overpayments, totaling $1,038 (100 percent federal share).

Recommendation:
The FSD resolve the questioned costs with the grantor agency and develop additional controls to ensure sanctions are imposed on TANF recipients who fail to cooperate with CSE program requirements.

Status of Finding:
The FSD Income Maintenance (IM) section continues to work closely with the division's Child Support (CS) section to further ensure non-cooperation notifications from the Child Support section are promptly reviewed by IM staff for potential sanctions, and subsequently imposed as warranted. The FSD IM section implemented, with IM Memo #55 (July 3, 2012), a log to track the non-cooperation notifications received from the CS

section to ensure IM staff process the requests in a timely manner. In addition, the FSD CS section notified CS staff with CS Memo #20 (April 15, 2013) about non-cooperation procedures for TANF recipients. The electronic database, which will replace the paper log, is still in development.

Status of Questioned Costs:
An adjustment will be made on the December 31, 2013, quarterly report. The DSS is awaiting clearance from the grantor agency.

Contact Person: Valerie Howard
Phone Number: (573) 526-6598

2012-16A. TANF Work Participation and Sanctions

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2011 - G1102MOTANF and 2012 - G1202MOTANF
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)

The FSD was not in compliance with certain work activity reporting requirements contained in the Work Verification Plan in effect for state fiscal year 2012. For 25 of the 60 cases we tested, the work participation hours were either not documented, not verified, and/or not reported correctly in accordance with the Work Verification Plan.

Recommendation:
The FSD develop additional controls to ensure work activities are adequately documented, verified, and reported in accordance with the FSD Work Verification Plan.

Status of Finding:
The Missouri Work Assistance (MWA) Case Management system was available for data entry June 28, 2011, and entries ceased in the Toolbox system on June 23, 2011. Inquiry access to Toolbox has continued to ensure necessary data was converted from Toolbox to the MWA System.

A case review form was developed for use by all MWA Coordinators to provide consistency when reviewing data entries and physical files of MWA participants each contractor is serving. This tool is used by all MWA coordinators effective July 1, 2011.

A Case Review Guide was written and shared with MWA staff August 2011 (and upgraded December 2011) to ensure the MWA coordinators understand where policies regarding the form are located in the policy manual and RFP to assist contractors with any incorrect findings. This guide and the case review form have also been shared with MWA contractors for use when reviewing their staff case files.

Effective August 1, 2011, MWA coordinators report to the FSD program manager responsible for the MWA program (before that time coordinators reported to regional FSD staff). The change in supervision ensures that positions are dedicated to the MWA program and coordinator accountability for assigned work by the MWA FSD program manager. All field managers and coordinators continue to be dedicated to the support of the MWA program and report to the MWA unit manager.

With this change, four teams have been designated to further develop the MWA program. These teams are:

- MWA System and Data - user guides, system enhancements, reports;
- MWA Policy and Training - policy manual updates, training materials;
- MWA Contracts and Monitoring - monitoring tools, compliance; and
- Special Projects and Research - MWA webpage, research to improve the work participation rates.

Tools developed by these teams will provide contractors with information to ensure participation activities meet work verification standards and supported with adequate documentation. Resources developed will also serve to increase the work participation rate for the state and provide performance measures to the contractors.

MWA staff completed targeted case file reviews in March 2012 for individuals participating in vocational education as an activity. The review was conducted to ensure contractors were obtaining actual attendance sheets (work verification) for this activity rather than entering hours based on a class schedule. This review, and regular case file reviews examine if work verification standards are met.

Contact Person: Valerie Howard
Phone Number: (573) 526-6598

2012-16B. TANF Work Participation and Sanctions

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2011 - G1102MOTANF and 2012 - G1202MOTANF
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)
Questioned Costs: $393

The FSD did not have adequate procedures in place to ensure Missouri Work Assistance (MWA) contractors notified the FSD when Temporary Assistance for Needy Families (TANF) program recipients failed to meet work participation requirements. For 6 of 57 cases tested, recipients were not appropriately sanctioned for non-compliance with work participation requirements. We questioned the amount of the sanctions that were not imposed on these six recipients for the tested month of February 2012, which totaled $393 (100 percent federal share).

Recommendation:
The FSD develop additional controls to ensure TANF recipients failing to meet work participation requirements are sanctioned as required. In addition, the FSD should resolve the questioned costs with the grantor agency.

Status of Finding:
The FSD continues to perform the following activities to evaluate contractor compliance with notification requirements to ensure TANF recipients are sanctioned according to policy and procedure.

The case review form includes an evaluation of the conciliation and sanction referral process. This tool continues to determine appropriate and timely actions of the MWA contractors should TANF recipients fail to meet the work participation requirements.

The MWA field managers and coordinators review the mass participation screens for case managers in each office to identify those individuals that are not participating in an activity and work with the contractors to identify those that should be placed in conciliation and possibly sanctioned.

Quarterly, the MWA coordinators review a sample of participants that have no hours of participation, no conciliation activity, or no sanction in place. Individuals identified are shared with the contractor for immediate contact and initiation of the conciliation and sanctioning process to ensure participants failing to meet the work participation requirement are sanctioned as required. These reviews have continued through state fiscal year 2013. Contractors are provided with information on any case file discovered during these reviews that require attention.

Status of Questioned Costs:
An adjustment will be made on the December 31, 2013, quarterly report. The DSS is awaiting clearance from the grantor agency.

Contact Person: Valerie Howard
Phone Number: (573) 526-6598

2012-17. LIHEAP and CSBG Subrecipient Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.568 Low-Income Home Energy Assistance
2011 - G11B1MOLIEA and 2012 - G12B1MOLIEA
93.569 Community Services Block Grant
2009 - G09B1MOCOSR, 2010 - G10B1MOCOSR, and
2011 - G11B1MOCOSR
93.710 ARRA - Community Services Block Grant
2009 - 0901MOCOS2
State Agency: Department of Social Services (DSS) - Family Support Division

(FSD) - Low-Income Home Energy Assistance Program Unit and the Division of Finance and Administrative Services - Compliance and Quality Control (CQC) Unit

The DSS conducted close out reviews of the Low-Income Home Energy Assistance program (LIHEAP) and the Community Services Block Grant (CSBG) program funds provided to the Human Development Corporation of Metropolitan St. Louis (HDC), a former DSS subrecipient, following the identification of misused funds. No additional misuse of LIHEAP funds was identified by the DSS; however, the DSS identified payments for CSBG services totaling $660,239 for which the HDC lacked adequate supporting documentation. The DSS filed another claim for those costs in the HDC corporate dissolution case in August 2012. The DSS formed the CQC Unit in April 2012 to develop and implement extensive monitoring tools and processes for the fiscal review of all Community Action Agencies.

Recommendation:

The DSS continue to review its subrecipient monitoring efforts and determine if further improvements are needed.

Status of Finding:

The FSD and the DFAS completed the close out review for the HDC on August 30, 2012. DSS filed affidavits by the court established deadline of September 1, 2012, seeking recovery of funds. The DSS has provided the federal grantor agency with a copy of the close-out report for the HDC. The DSS has worked closely with the HDC to seek recovery of state property. Computer equipment and devices deemed state property are currently in the care, custody and control of the DSS. The DSS accepted responsibility for the security and preservation of the information contained on the hard drives and the removal of all information from the equipment before disposing of all equipment as deemed fit. Actions have been taken to preserve relevant information and will be taken to remove all confidential information to prepare the items for disposal according to state of Missouri property guidelines. On December 12, 2013, a check was issued to the DSS for the court ordered amount of $10,321 from the HDC liquidation funds.

The DSS strengthened its subrecipient monitoring efforts in April 2012 with the implementation of the DFAS CQC Unit. The DFAS CQC Unit continues to partner with the FSD to conduct monitoring of LIHEAP/CSBG subrecipients.

Contact Person: Stacy Wright
Phone Number: (573) 751-3714

2012-18A. Participant Eligibility

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2010 - 1005MO5021 and 2011 - 1105MO5021

93.778 Medical Assistance Program
2011 - 1105MO5MAP and 1105MO5ADM
2012 - 1205MO5MAP and 1205MO5ADM

State Agency: Department of Social Services (DSS) - Family Support Division (FSD) and MO HealthNet Division (MHD)

Questioned Costs: $3,311,503

Controls were not adequate to ensure participants transferred to a new eligibility determination system were completely converted to the new system. As a result, some annual redeterminations were not conducted timely to evaluate the continued eligibility of participants in the Medical Assistance Program (Medicaid) and Children's Health Insurance Program (CHIP). Of 894 cases not converted in the Family Assistance Management Information System (FAMIS) as of October 2012, 747 cases did not receive a redetermination during the year ended June 30, 2012, as required. Participants in 584 of the 747 cases had payments made on their behalf after the date a redetermination was due. These ineligible payments totaled $5,207,584 for the year ended June 30, 2012. We questioned the federal share of the total payments, or $3,311,503 (63.59 percent).

Recommendation:

The DSS establish controls to ensure all participants transferred to the FAMIS are finalized in the system so annual redeterminations of eligibility will be automatically initiated. In addition, the DSS should resolve questioned costs with the grantor agency.

Status of Finding:

The FSD obtained weekly reports from the Information Technology Services Division (ITSD) listing the cases remaining in the controlled flow to be converted into the FAMIS. The cases listed on the reports were reviewed each week by MHD Program and Policy staff. After review of the cases, MHD Program and Policy staff followed up with county office staff to ensure the completion of the cases. The conversion of all cases that remained in the flow to be converted into FAMIS was completed April 8, 2013.

Local FSD office staff have completed reviews and provided documentation to FSD central office staff to verify eligibility for 270 of the 584 cases with payments made on their behalf after the date a redetermination was due. The FSD review concentrated on review of eligibility of the cases with the highest dollar amounts first, and then began review of the lower dollar amounts. Of the 270 cases receiving a full eligibility review, 232 cases were found to be eligible for payment and 38 cases were found to be ineligible for payment. Payments made on behalf of the cases that have been reviewed and determined eligible totaled $4,586,372 with $2,903,949 federal share. The FSD is continuing eligibility reviews on the remaining 314 cases.

This reduces the total federal questioned costs from $3,311,503 to $407,554. FSD can confirm that $73,243, or approximately 18 percent of the $407,554 in federal questioned costs, was ineligible for payment. The remaining $334,311, or approximately 82 percent in federal questioned costs, is still under review at this time.

Status of Questioned Costs:
The DSS will resolve the questioned costs with the grantor agency.

Contact Person: Kimberly O'Hara
Phone Number: (573) 751-8980

2012-18B. Participant Eligibility

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2010 - 1005MO5021 and 2011 - 1105MO5021
93.778 Medical Assistance Program
2011 - 1105MO5MAP and 1105MO5ADM
2012 - 1205MO5MAP and 1205MO5ADM
State Agency: Department of Social Services (DSS) - Family Support Division (FSD) and MO HealthNet Division (MHD)
Questioned Costs: $219,768

The MHD identified Medical Assistance Program (Medicaid) and Children's Health Insurance Program (CHIP) payments made on behalf of approximately 400 children from 2009 to 2012 who were later determined to be ineligible for these programs at the time of service; however, the MHD has not taken steps to resolve these questioned costs with the grantor agency. The ineligible payments made on behalf of the 122 participants with Medicaid or CHIP payments during the year ended June 30, 2012, totaled $345,602. We questioned the federal share of the total payments, or $219,768 (63.59 percent).

Recommendation:
The DSS resolve questioned costs regarding payments for ineligible children with the grantor agency.

Status of Finding:
Further investigation of these claims was performed to determine eligibility by program type based on the dates of service. Results of this review indicate a total of $96,163 ($61,150 federal share) was paid for claims on dates of service for which the children were ineligible.

Status of Questioned Costs:
An adjustment was made on the June 30, 2013 quarterly report. The DSS is awaiting clearance from the grantor agency.

Contact Person: Sheila Tannehill
Phone Number: (573) 751-8962

2012-18C. Participant Eligibility

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2010 - 1005MO5021 and 2011 - 1105MO5021
93.778 Medical Assistance Program
2011 - 1105MO5MAP and 1105MO5ADM
2012 - 1205MO5MAP and 1205MO5ADM
State Agency: Department of Social Services (DSS) - Family Support Division (FSD) and MO HealthNet Division
Questioned Costs: $13,824

The FSD did not obtain or maintain all documentation required to support eligibility for 6 of 60 cases reviewed.

- A signed application was not obtained or retained for five participants reviewed. Payments totaling $21,414 were made on behalf of these five participants during the year ended June 30, 2012. We questioned the federal share of the payments, or $13,617 (63.59 percent).

- Citizenship was not verified during determination of eligibility for one Medicaid participant reviewed. This participant's grace period expired May 21, 2012, at which time the eligibility should have ended. The ineligible payments made on behalf of this participant after expiration of the grace period totaled $326 during the year ended June 30, 2012. We questioned the federal share of the total payments, or $207 (63.59 percent).

Recommendation:
The DSS ensure all information required to determine participant eligibility is obtained, verified, and retained to ensure compliance with applicable federal requirements. In addition, the DSS should resolve questioned costs with the grantor agency.

Status of Finding:
The FSD reviewed the case record of the five participants identified and have since located a signed application allowable for Medicaid. Therefore, no adjustment to federal reports is necessary since the cases were determined to be correct.

On March 12, 2013, the FSD issued Income Maintenance memorandum IM-31 "MO HealthNet Case Maintenance" to clarify required documentation.

Effective January 1, 2014, the FSD will electronically verify eligibility factors using the Federal Services Data Hub exchange system through the Mo Eligibility Determination & Enrollment System for households requiring eligibility determinations based on modified adjusted gross income methodology, which will eliminate much documentation.

Status of Questioned Costs:
The DSS will resolve the questioned costs with the grantor agency.

Contact Person: Kimberly O'Hara
Phone Number: (573) 751-8980

2012-18D. Participant Eligibility

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2010 - 1005MO5021 and 2011 - 1105MO5021
93.778 Medical Assistance Program
2011 - 1105MO5MAP and 1105MO5ADM
2012 - 1205MO5MAP and 1205MO5ADM
State Agency: Department of Social Services (DSS) - Family Support Division and MO HealthNet Division

The DSS did not ensure at least four monthly supervisory case reviews of eligibility determinations were completed as required by internal policy for 4 of 60 eligibility specialists reviewed.

Recommendation:
The DSS ensure case reviews are performed as required by internal policy. In addition, the DSS should clarify written case review policies as needed to ensure case reviews are consistently and accurately completed.

Status of Finding
To clarify written case review policies and to ensure case reviews are consistently and accurately completed, on October 2, 2013, the DSS Family Support Division issued email memorandum #064, "Clarification of Case Review Expectations". The policy includes requirements for management to ensure case reviews are performed by supervisors.

Contact Person: Kimberly O'Hara
Phone Number: (573) 751-8980

2012-19A. Report Reviews

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2010 - 1005MO5021 and 2011 - 1105MO5021
93.778 Medical Assistance Program
2011 - 1105MO5MAP and 1105MO5ADM
2012 - 1205MO5MAP and 1205MO5ADM

State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD)

The MHD did not review daily exception reports of the Medical Assistance Program and Children's Health Insurance Program claims requiring post-payment reviews during the year ended June 30, 2012.

Recommendation:

The DSS review the report of claims that have been identified for post-payment reviews to ensure erroneous billings are properly recouped.

Status of Finding:

The MHD is currently working to verify the need for any exception to have a status of 4 (requiring a post-payment review). Unit program managers are being contacted to make the decision for their specific program areas. Thus far, we have received confirmation from the managers to change many status 4 exceptions to a different status because reporting the claims is not necessary. The size of the daily report has decreased from an average of 2,200 pages to 150 pages or less. Of this amount, many of the exceptions are utilized by Xerox through the CMSP contract (Clinical Management Services and System for Pharmacy Claims and Prior Authorization). The MHD is currently reviewing the CMSP exceptions to determine the need to continue using a status of 4.

One Unit (Third Party Liability) has chosen to continue to review the report for several exceptions which they feel may be of benefit to the MHD. If they decide it does not benefit the MHD, they will request a status change.

The next step in this process will be to submit a request to change the way report GMCM6500-R018 is produced. We want to eliminate repetition of claim Internal Control Numbers (ICN) on the report. Currently, if an ICN posts more than one exception (up to 25) and any of the exceptions have a status of 4, the ICN will repeat on the report for every exception listed. For example, the report lists ICNs for EXC 715. The status of this exception was changed to 5 at the request of the pharmacy unit supervisor but still is reported because other exceptions on the same ICN posted. We only want to see the ICN reported one time.

We continue our efforts to confirm the necessity of this report as it applies to our claims processing and payment systems today. We are finding that the majority of this report is simply outdated, while newer, more advanced system tools provide the required editing for the MHD.

Contact Person: Julie Creach
Phone Number: (573) 751-8985

2012-19B. Report Reviews

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2010 - 1005MO5021 and 2011 - 1105MO5021
93.778 Medical Assistance Program
2011 - 1105MO5MAP and 1105MO5ADM
2012 - 1205MO5MAP and 1205MO5ADM
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD)

Reports identifying participants shown as eligible to receive Medical Assistance Program and Children's Health Insurance Program benefits in both Missouri and another state were generated incorrectly and were not fully reviewed by MHD personnel during the year ended June 30, 2012.

Recommendation:
The DSS update programming for the interstate match report to ensure Missouri eligibility dates are displayed correctly. In addition, the MHD should determine the full extent of the issue and determine how much, if any, in improper claims were paid due to this programming error. The MHD should also ensure matches are properly investigated in the future.

Status of Finding:
The programming for the interstate match report was updated in September 2012 to ensure Missouri eligibility dates are displayed correctly.

The DSS reviewed information during the time in which the reporting error occurred and determined no improper claims were made.

Contact Person: Kimberly O'Hara
Phone Number: (573) 751-8980

2012-20. Pharmacy Dispensing Fees

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2010 - 1005MO5021 and 2011 - 1105MO5021
93.778 Medical Assistance Program
2011 - 1105MO5MAP and 1105MO5ADM
2012 - 1205MO5MAP and 1205MO5ADM
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD)
Questioned Costs: $6,319,991

The MHD periodically changed the rate paid to pharmacies for dispensing prescription drugs under the Medical Assistance Program (Medicaid) and the Children's Health

Insurance Program (CHIP); however, the state regulation authorizing these dispensing fees had not been updated since 1988, and the current rate paid exceeded a 1991 settlement agreement that increased the pharmacy dispensing fee. The MHD did not have adequate documentation to support the determination of the current dispensing fee structure. The MHD paid pharmacies base dispensing fees totaling $64,137,459 during the year ended June 30, 2012. Had the dispensing fees been paid in accordance with the 1991 settlement agreement, the fees would have totaled $54,198,803, a difference of $9,938,656. We questioned the federal share of the difference, or $6,319,991 (63.59 percent).

Recommendation:

The MHD ensure state regulations related to administration of the Medicaid program and the CHIP are updated when changes are justified, and resolve questioned costs with the grantor agency. In addition, the MHD should ensure increases in payment rates are adequately supported and actuarially sound, as required by federal guidelines.

Status of Finding:

The MHD disagreed with the finding. The MHD makes payments in accordance with the Department of Health and Human Services, Centers for Medicare and Medicaid Services approved state plan. Furthermore, pharmacy dispensing fees paid under Title XIX and CHIP are communicated in documents during the budget process and authorized by the General Assembly through the appropriations process.

The MHD will work with the grantor agency to resolve any questioned costs. The proposed rule was published on November 1, 2013, Volume 38, No. 21, page 1768, for the regulatory changes necessary to reflect the current pharmacy dispensing fee.

Status of Questioned Costs:

This finding is the subject of future discussions with the grantor agency, but no resolution has yet been finalized.

Contact Person: Rhonda Driver
Phone Number: (573) 522-9879

2012-21. Reporting

Federal Agency: Federal Highway Administration
Federal Program: 20.205 Highway Planning and Construction
State Agency: Missouri Department of Transportation (MoDOT)

The MoDOT did not have adequate controls and procedures to ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA), and as a result, subawards issued were not reported timely as required.

Recommendation:
The MoDOT continue performing the current FFATA reporting procedures to ensure subaward information is complete, accurate, and submitted timely; and to prevent future noncompliance with FFATA reporting requirements.

Status of Finding:
Corrective action has been taken.

Contact Person: Brenda Morris
Phone Number: (573) 522-5688

Thomas A. Schweich

Missouri State Auditor

Economic Development

Historic Preservation Tax Credit Program

March 2014

Report No. 2014-018

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Historic Preservation Tax Credit Program

Background

The Department of Economic Development (DED) Missouri Historic Preservation Tax Credit (HPTC) program was established in 1998 to provide an incentive for the redevelopment of commercial and residential historic structures statewide. In fiscal year 2013, the HPTC had approximately $79 million in redemptions, making it the state's third largest tax credit program. The HPTC provides state tax credits (which may be used to offset tax liability) equal to 25 percent of eligible costs and expenses of the rehabilitation of approved historic structures. The HPTC credit can be transferred, sold or assigned, but is not refundable. Missouri is one of at least 30 states that have established state tax credits for historic preservation. Eighteen of these 30 states have established an overall annual program limit, of which Missouri has the highest. As part of our audit, we interviewed DED and State Historic Preservation Office officials and staff and various external parties. We obtained information from the National Trust for Historic Preservation and contacted applicable state agency representatives from several other states. We also reviewed ten tax credit project files, reviewed historical trends, and visited several completed HPTC projects.

Program Cost

With redemptions of over $1.1 billion in the past decade, Missouri's historic preservation program is the largest in the nation. Missouri leads the nation in qualified rehabilitation expenses for historic preservation purposes and program redemptions have exceeded fiscal note estimates. The General Assembly imposed a $140 million annual program limit, which went into effect in 2010, but Missouri could reduce this limit to $75 million, as recommended by the Governor's Tax Credit Review Commission November 2010 report, and still have the largest state historic preservation program in the nation.

Program Efficiency and Effectiveness

While the goals of the program are laudable in some respects, the state's HPTC program is an inefficient use of state resources. Only 49 cents to 85 cents of every tax credit dollar issued actually goes toward rehabilitation costs. The remainder goes to investors, tax credit brokers or syndicators, and the federal and state government in the form of income taxes. HPTC applicants generally sell the credit to third parties and use the proceeds to reduce construction-related debt, but the sale of a HPTC certificate creates taxable income, resulting in additional income tax due by the seller. Our audit identified several options to improve the efficiency of the current HPTC program, including making the HPTC refundable to make the credit more attractive to investors and reduce the incentive to sell the certificates at a discount; requiring credits be assigned to a state agency, local political subdivision or other not-for-profit organization that would sell the credits in

the market and grant the proceeds to the project; or eliminating the use of the state tax credits in favor of direct appropriations through a state agency to fund historical rehabilitation projects.

Too much time passes between project completion and the tax credit certificate issuance, which increases interest costs incurred by developers and reduces equity going toward construction.

The use of HPTC on owner-occupied residences may not be a needed, reasonable, or effective use of taxpayer dollars. The audit noted several instances where the credit was used for renovations to homes with high property values and high renovation costs. Because the tax credits represented a small percentage of total renovation costs, the credits may not have been a significant determining factor in the decision to redevelop the properties. The Governor's Tax Credit Review Commission December 2012 report recommended limiting the maximum tax credit allowed for owner-occupied residences to $50,000 and prohibiting the tax credit for owner-occupied residences if the home was purchased for more than $150,000.

The HPTC program is not subject to a sunset provision, and state law does not prohibit claiming the same project costs under two or more tax credit programs. This "stacking" of tax credits allows additional tax credits to be issued while no additional economic activity or state benefit is generated.

Program Administration

The DED could improve its oversight. State agency personnel do not conduct site visits, and the DED's cost certification work is inefficient and redundant. The DED does not monitor project approval time to ensure compliance with state law, and program activity projections appear to overstate the economic impact of the HPTC program. The DED's economic activity projections contain several flawed assumptions, and the DED does not verify or review the accuracy of the number of jobs reported on the preliminary application. The DED is not consistent with respect to the eligibility of certain costs, which often leads to disputes.

In the areas audited, the overall performance of this program was **Fair***

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Sara Parker Pauley, Director
Department of Natural Resources
and
Mike Downing, Director
Department of Economic Development
Jefferson City, Missouri

We have audited certain operations of the Historic Preservation Tax Credit Program in fulfillment of our duties under Chapter 29, RSMo and Section 620.1300, RSMo. The scope of our audit included, but was not limited to, the 2 years ended June 30, 2013. The objectives of our audit were to:

1. Analyze the costs and benefits of the program to determine if it is an effective and efficient use of state resources.

2. Evaluate the internal controls over significant management and financial functions related to the program.

3. Evaluate compliance with certain legal requirements related to the program.

4. Evaluate the economy and efficiency of certain management practices and operations.

For the areas audited, we (1) determined the current program structure is an inefficient method of funding preservation activities, but due to weaknesses in program data, other aspects of program effectiveness and efficiency could not be adequately determined, (2) identified deficiencies in internal controls, (3) identified no significant instances of noncompliance with legal provisions, and (4) identified the need for improvement in management practices and procedures.

Except for the matter discussed in the last paragraph of the Scope and Methodology Section, we conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Management Advisory Report presents our findings arising from our audit of the Missouri Historic Preservation Tax Credit Program.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Robert Showers, CPA, CGAP
In-Charge Auditor:	Travis Owens, MBA, CPA, CFE
Audit Staff:	Joshua Shope, M.Acct

Historic Preservation Tax Credit Program
Introduction

Background

The Missouri Historic Preservation Tax Credit (HPTC) program was established in 1998 under Sections 253.545 to 253.559, RSMo, and has no sunset or expiration date. The program was designed to supplement the federal HPTC program, which began in 1976. The purpose of the credit is to provide an incentive for the redevelopment of commercial and residential historic structures statewide. The Department of Economic Development (DED) administers the program and is responsible for the issuance of all tax credits based upon final certification of the rehabilitation project by the Missouri Department of Natural Resources, State Historic Preservation Office (SHPO). With approximately $79 million in redemptions in fiscal year 2013, the HPTC is the state's third largest tax credit program. See Appendix B for redemption information on all state tax credits.

The HPTC provides state tax credits equal to 25 percent of eligible costs and expenses of the rehabilitation of approved historic structures. An eligible property must be (i) listed individually on the National Register of Historic Places, or (ii) certified by the Missouri Department of Natural Resources as contributing to the historical significance of a certified historic district listed on the National Register, or located within a local historic district that has been certified by the U.S. Department of the Interior. Eligible costs include, but are not limited to, qualified rehabilitation expenses (QRE) as defined under the federal program. Generally QRE are limited to rehabilitation expenses of the original historic structure, while expenses for additions to the property, acquisition costs, and personal property are generally unqualified. To qualify for credits, QRE associated with the rehabilitation must exceed 50 percent of the acquisition cost.

The HPTC credit can be freely transferred, sold, or assigned, but is not refundable.[1] Section 253.557.1, RSMo, allows the credits to be carried back 3 years to offset prior tax liability or carried forward for 10 years to offset future tax liability. The tax credits can be applied against the taxes imposed pursuant to Chapter 143 and Chapter 148, RSMo, except for Sections 143.191 to 143.265 for the succeeding ten years, including the insurance company premium tax, and the financial institution tax. Any taxpayer is eligible to participate but nonprofit entities are ineligible.

Legislative changes

In 2009, the General Assembly passed legislation imposing new annual limits on the amount of tax credits authorized by the DED and established a more detailed, multi-step application and approval process. Effective July 1, 2010, the General Assembly imposed an annual program limit of $140 million. Prior to 2010 there was no annual limit for the HPTC program.

[1] The taxpayer must have a tax liability the credit can be offset against.

Approval process

Applicants submit a preliminary application to the DED detailing the project and its expected costs. The DED reviews the application for completeness and forwards the application to the SHPO for approval. After the SHPO approves the project, the DED notifies applicants of the authorization of a specific amount of tax credits. These authorizations of tax credits are the basis for calculating the annual dollar limit for the program.

Applicants have 2 years from the date of preliminary authorization to begin rehabilitation. When the rehabilitation project is completed, applicants are required to obtain a cost certification prepared by a Certified Public Accountant (CPA) licensed in Missouri. If total project costs are less than $250,000 the CPA must compile a schedule of project expenses. If total project costs are $250,000 or greater the CPA must perform a 100 percent examination of expenses and issue an opinion as to the eligibility of the expenses. The applicant then submits a final application and the CPA cost certification to the DED. After the SHPO performs a final review of the technical project work, the DED performs a review of the cost certification and issues a tax credit certificate equal to 25 percent of QRE.

Credits in other states

According to a December 2011 report issued by the National Parks Service, Missouri is one of at least 30 states that have established state tax credits for historic preservation. The following table summarizes statistics on state credit programs, including Missouri.

State Historic Tax Credit Programs

	Commercial Buildings	Owner-Occupied / Residential
States with credit programs	30	25
Credit percentage[1]	5 - 50%	20 - 50%
States with per-project cap	17	15
Per-project cap (minimum)	$25,000	$25,000
Per-project cap (maximum)	$5 million	$5 million

[1] Percent of QRE awarded in state tax credit.

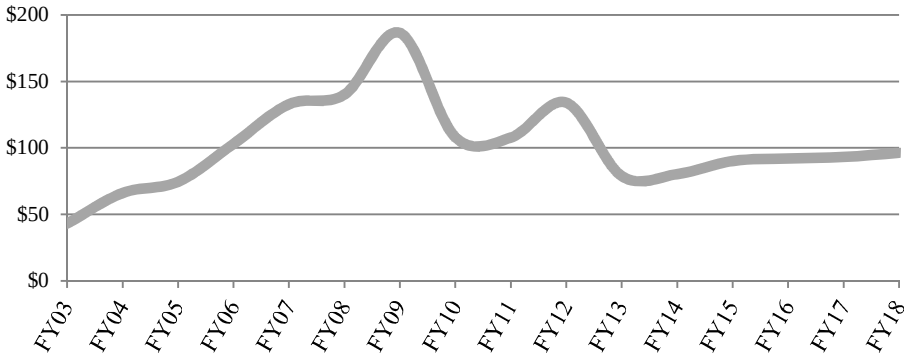
Source: National Trust for Historic Preservation and SAO analysis

Eighteen of 30 states, including Missouri, have established an overall annual program credit limit. The lowest annual limit we identified is $700,000, while Missouri's limit ranks highest among the states with an overall limit. In addition, 14 states (including Missouri) allow credits to be transferred or sold to third parties.

Projection of future credit activity

Based on actual tax credits awarded in recent years, we projected tax credit redemptions through 2018. The chart on the next page shows actual credits redeemed annually for fiscal years 2003 through 2013, and projected redemptions for 2014 through 2018. Based on our projections, redemptions are expected to stay below $100 million through fiscal year 2018.

Actual and Estimated Tax Credits Redeemed - Fiscal Years 2003 to 2018 (in millions)



Source: DOR data and SAO analysis.

Reporting

The DED provides the General Assembly and the public key program information for the HPTC program through the tax credit activity report.

Agencies administering tax credit programs are required under Section 33.282, RSMo, to submit the estimated amount of tax credit activity for the next fiscal year to the State Budget Director for submission to the Chairmen of the Senate Appropriations and House Budget Committees. In addition to the estimates of tax credit activity, the agencies must also include a cost-benefit analysis of the program for the preceding fiscal year. The annual estimates and cost-benefit analyses are submitted on forms called tax credit activity reports. State law requires the tax credit activity report be submitted to the State Budget Director by October of each year and to the Chairmen of the Senate Appropriation and House Budget Committees by January 1 each year.

Scope and Methodology

To gain an understanding of the performance of the HPTC program, we interviewed DED and SHPO officials involved in the application and approval process. We interviewed various external parties involved in all aspects of the program, including five developers and their representatives; three tax attorneys; an architect; two historic preservation consultants; and representatives of two syndication firms who specialize in buying and selling tax credit certificates, three CPA firms involved in the cost certification process, and a city development agency. Our review also included visits to several completed HPTC projects.

To determine whether required procedures were followed, we reviewed ten tax credit project files, interviewed DED staff, and reviewed documentation submitted by the applicants. The DED issued a total of $8.7 million in credits for these 10 projects. The projects included three owner-occupied residences and seven commercial buildings, including buildings used for residential purposes such as loft apartments.

To understand how the economic impact of the HPTC program is calculated, we met with representatives of the DED responsible for generating the economic impact estimates. We interviewed DED staff regarding assumptions provided by the companies to calculate the economic impact of the tax credit. We also interviewed a representative of a county assessor's office to understand the impact of rehabilitation on property values, and the lead researcher on a third-party study[2] of the economic impact of the Missouri HPTC.

To understand how Missouri's HPTC program compares to programs in other states, we obtained information from various sources, including the National Trust for Historic Preservation, and contacted applicable state agency representatives in Arkansas, Iowa, Kansas, Kentucky, Oklahoma, Illinois, Minnesota, Ohio, and Virginia. We also contacted a tax attorney familiar with the program in Minnesota.

To develop projections of future tax credit activity and liability, we reviewed historical trends in tax credits authorized, issued, and redeemed including data presented in Appendix A. We based projections for future years on historical trends, with an emphasis on recent history. Future activity is dependent on trends in the overall economy and is difficult to project.

To evaluate potential improvements to the program, we reviewed reports from the Tax Credit Review Commission. The commission was created by the Governor in July 2010 and charged with reviewing the state's tax credit programs and making recommendations for greater efficiency and enhanced return on investment. The commission released reports in November 2010 and December 2012.[3]

We obtained aggregate totals of annual tax credit redemptions from the DOR. In accordance with the Missouri Supreme Court decision in the case of *Director of Revenue v. State Auditor* 511 S.W.2d 779 (Mo. 1974), auditors are not provided individual tax returns. As a result, auditors were not able to verify the completeness and accuracy of redemption data provided.

[2] Saint Louis University, " An Observation of the Missouri Historic Preservation Tax Credit Program's Impact on Job Creation and Economic Activity Across the State," March 2010.
[3] The December 2012 report included a supplemental report that we also reviewed.

Historic Preservation Tax Credit Program
Management Advisory Report
State Auditor's Findings

1. Program Cost

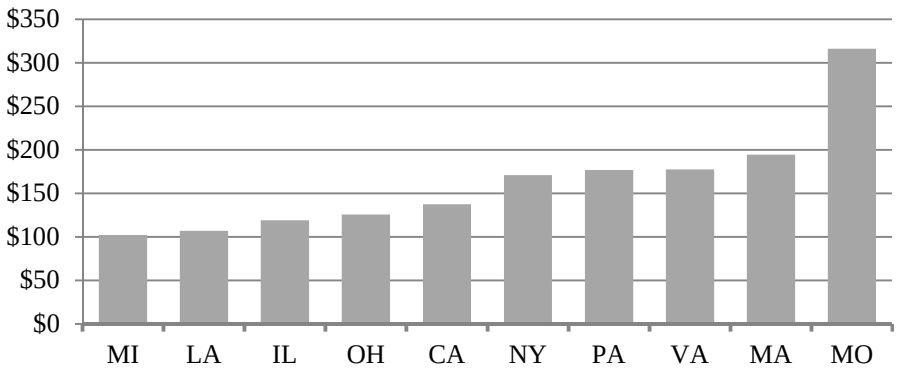
There is no dispute the Historic Preservation Tax Credit (HPTC) has been a significant factor in helping rehabilitate hundreds of the state's historic properties. However, with redemptions of over $1.1 billion in the past decade, Missouri's historic preservation program is the largest in the nation, has exceeded fiscal estimates provided to the legislature at its passage, and has a statutory annual limit that is so high that it does not contain actual spending.

Program activity

Missouri leads the nation in qualified rehabilitation expenses (QRE) for historic preservation purposes. Program redemptions have averaged $123 million per year for the past 5 fiscal years, and have totaled over $1.1 billion in the past decade. To compare Missouri's historic preservation program relative to other states we relied on federal historic preservation data. According to the National Park Service (NPS), an average of $316 million of QRE was reported in Missouri from 2001 through 2012. In contrast, the next highest state averaged $194.4 million (38.5 percent less).

The chart below shows the average annual federal QRE reported to the NPS for the period 2001 through 2012 for the top ten states nationally.[4]

Average Annual Federal QRE for Top Ten States - Years 2001 to 2012 (in millions)



Source: National Park Service data

As noted in Report No. 2010-47, *Tax Credit Cost Controls*, issued in April 2010, the HPTC program has greatly exceeded the original fiscal note estimates. The original fiscal note for Senate Bill 1 in 1997, when the program was established, estimated an annual cost of $14.3 million. Program redemptions have significantly exceeded this estimate since 2002.

Several historic preservation consultants we spoke with attributed the level of historic preservation activity in Missouri to the large supply of historic

[4] California, Michigan, and Pennsylvania do not have state credit programs. The remaining states shown have state credit programs with varying credit percentages as a percentage of QRE as noted above.

buildings in the state, particularly in the metropolitan areas, and the existence of the state credit, which makes the rehabilitations more financially feasible.

Program limits and exemptions

Missouri's program limit is the highest among the 18 states that have established annual limits. Under state law the program is limited to $140 million in authorizations each year, but projects receiving less than $275,000 in tax credits are exempted from the annual program limit. As a result, owner-occupied residential projects that have project limits of $250,000, are exempted when calculating the program limit. For fiscal year 2013, the DED authorized approximately $93.9 million in credits, of which $86.5 million was subject to the statutory cap. Tax credit authorizations have remained well below the $140 million statutory cap since the annual program limit was established in 2010, averaging about $91 million for the 3 fiscal years ended June 30, 2013. While 12 of 30 states with HPTC programs have not established an annual limit, those states have a significantly lower level of activity than Missouri.

Based on our review of other state's programs, if the General Assembly reduced the current $140 million annual statutory cap to $75 million, as recommended in the November 2010 report of the Tax Credit Review Commission, Missouri would still have the largest state historic preservation program in the nation.

Recommendation

The General Assembly re-evaluate the annual program limit for appropriateness.

2. Program Efficiency and Effectiveness

While the goals of the program are laudable in some respects, the HPTC program is an inefficient use of state resources. Only 49 cents to 85 cents of every tax credit dollar issued goes toward rehabilitation costs, with the remainder going to investors, tax credit brokers or syndicators, and the federal and state government in the form of income taxes. Several options exist to improve the efficiency and effectiveness of the credit. In addition, the program has no sunset provision and applicants can receive multiple tax credits for the same expenditures.

2.1 Inefficiency of credit

The HPTC program structure is inefficient in part because only a portion of each dollar of tax credit goes toward historic preservation. Based on information provided by tax attorneys, while the final user of the HPTC certificate typically pays a price in the low 90-cent range, for every dollar of HPTC issued, only 49 cents[5] up to 85 cents,[6] goes toward project costs. The

[5] Assumes credit is sold to a third-party for 90 cents on the dollar and the seller(s) is in the highest state and federal tax brackets applicable to tax year 2013.

remaining portion of each dollar is lost to the federal and state government in the form of income taxes generated from selling the credit, investors who demand a return, and tax credit brokers or syndicators who sell the credits.

Tax implications

HPTC applicants generally sell the credit to third parties and use proceeds from the sale to reduce construction related debt. The sale of a HPTC certificate creates taxable income, requiring the payment of additional income taxes by the seller. Attorneys we spoke with said several factors impact the net amount of equity going toward the project, including the current tax bracket of the individual(s) selling the credit, how long the credit was held before sale, and the selling price.

According to our interviews, it is relatively common for developers to use a loss partner, which allows developers to receive approximately 80 to 85 cents in equity for every dollar of credit. A loss partner has losses from other businesses that allows them to apply the taxable gains from selling the tax credit certificates without incurring a tax liability. Tax attorneys estimated over half of projects in Missouri were using the loss partner structure in recent years. However, recent IRS rulings have made the use of the loss partner structure more risky, reduced the number of developers using this structure, and increased the rate of return demanded by loss partners, resulting in reduced equity applied to projects. In the event a loss partner is not available or not used, developers typically receive approximately 49 cents for each dollar of state tax credit awarded after income taxes.

2.2 Options to improve efficiency

Our research identified several options to improve the efficiency of the HPTC model in place, including making the credit refundable, and allowing not-for-profit organizations to be involved in the process.

Refundable credit

Legislative changes to make the HPTC refundable would increase the attractiveness of the credit by allowing the holder of the certificate to receive the full value of the credit in the first year, regardless of their tax liability. According to tax attorneys interviewed, in addition to improving the overall attractiveness of the certificates to investors, a refundable credit reduces the necessity to sell the certificates, and would help increase the amount of equity going toward project expenses. Nine of 30 states (30 percent) offer a refundable provision with their state credit program. Attorneys indicated timing is a significant consideration because applicants prefer not to hold the credit until they file a tax return; thus, credits are often sold to third parties, if allowed, even if the state has a refundable provision.

[6] Assumes the use of a loss partner and assumes credit is first allocated to a partner, usually a limited partner investor entity, who has operating losses to offset the taxable gain generated when the credit is sold to a third party. The partner provides a capital contribution to the partnership in exchange for the credits, but the capital contribution is less than the market rate of the credit that is assumed to be 90 cents on the dollar.

Credit to government entities or not-for-profit organizations

Several tax attorneys suggested an alternative model to the tax law committee of the Tax Credit Review Commission. These alternatives are discussed in an October 2012 committee report. The model would require credits to be assigned to a state agency, local political subdivision, or other not-for-profit organization that would then sell the credits in the market and grant the proceeds to the project. Based on our discussions with the co-chair of the commission, this option further increases the complexity of partnership structuring and would not result in a significant increase in equity for developers who are already using a for-profit loss partner, though it would increase equity for others. Several developers told us this option would increase the supply of loss partner entities, which would subsequently increase equity to projects. Given the reduced usage of for-profit loss partners, this model appears to be a viable option to increase the amount of equity to projects.

Direct appropriation

Eliminating the use of state tax credits and utilizing direct appropriations through a state agency to fund historic rehabilitation projects would be the simplest and the most administratively efficient means of improving the efficiency of the state's historic preservation program. According to interviews with tax attorneys, not-for-profit organizations would need to be involved in a direct appropriation model to avoid federal tax consequences and for 100 percent of the state's money to go towards preservation. We identified one state, Minnesota, that offers a grant in lieu of credit option.[7] Minnesota officials indicated legislators primarily included this provision because it helps ensure a minimum price floor, not to minimize taxation, though it has been popular with not-for-profit organizations.

Conclusion

Improvements to the efficiency of the tax credit model are possible, however, state law would have to be modified. The various changes proposed would result in more tax credit dollars being used for the preservation of historic buildings, giving the state significantly higher return on its HPTC investment. If Missouri wishes to continue to make significant investments in the preservation of historic buildings, steps need to be taken to ensure state funds are invested as efficiently as possible.

2.3 Program design

Because the General Assembly established the HPTC program as an entitlement up to the current authorization limit; the DED is not allowed to limit tax credits to projects that represent a good investment for taxpayers, or to only projects that need tax credits to be financially feasible.

[7] The grant amount is equal to 90 percent of the value of what the tax credits would be, if that option is elected. This helps ensure minimum equity of at least 90 cents, ignoring potential tax consequences.

Some other state tax credits, including the Low Income Housing Tax Credit, are established statutorily as discretionary programs. While most states have established their historic credit program as an entitlement program to mirror the federal program, we identified at least two states that have a competitive project selection process. These two states require the administrative agency to review the merits of each proposed project and select the projects that are most beneficial.

Ohio distributes credits through a biannual competitive application process, ranking proposals based on economic benefit and regional distributive balance. Ohio officials indicated the competitive process ensures the limited amount of annual funding is distributed to the historic rehabilitation projects with the best merits. Additionally, they indicated this type of process allows agency officials and legislators to establish priorities for historic preservation activities. The priorities can be updated periodically based on need and market conditions. Arkansas also ranks applications according to various objective criteria.

A competitive award process coupled with a reduced program funding cap would help ensure only projects that represent a good investment receive funding.

2.4 Timeliness of credit issuance

The amount of time between project completion and the issuance of tax credit certificates is excessive, and results in increased project costs due to accrued interest costs. Additional interest costs incurred after completion of the CPA cost certification are not a qualified expense and do not result in any additional credits being issued; however, increased interest costs result in more equity going toward borrowing costs and less tax credit equity going toward the project, which further reduces the efficiency of the credit.

Average issuance time

The DED has established an informal benchmark that indicates the final review should take no longer than 60 business days. Based on our review of a sample of projects, the DED does not meet this benchmark. For the 10 projects we reviewed the final review took the DED between 3 and 12 months, with an average of 6 months. A portion of this time represents time to obtain the SHPO's final approval and time for the applicant and/or CPA to answer questions or submit additional documentation.

A statutory change to allow a partial issuance of tax credits upon the completion of the CPA cost certification would help reduce project interest costs, allowing more of the tax credit to go toward project costs. The Tax Credit Review Commission's December 2010 report recommended the use of a partial tax credit certificate after the applicant submits a complete application and the SHPO provides final approval of the completed work. The recommended partial issuance would be calculated as a percentage of the total amount of credits for which the applicant is eligible as reported in

the CPA cost certification. The DED could then issue the remaining credit amount after the final review of the cost certification.

By adopting provisions that would require a partial issuance of credits, the General Assembly can help ensure more equity goes toward projects, ensure projects are not put at risk of failure due to financial constraints, and make the program more attractive to developers.

2.5 Owner-occupied residences

The use of the HPTC on owner-occupied residences does not always appear to be a needed, reasonable, or effective use of taxpayer dollars. We reviewed two owner-occupied projects that received credits for rehabilitating lavish and expensive private residences. These two projects resulted in a minimal economic impact and, based on the level of rehabilitation expenses, the tax credit was likely not a dispositive factor in the applicants' decision to perform the rehabilitation.

In 2010, the DED issued $250,000 in credits to an applicant who rehabilitated the top portion of a 35-story building to create a private luxury residence. A different applicant previously received credits for rehabilitating the building's exterior, including windows, and remaining floors of the building. The applicant purchased the upper four floors of the building for $2 million and reported about $1.2 million in qualified rehabilitation expenditures. The residence is approximately 6,100 square feet and includes a private elevator, rooftop garden, movie theatre, and various other amenities. Total rehabilitation costs, including expenditures not eligible for tax credits, averaged about $251 per square foot, which is extremely costly as compared to other projects reviewed. The total credits awarded on this project represent approximately 8 percent of the final cost of the residence and renovation and, therefore, do not appear to have been a significant cost driver on the project.

In 2011, the DED issued about $296,000 in credits to an applicant who renovated a 3-story, 5,400 square foot home in an affluent neighborhood in a metropolitan area. The applicant purchased the home in 1993 for nearly $300,000 and reported about $1.2 million in qualified rehabilitation expenditures. The home has a fair market value of approximately $434,000. The majority of qualified expenditures consisted of upgrades to the electrical, mechanical, and plumbing systems to comply with current building codes, replacement of a heavily damaged slate roof, and repair of extensive fire damage to the third floor of the home. Total rehabilitation costs, including expenditures not eligible for tax credits, averaged about $238 per square foot, which is extremely costly as compared to other projects reviewed. Due to the high level of rehabilitation costs the owner invested in the property, the tax credit does not appear to have been a significant cost driver on the project.

Officials with a city development agency and several developers indicated the option to use this credit for owner-occupied residences is critical to the continued success of the program. While there are significant benefits to using the credit as an incentive to revitalize historic neighborhoods, particularly those with a high percentage of vacant or dilapidated homes, it does not appear the two projects discussed above fit within that category.

Other states

Although owner-occupied residences do not qualify for federal historic tax credits, six of the nine other states we obtained information from issue state rehabilitation credits for owner-occupied residences. Oklahoma, Illinois, and Minnesota do not issue credits for owner-occupied residences.

Per-Project Cap (Owner-Occupied)

State	Tax Credit Per-Project Limit
Arkansas	$25,000
Kentucky	$60,000
Missouri	$250,000
Ohio	$5,000,000
Iowa	No limit
Kansas	No limit
Virginia	No limit

The Tax Credit Review Commission's December 2010 report recommended the General Assembly reduce the maximum tax credits allowed for owner-occupied residences to $50,000 per residence, a significant reduction from the current $250,000 limit. Additionally, the Commission recommended the General Assembly prohibit tax credits for owner-occupied residences if the home was purchased for more than $150,000. If enacted these changes would help ensure the credit is used to revitalize historic neighborhoods, particularly those with a high percentage of vacant homes, rather than be used to rehabilitate homes with high market values.

2.6 Sunset provision

As noted in Report No. 2010-47, *Tax Credit Cost Controls*, issued in April 2010, state law does not include a sunset provision for many tax credits, including the HPTC program. The Sunset Act, passed in 2003, provides for new programs to sunset after a period of not more than 6 years unless reauthorized by the General Assembly or the program is exempted from the Sunset Act. The Act requires the Committee on Legislative Research to review applicable programs before the sunset dates and present a report to the General Assembly regarding the sunset, continuation, or reorganization of each affected program. However, the HPTC program was created prior to the Sunset Act and is exempted.

By adopting a sunset provision for the HPTC program, the General Assembly can better determine whether the program is achieving its intended purpose and whether program funding should be increased, decreased, or eliminated.

2.7 Use of multiple incentives

As noted in Report No. 2012-117, *Division of Business and Community Services*, issued in September 2012, state law does not prohibit claiming the same project costs under two or more tax credit programs. This "stacking" of tax credits can be lucrative for developers and additional tax credits are issued while no additional economic activity or state benefit is generated.

Companies may claim certain project costs under the Historic Preservation, Low Income Housing, Brownfield Remediation, and the Neighborhood Preservation Tax Credit programs. Between fiscal years 2000 and 2011, the state issued tax credits totaling approximately $738 million for 117 projects that received funding from two or more of these tax programs.

The Tax Credit Review Commission's December 2010 report recommended changes when Brownfield, Historic Preservation, and Low Income Housing Tax Credits or any combination thereof are awarded to a single project. The Commission recommended a specific ordering process and Brownfield credits would be calculated first based on eligible remediation expenditures. Next, the eligible Historic Preservation credit expenditures would be reduced by the amount of Brownfield credits. Finally, the Brownfield and Historic Preservation credits would be deducted from the total expenditures eligible for the Low Income Housing Tax Credit. The DED should work with the General Assembly to establish cost containment provisions regarding project costs claimed under multiple tax credit programs.

Recommendations

The General Assembly:

2.1&
2.2 Consider modifying state law to improve the efficiency of the current tax credit model.

2.3 Require the DED to evaluate the merits of potential projects before credits are authorized.

2.4 Require the DED to issue partial credits upon submission of a completed cost certification and confirmation of SHPO approval.

2.5 Establish more strict eligibility criteria for owner-occupied residences receiving historic credits.

2.6 Establish a sunset provision for the HPTC program.

2.7 Establish cost containment provisions regarding project costs claimed under multiple tax credit programs.

3. Program Administration

Opportunities exist to improve the administration of the HPTC program. Oversight of projects could be improved, the DED does not have adequate controls to ensure reported costs are reasonable, and the DED needs to

ensure cost eligibility criteria are applied consistently. In addition, the economic impact of the HPTC being reported to the General Assembly does not accurately measure the economic impact of the program.

3.1 Project oversight

The DED's oversight of projects could be improved. State agency personnel do not conduct site visits to verify work has been completed, and the cost certification work performed by DED is inefficient and redundant.

At the completion of the project the SHPO and DED review before and after photographs and floor plans, and determine whether the completed work is consistent with the applicant's rehabilitation plan and the Secretary of the Interior's Standards for Rehabilitation. The DED then reviews the CPA's cost certification and determines the final qualified expenditures and the allowable tax credit amount. The DED's review of the cost certification includes reviewing selected invoices for projects with total costs of $250,000 or greater and all invoices for projects with total costs of less than $250,000.

Site visits and square footage cost analysis

Neither DED nor SHPO personnel typically perform site visits of completed projects to verify the planned work has been completed, or perform square footage cost analysis to determine if costs claimed appear reasonable. Officials from both agencies said they typically do not perform site visits, though SHPO officials stated they will perform a site visit if they have concerns regarding the completed work. DED officials indicated they do not analyze costs on a square foot basis or compare categories of costs with past projects of similar size. DED officials also indicated the cost of historic rehabilitations can vary greatly and there is no industry standard regarding cost per square foot for a historic building.

Virginia fraud

Officials in Virginia indicated they recently discovered several large cases of developer fraud involving at least three developers that resulted in millions of dollars in tax credits issued for fraudulently reported expenditures. These developers had submitted cost certifications prepared by independent CPA firms; however, the CPA firms did not detect the falsified invoices and are not required to assess the reasonableness of costs or perform independent confirmations of the invoiced amounts. Virginia officials indicated the majority of fraudulent expenditures consisted of items that would not be readily identifiable in the photographs submitted such as mechanical, electrical, and plumbing repairs or upgrades. Virginia officials indicated the fraudulent projects were identified when they calculated a cost per square foot for the projects that was significantly more than expected based on past rehabilitations of similar size.

Virginia now requires a site visit by a state construction inspector prior to the issuance of the state tax credits. The inspector meets with the developer to discuss the work completed on the project and then reviews the project

costs as reported by the CPA to determine if there are any obvious discrepancies and whether reported costs appear to be reasonable given the scope of the rehabilitation, age of the building, size of the building, and other factors. Additionally, Virginia officials now calculate the cost per square foot for every project and will perform additional review if this calculation exceeds a certain threshold, which may include additional review of invoices or confirmation of invoiced amounts directly with the contractor or vendor.

Utilizing a risk-based approach to project oversight and performing site visits to verify project costs, and reducing the amount of cost certification work performed, would allow the DED to increase the efficiency and timeliness of the review process. Keeping a database of previous costs and calculating average costs by type and size of project would help the DED identify projects with potentially inflated costs, and would help determine if project costs are reasonable, or whether a project should be subject to additional review. Current DED procedures that duplicate a significant portion of the CPA cost certification process do not appear to be an efficient use of DED resources.

3.2 Average approval time

The DED does not currently monitor project approval time to ensure compliance with state law. Statutory changes in 2009 included provisions mandating timely issuance of credits. Section 253.559.8, RSMo, requires the DED to issue credits within 12 months of project completion. This standard was not met for two of ten projects reviewed; however, these applicants did not submit the final application and cost certification until 4 months and 9 months after project completion. The DED analyzed approval time during 2011 and found the average approval time, which includes the time from when the applicant submits the final application and cost certification to when credits are issued, had decreased from 6.8 months to 6.4 months in fiscal year 2010 and decreased again to 5 months in fiscal year 2011. In 2012, the DED increased the number of cost reviewers and modified procedures in an effort to reduce the time necessary for the final review, but because the DED has not continued to monitor approval time, it is not clear if the increased staffing has improved approval time by any significant measure.

Officials stated it is not always feasible for the DED to meet the statutory deadline due to delays in the applicant's submission of the cost certification or significant delay by the applicant in responding to questions or additional requests. Several CPA firms indicated it generally takes them several months to complete the cost certification, though one firm indicated the larger projects can take up to a year to complete.

Monitoring approval time on an ongoing basis would allow the DED to assess compliance with state law and help ensure projects are approved in a timely manner.

3.3 Program activity projections

Program activity projections reported to the General Assembly annually on the tax activity report appear to overstate the economic impact of the HPTC program. While the primary purpose of the HPTC program is to redevelop state historic structures, reliable and reasonable economic projections should be reported to the General Assembly.

The fiscal year 2012 tax activity report for the HPTC indicates that over the next 10 years the projects authorized for credits in fiscal year 2012 will return $0.41 in state revenue for every dollar of tax credit authorized, create $2.2 billion in new economic output, and create approximately 2,400 new jobs. The economic activity projections reported are based on data provided in the preliminary project applications. Applicants must report the estimated project construction expenditures and estimated number of permanent jobs that will be created as a result of the project.

Level of activity

The economic activity projections provided by DED contain several flawed assumptions regarding the level of activity. DED projections assume *no* historic preservation activity would take place if not for the state credit, and also assume 100 percent of authorizations will be utilized.

With the existence of the federal historic credit, the assumption of zero historic preservation activity in the absence of the state program is unreasonable. While there is little doubt the existence of a state program increases the amount of preservation activity in a given state, some level of activity would occur without a state program. Several states including Michigan, California, and Pennsylvania have no state tax credit program but still ranked among the top ten states nationally for average federal QRE. Moreover, while there were 14 projects completed in the first year of Minnesota's recently implemented historic preservation program, there were 4 projects completed in the previous year when no state credits were available.

DED projections assume 100 percent of authorizations will be utilized; however, our review of HPTC program data shows a small portion of original authorizations are not utilized since some projects require less tax credits than planned or do not proceed with construction. It is unreasonable to assume all applicants will complete their projects because some applicants voluntarily withdraw or fail to proceed with construction for various reasons such as lack of financing, changes in economic conditions, or discovery of additional damages to the building.

Number of jobs

The DED does not verify or review the accuracy of the number of jobs reported on the preliminary application. While the number of jobs used for economic impact purposes is intended to represent only new, permanent jobs, it is not clear whether applicants may be reporting jobs that existed in the same building prior to the rehabilitation or reporting jobs for businesses that move from a nearby location. For example, the preliminary application for one project reviewed reported 30 new jobs would be created; however, this amount included jobs of a business that moved into the renovated space from its existing location across the street. In addition, while the DED report included 30 jobs based on the preliminary application, the applicant reported only 17 jobs on the final application submitted after the project was completed, a decrease of about 43 percent.

3.4 Cost eligibility

Several developers, historic preservation consultants, and representatives of CPA firms indicated they commonly observe disagreements between applicants and the DED regarding eligibility of certain costs. These parties indicated it is common for applicants to report higher QRE when applying for the federal credit than the state credit because the DED is inconsistent in what it considers QRE. Minor differences between the federal and state QRE are expected because the DED has chosen to apply percentage limits to certain types of soft costs; however, parties we spoke to said other differences including types of costs eligible are not reasonably explained by the DED.

Missouri's definition of QRE uses the federal definition as a baseline, and permits certain other expenses to qualify. The federal rehabilitation tax credit program defines qualified rehabilitation expenditures in 26 USC 47(c)(2)(A) of the Internal Revenue Code of 1986. Generally, permanent improvements made within the footprint of a building are considered eligible costs and soft costs, such as architect's fees, that are directly related to the rehabilitation also qualify. The DED publishes a list of potentially qualifying and non-qualifying expenditures in application materials, though this information is not intended to be a comprehensive list.

DED officials indicated they allow the developer and CPA firm to submit additional documentation to support why disputed expenditures should be considered QRE, but the DED retains the right to make the final decision. The SHPO indicated disagreements with applicants involving approval of proposed or completed rehabilitation work are somewhat rare.

To ensure developers are treated fairly and to eliminate future disagreements, the DED should review procedures currently in place to ensure cost eligibility decisions are consistent.

Recommendations

The DED:

3.1 Implement procedures requiring mandatory site visits and square footage cost analysis.

3.2 Monitor approval time on an ongoing basis to assess compliance with timeframes required by state law.

3.3 Establish procedures to ensure the economic benefit projections reported to the General Assembly reflect the most realistic assessment of program performance.

3.4 Review procedures to ensure decisions regarding the eligibility of costs are consistent.

Auditee's Response

3.1 DED and SHPO oversight of the Missouri Historic Preservation Tax Credit Program is designed to ensure that tax credits are issued only for eligible costs and expenses, including through independent verification of cost certification documentation, review of extensive photographic evidence of completed work, and periodic site visits by SHPO. DED will work with SHPO to evaluate additional opportunities to employ site visits in the oversight process. However, there is currently no legal authority to deny tax credits based on a mandatory cost per square foot limit, making the value of such an analysis is unclear in light of the numerous other oversight techniques employed to detect fraud and refer any such fraud for prosecution.

*One such example is the independent verification of documentation supporting the cost certification submitted by a tax credit applicant's CPA. DED disagrees with the audit's statement that such verification is "inefficient and redundant" and the suggestion that DED should instead rely on the applicant's CPA in determining the amount of tax credits to issue. Indeed, DED is required to independently verify all costs and expenses in order to faithfully discharge its duties under Section 253.559.7, RSMo (requiring that "the approval of all applications and the issuing of certifications of eligible credits to taxpayers **shall be performed by the department of economic development**.") (emphasis added).*

*3.2 DED issues Historic Preservation Tax Credits in compliance with state law and will continue to monitor approval time on an ongoing basis to assess compliance. Section 253.559.8, RSMo, provides that tax credits "shall be issued in the final year that cost and expenses of rehabilitation of the project are incurred **or** within the twelve-month period immediately following the conclusion of such*

rehabilitation." (emphasis added). Pursuant to this provision, DED issues tax credit certificates for the year of project completion following review of a complete application and supporting documentation. Approval times are directly impacted by the completeness of the application and supporting documentation submitted by the applicant to substantiate the eligibility of costs and expenses of rehabilitation. For example, as pointed out in the audit, it can take CPAs up to a year to submit the necessary documentation to DED, which directly impacts the time in which tax credits are issued.

3.3 The economic benefit projections performed by DED related to the Missouri Historic Tax Credit Program are performed in accordance with Section 33.282.2, RSMo and based on information submitted by tax credit applicants pursuant to Sections 253.550 to 253.559, RSMo and the Tax Credit Accountability Act of 2004, Sections 135.800 to 135.830, RSMo.

3.4 DED administers the Missouri Historic Preservation Tax Credit Program in accordance with state law to ensure that tax credits are only issued for costs and expenses that are actually eligible for tax credits and not simply for all costs and expenses an applicant claims for tax credits. The State Auditor is correct that developers will occasionally try to claim tax credits for costs and expenses that are not eligible for tax credits under state law, which does create disagreements between DED and developers when such claims are denied. Based on a review of files from the past two years, some of the most common reasons for a portion of claimed tax credits being denied include that the credits were claimed for non-qualifying purchases such as supplies and equipment (i.e. tangible personal property) or that the applicant failed to provide proofs of payment for the costs and expenses claimed. As indicated in the audit, DED affords applicants every opportunity to provide documentation substantiating the claimed costs and expenses and will continue to do so in order to ensure consistency.

Auditor's Comment

3.1 We are not suggesting the DED should "deny tax credits based on a mandatory cost per square foot limit," but that the DED could improve the efficiency of program oversight by implementing a more risk-based approach by making site visits and reviewing costs analytically. In addition, the DED's contention that Section 253.559, RSMo, requires it to independently verify all costs and expenses is not accurate as the statute requires the DED to determine the amount of eligible costs but does not specify the procedures the DED must utilize to make that determination.

Missouri Historic Preservation Tax Credit Activity

The following table lists the Missouri Historic Preservation tax credits authorized, issued, and redeemed for fiscal years 2003 through 2013. The figures presented reflect amounts provided as of our fieldwork completion and may not reflect amounts reported by DED on past or future tax credit activity reports.

Fiscal Year		Amount Authorized	Amount Issued	Amount Redeemed
2003	$	106,928,335	96,906,086	43,153,986
2004		107,245,788	76,348,131	66,089,980
2005		94,161,535	80,192,409	74,532,355
2006		208,213,201	107,470,280	103,134,226
2007		142,714,495	172,693,813	132,841,728
2008		133,125,322	161,621,537	140,111,002
2009		181,629,134	119,914,948	186,426,164
2010		55,579,398	107,196,640	107,973,542
2011		80,108,743	116,244,410	107,767,393
2012		98,542,596	105,272,651	133,937,747
2013		93,923,652	71,495,994	78,814,711
Totals	$	1,302,172,199	1,215,356,899	1,174,782,834

Source: Reports obtained from the DED Customer Management System and the Department of Revenue.

Tax Credit Redemptions

The following table shows redeemed tax credits for fiscal years 2010 through 2013 for all state tax credit programs. We did not audit the information.

Program	Year Ended June 30, 2010	2011	2012	2013
Adoption (Special Needs)	$ 1,894,187	1,346,454	1,036,226	744,155
Affordable Housing Assistance	11,647,956	4,880,797	5,629,466	7,406,988
Agricultural Product Utilization Contributor	114,674	466,048	1,468,156	1,267,239
Alternative Fuel Vehicle Refueling Property[1]	0	23,365	45,690	69,454
Bank Franchise	2,013,584	4,233,673	2,333,619	2,559,444
Bank Tax Credit for S Corporation Shareholders	1,823,612	2,787,708	5,523,276	4,533,837
Brownfield Jobs/Investment	1,650,222	1,620,384	1,660,626	68,693
Brownfield Remediation	17,590,273	11,432,109	16,967,400	6,378,613
Business Use Incentives for Large-Scale Development (BUILD)	8,306,413	10,976,914	6,591,948	8,212,533
Business Facility	2,883,729	5,682,965	4,867,041	4,572,711
Certified Capital Business[2]	495,459	586,135	411,014	590,235
Charcoal Producers[1]	14,642	521,380	59,595	0
Children in Crisis	420,857	587,137	629,456	792,368
Community Development Corporation[2]	5,915	22,703	224	231
Development	1,589,618	1,001,142	3,856,648	3,863,814
Developmental Disability Care Program	n/a	n/a	0	7,819
Disabled Access	12,526	26,273	24,791	14,603
Distressed Areas Land Assemblage	6,731,635	13,534,347	7,558,203	1,651,415
Domestic Violence	789,233	757,609	988,996	851,517
Dry Fire Hydrant[1]	2,634	7,715	3,124	0
Enhanced Enterprise Zone	2,916,392	4,000,689	7,324,093	6,451,698
Enterprise Zone	1,479,702	1,128,432	232,990	557,312
Examination Fees and Other Fees	5,227,134	4,974,981	4,926,191	5,886,105
Family Development Account	3,000	25,000	10,616	95
Family Farms Act	104,798	49,825	53,948	32,032
Film Production	1,925,158	1,563,218	4,839,217	56,665
Food Pantry	793,734	1,081,076	796,156	72,822
Health Care Access Fund	0	0	0	0
Historic Preservation	107,973,542	107,767,393	133,937,747	78,814,711
Homestead Preservation[1]	2,478,624	773,465	0	0
Life and Health Guarantee Association	0	3,260,829	3,306,409	5,664,124
Low Income Housing	142,141,458	143,055,387	164,208,547	144,082,976
Maternity Home	762,701	726,355	1,354,431	1,138,969
MDFB Bond Guarantee	0	0	0	0
MDFB Infrastructure Development	13,970,215	25,597,348	33,444,754	14,804,416

Appendix B
Tax Credit Redemptions

Program	Year Ended June 30, 2010	2011	2012	2013
Missouri Automotive Manufacturing Jobs Act	n/a	0	0	0
Missouri Health Insurance Pool	7,896,391	10,931,565	14,318,218	16,874,865
Missouri Property and Casualty Guarantee Association	592,308	(53)	0	0
Missouri Quality Jobs	14,238,179	27,936,799	35,431,828	39,278,156
Neighborhood Assistance	10,065,993	8,513,472	9,757,095	7,392,113
Neighborhood Preservation	6,739,123	4,427,639	2,159,654	1,232,214
New Enterprise Creation[2]	77,098	11,499	25,000	0
New Generation Cooperative Incentive	3,287,882	1,984,424	826,953	2,100,091
New Jobs Training	3,228,601	3,175,559	4,090,193	3,081,261
New Market	0	1,199,285	15,385,989	12,934,464
Pregnancy Resource	1,198,394	1,103,384	1,892,183	1,194,477
Property Tax	118,594,589	114,886,668	117,603,638	113,962,551
Public Safety Officer Surviving Spouse	11,910	16,861	32,793	78,249
Qualified Beef	0	9,447	219,062	522,858
Rebuilding Communities	1,553,894	1,277,135	1,388,190	1,430,329
Qualified Research Expense[1]	890,135	n/a	n/a	n/a
Residential Dwelling Accessibility	23,040	20,086	6,501	10,258
Residential Treatment Agency	47,599	323,376	283,501	292,396
Retain Jobs	8,145,996	5,758,163	2,403,687	1,960,931
Self-Employed Health Insurance	652,850	1,428,143	1,847,045	1,811,060
Shared Care	159,222	44,152	70,004	41,645
Small Business Incubator	219,014	107,549	166,336	68,441
Small Business Investment (Capital)[1]	0	1,701	(19,395)	0
Transportation Development[1]	9,176	52,124	9,342	12,510
Wine and Grape Production	112,057	29,411	61,598	15,301
Wood Energy	1,546,453	3,818,378	2,282,401	3,563,209
Youth Opportunities	4,405,158	3,589,991	4,979,138	3,906,263
Total	$ 521,458,689	545,145,614	629,311,552	512,911,236

n/a - Tax credit did not exist in this fiscal year.

[1] The tax credit has expired or has been repealed. Redemptions may be reported due to carry forward provisions.
[2] The tax credit program has met the cumulative program cap.

Source: Office of Administration, Department of Revenue, and tax credit administering agencies

Thomas A. Schweich

Missouri State Auditor

Review of 2013 Property Tax Rates

March 2014

Report No. 2014-019

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the Review of 2013 Property Tax Rates

Background	Section 137.073, RSMo, requires the State Auditor's office to annually review the local property tax rates of all taxing authorities in the state to determine whether taxing authorities levied taxes in accordance with Missouri law and adjusted property tax rates to keep property reassessments from affecting revenue.
Results	We reviewed 4,844 property tax rates for 2,823 taxing authorities. The following three taxing authorities, all in St. Louis County, levied tax rates greater than the tax rate certified, resulting in excess property taxes levied of $4,123: Elmwood Park Street Light District, Kinloch Fire Protection District, and the City of Kinloch. In accordance with Section 137.073.6(2), RSMo, we referred the three non-compliant taxing authorities to the Missouri Attorney General's office.
Additional Comments	The State Auditor's office has no authority to determine or review individual tax assessments. All individual tax assessment matters are the responsibility of the county assessor and board of equalization. Appeals to the state on tax assessment matters are handled by the Missouri State Tax Commission.

Because of the limited objective of this review, no overall rating is provided.

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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
Jefferson City, Missouri

The State Auditor's office is required by Section 137.073, RSMo, to annually review local property tax rates of all taxing authorities in the state. The primary objectives of this review were to determine whether:

1. Local governing boards levied taxes in accordance with the Missouri Constitution and state law.

2. Local property tax rates were adjusted to ensure property reassessments were revenue neutral.

Reassessments of existing property are not intended to increase property tax revenue but to equitably reallocate the existing tax burden based on the relative value of property owned by taxpayers.

For 2013, we received substantiating data and issued a finding on 4,844 property tax rates of 2,823 taxing authorities. Three taxing authorities levied tax rates that exceeded the tax rate certified, resulting in excess property taxes levied of $4,123. The number of taxing authorities levying a non-compliant tax rate is 0.11 percent of all taxing authorities.

Property taxes are the main source of revenue for many of Missouri's special purpose political subdivisions and county boards. The bulk of property taxes, however, fund public schools. General acceptance of these taxes is dependent on fair and equitable assessment practices and public understanding and input regarding the setting of rates. If the tax burden is increased without voter approval, confidence in the fairness and assessment practices is often eroded.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
In-Charge Auditor:	Becky Webb, CPA, CFE
Audit Staff:	Dana Wansing, MPA

2013 Property Tax Rates Results

Summary

The State Auditor received substantiating data and reviewed 4,844 property tax rates for 2,823 taxing authorities. Of the rates reviewed, 493 are debt service tax rates, 173 are new property tax rates approved by voters, and 28 are existing property tax rates that were increased by voter approval. The remaining 4,150 tax rates are existing tax rates and were reviewed for compliance with tax rate ceiling rollback requirements only. Three taxing authorities (0.11 percent of all taxing authorities) levied tax rates that are non-compliant. Varying factors contributed to these violations. All four non-compliant rates, resulting in $4,123 excess property tax revenues levied, are from St. Louis County. Taxing authorities wholly in St. Louis County are required to use the four-rate system of levying a separate rate for each subclass of property. Uncertainty with the implementation of the four-rate system originates from a lack of statutory guidance on the handling of elections, recoupments, voluntary reductions, and debt service levies. In the absence of statutory guidance specifically addressing ballots posed under the four-rate system, the State Auditor's office has reviewed all ballots under the assumption that all elections apply to all property.

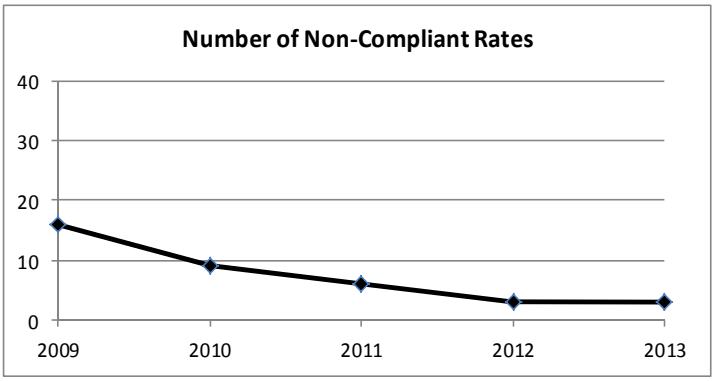
In compliance with Section 137.073.6(2), RSMo, the three non-compliant taxing authorities were referred to the Missouri Attorney General's office. The table below lists the taxing authorities that levied tax rates in excess of the legally permissible tax rate provided by state law.

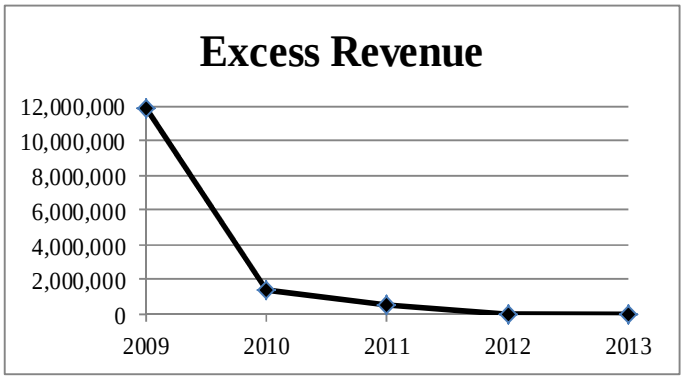
County	Political Subdivision	Levy Purpose	Assessed Valuation	(1) Certified Rate	Actual Rate Levied	(2) Excess Property Tax Revenue
St. Louis	Elmwood Park Street Light District	General Revenue				
	Residential		1,793,160	0.0000	0.1000	1,793
	Commercial		127,750	0.0000	0.1000	128
	Personal Property		382,880	0.0000	0.1000	383
St. Louis	Kinloch Fire Protection District	General Revenue				
	Residential		1,086,590	0.8810	0.9000	206
	Commercial		822,820	0.8560	0.9000	362
	Personal Property		519,175	0.8700	0.9000	156
St. Louis	Kinloch Fire Protection District	Dispatch				
	Residential		1,086,590	0.0000	0.0400	435
	Commercial		822,820	0.0000	0.0400	329
	Personal Property		519,175	0.0000	0.0400	208
St. Louis	City of Kinloch	General Revenue				
	Commercial		823,000	0.9850	1.0000	123
Total						$4,123

(1) The Certified Rate column represents the rates determined to be legally permissible based on the information submitted by the taxing authority.

(2) The excess property tax revenue is computed by multiplying the excess tax rate (actual rate levied minus the certified rate) by the assessed valuation and dividing by 100.

The following graphs illustrate the 5-year history of non-compliant rates and revenue. The high excess revenues in 2009 was due to St. Louis County levying $11,447,230 in excess revenues.





Methodology

The State Auditor's office and county officials assist local government officials in determining the data necessary to complete the tax rate computations. Taxing authorities are required to file data supporting the proposed property tax rates with the county, using forms prescribed by the State Auditor. The counties submit the substantiating data received to the State Auditor for review. The data is reviewed and a finding is returned to both the county and the taxing authority advising whether the proposed rates comply with Missouri law.

The 2013 tax rate ceilings were determined based on the requirements of Section 137.073, RSMo, and Article X, Section 22, Missouri Constitution (commonly referred to as the Hancock Amendment). Each tax rate ceiling is determined annually and is adjusted to ensure revenue neutrality. The review of each tax rate ceiling is based on the assessed valuation for the entire political subdivision and is not calculated on an individual taxpayer basis.

To ensure taxing authorities do not receive a windfall from reassessment, the review of property tax rates begins with the prior year allowed revenue. Current year tax rates must be set to yield the same gross revenue as allowed in the prior year. In addition, an adjustment is made for additional revenue permitted for assessment growth. That adjustment is the lower of (1) the actual growth rate, (2) the inflation rate, or (3) 5 percent. Factors such as new construction and improvements, newly added territory, newly separated territory, and changes from locally assessed to state assessed property also affect the tax rate ceiling calculation. The counties use this rate to assess taxes on all property including new construction and improvements.

Voters may authorize increases beyond the annual revenue neutral tax rate ceiling. Voter-approved increases are reviewed for compliance with applicable laws and stated ballot restrictions. In addition to reviewing new and existing property tax levies for revenue neutrality, the State Auditor's

office also reviews debt service tax rates. A tax levied to meet the annual debt service requirement is compliant if the revenue to be generated plus the existing fund balance does not exceed the current payment requirements plus a reserve for the following year's payments.

A taxing authority's total assessed valuation submitted by the County Clerk or a representative of the taxing authority is used in the State Auditor's office review of property taxes. The State Auditor's office does not review the assessed valuation of individual pieces of property. Chapter 138, RSMo, governs the appeals process for assessed valuations. Citizens may appeal their individual assessed valuations calculated by the County Assessor to the local Board of Equalization. Citizens not satisfied with the resolution by the Board of Equalization may appeal the decision to the Missouri State Tax Commission. Any decision of the Missouri State Tax Commission may be reviewed by a court of law.

As assessed valuations increase, tax rate ceilings generally decrease, depending on the amount of the increase, to produce substantially the same amount of revenue as allowed in the prior year. As assessed valuations decrease, tax rate ceilings may increase to produce substantially the same revenue as allowed in the prior year from existing property, limited by voter authorization. See Appendixes I and II for a summary of the changes in assessed valuation by type of taxing authority, and Appendixes III and IV for a summary of changes in tax rate ceilings by type of taxing authority. In addition, Appendix V is a map that provides a statewide geographical perspective of total county valuation changes prior to adjustments. This map reflects the change in total assessed valuation from the previous year prior to any adjustments for new construction and reassessment. Appendix VI is a map of the adjusted assessed valuation by county. This map reflects the inflationary change in each county's valuation from the previous year. A significant inflationary change generally indicates a major reassessment occurred. However, 2013 assessed valuations indicate the majority of county adjusted assessed valuation changes were less than the Consumer Price Index, which does not indicate a major reassessment. The comparison of assessed valuations and tax rate ceilings from 2012 to 2013 for Appendixes I through VI give consideration to revisions that taxing authorities submitted to the State Auditor's office for changes to assessments that occurred after setting the 2012 property tax rate.

Taxing authorities are listed by primary county (as designated by the taxing authority when established) in Appendixes VII, VIII-A, and VIII-B and categorized by type of taxing authority. The counties are listed alphabetically (Adair through Wright, followed by the City of St. Louis). A taxing authority located in more than one county is listed under the primary county only. The assessed valuations presented for taxing authorities in Appendixes VII, VIII-A, and VIII-B, except school districts, include all

taxable locally assessed and state assessed property. The assessed valuations presented for school districts include only taxable locally assessed property. The abated portions of property valuations that are not taxable under various economic development programs are omitted from the taxable assessed valuations used to compute the annual tax rate ceiling. The 2012 assessed valuations, tax rate ceilings, and tax rates levied as listed in Appendixes VII and VIII-B, represent amounts and rates certified in 2012 and presented in our Report No. 2013-012, *Review of 2012 Property Tax Rates*, with no adjustment for revisions that taxing authorities submitted to the State Auditor's office for changes to assessments that occurred after setting the 2012 property tax rate.

Sales tax rollbacks required by law for some county levies were not reviewed as part of this report. Any concerns in that area would be addressed in State Auditor's office reports of individual counties. Sales tax (Proposition C) rollbacks for school levies were subjected to a limited review to ensure the district did not waive all or part of the rollback without voter approval in order to generate additional local revenues. A majority of the 518 school districts have obtained voter approved waivers of the required sales tax rollback of their 2013 property tax, including 443 with a full waiver and 40 with a partial waiver. Appendixes VII and VIII-A indicate the 483 school districts that have either full or partial waivers of Proposition C (sales tax) reductions.

Legislative Issues

Sections 137.073.5(3) and 137.073.5(4), RSMo, were revised in 2008, which provides a voluntary reduction taken in a non-reassessment year (even numbered year) results in a reduced tax rate ceiling during the following reassessment year (odd numbered year). These provisions also allow taxing authorities that voluntarily reduce a tax rate in a previous even numbered year to undo that voluntary reduction in the following even numbered year. To increase the tax rate in the following even numbered year, the taxing authority must conduct a public hearing, and adopt an ordinance, a resolution, or a policy statement justifying its action prior to setting and certifying its tax rate.

Sections 137.180.3 and 137.180.4, RSMo, were revised in 2010 to reschedule the date new estimated tax rates had to be calculated and mailed for taxing authorities not partially in first class charter counties or the City of St. Louis. Effective dates were changed from January 1, 2011, to January 1, of the year following receipt of software necessary for implementation provided by the State Tax Commission. As of December 31, 2013, such software has not been provided.

Section 137.073.2, RSMo, was revised in 2011 to change the maximum authorized levy definition for some taxing authorities. This affects taxing authorities that had elections impacting tax rate year 2009 or after that experienced a decrease in assessed valuation in the election year.

APPENDIX I
2013 PROPERTY TAX RATES
SUMMARY OF CHANGES IN ASSESSED VALUATION FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates Authorized	Number of Tax Rates			
			With Increases In Assessed Valuation	With Decreases In Assessed Valuation	With No Change In Assessed Valuation	Other (1)
Ambulance Districts	105	111	89	21	0	1
Hospitals	13	13	12	1	0	0
Nursing Home Districts	29	31	25	4	0	2
Public Water Supply District	1	1	0	1	0	0
Soil and Water Conservation Subdistricts	28	28	18	7	3	0
Drainage and Levee Districts	2	2	1	1	0	0
Special Road Districts	215	280	204	46	0	30
Municipalities	758	1,304	876	325	1	102
Tax Supported Public Libraries	81	87	75	8	0	4
Townships	312	829	640	82	0	107
Fire Protection Districts	353	441	328	71	0	42
Sewer Districts	9	10	0	9	0	1
Miscellaneous	25	30	8	21	0	1
Regional Recreational District	1	1	1	0	0	0
Community Improvement Districts	6	6	3	1	2	0
Health Centers	90	90	85	5	0	0
Special Road District Subdistrict	1	1	1	0	0	0
Transportation Development District	1	1	0	1	0	0
Junior Colleges	12	16	10	3	0	3
School Districts	497	836	447	82	0	307
Special School Districts	2	3	1	1	0	1
Counties	114	412	367	36	0	9
Totals	2,655	4,533	3,191	726	6	610

(1) This column includes debt service levies, newly voted levies, levies voted to replace expired levies, and dissolving levies. Debt service levies are included in this column because they are not subject to Hancock Amendment limitations.

APPENDIX II
2013 PROPERTY TAX RATES
SUMMARY OF CHANGES IN ASSESSED VALUATION FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates Authorized	Number of Tax Rates by Subclass												Other (1)
			With Increases In Assessed Valuation				With Decreases In Assessed Valuation				With No Change In Assessed Valuation				
			Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	
Municipalities	82	127	11	7	60	46	96	12	47	53	0	88	0	8	20
Tax Supported Public Libraries	5	6	1	0	1	1	4	2	4	4	0	3	0	0	1
Fire Protection Districts	22	94	0	11	31	23	82	46	51	59	0	25	0	0	12
Sewer Districts	18	18	1	1	6	11	17	7	12	7	0	10	0	0	0
Street Light Maintenance Districts	5	5	1	0	2	2	4	0	3	3	0	5	0	0	0
Miscellaneous	10	10	4	0	4	0	4	1	6	1	2	9	0	9	0
Community Improvement Districts	4	4	0	0	1	0	1	0	1	0	1	2	0	2	2
School Districts	21	42	1	2	13	14	21	10	9	8	0	10	0	0	20
County	1	5	0	0	4	0	4	4	0	4	0	0	0	0	1
Totals	168	311	19	21	122	97	233	82	133	139	3	152	0	19	56

(1) This column includes debt service levies, newly voted levies, levies voted to replace expired levies, and dissolving levies. Debt service levies are included in this column because they are not subject to Hancock Amendment limitations. Debt service levies are not subject to the multi-rate system; the same rate applies to each subclass of property.

Res. Residential real estate
Ag. Agricultural real estate
Com. Commercial real estate
PP. Personal property

APPENDIX III
2013 PROPERTY TAX RATES
SUMMARY OF CHANGES IN TAX RATE CEILINGS FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates Authorized	Number of Tax Rates: Ceilings Same as Prior Year	Ceilings Revised Upward	Ceilings Revised Downward	Revised Due to An Election (1)	Other (2)	Debt Service Levies
Ambulance Districts	105	111	64	21	24	1	0	1
Hospitals	13	13	9	2	2	0	0	0
Nursing Home Districts	29	31	15	6	8	0	0	2
Public Water Supply District	1	1	0	1	0	0	0	0
Soil and Water Conservation Subdistricts	28	28	13	9	6	0	0	0
Drainage and Levee Districts	2	2	0	1	1	0	0	0
Special Road Districts	215	280	114	45	91	0	30	0
Municipalities	758	1,304	469	429	299	5	30	72
Tax Supported Public Libraries	81	87	48	20	14	1	0	4
Townships	312	829	351	97	273	1	95	12
Fire Protection Districts	353	441	196	90	105	8	9	33
Sewer Districts	9	10	1	8	0	0	0	1
Miscellaneous	25	30	8	17	4	0	1	0
Regional Recreational District	1	1	1	0	0	0	0	0
Community Improvement Districts	6	6	4	0	2	0	0	0
Health Centers	90	90	58	17	15	0	0	0
Special Road District Subdistrict	1	1	1	0	0	0	0	0
Transportation Development District	1	1	0	0	1	0	0	0
Junior Colleges	12	16	6	6	1	0	0	3
School Districts	497	836	76	187	189	77	1	306
Special School Districts	2	3	1	0	0	1	0	1
Counties	114	412	206	94	103	0	6	3
Totals	2,655	4,533	1,641	1,050	1,138	94	172	438

(1) This column includes levies that existed in prior years and were revised due to an election. This column also includes school levies that increased due to the school board's election to implement Missouri Constitutional Amendment No. 2 approved by voters on November 3, 1998, which allows school districts to levy a minimum of $2.7500 by school board action alone.

(2) This column includes new voter approved tax rates, newly formed districts, or a levy voted to replace an expired levy.

APPENDIX IV
2013 PROPERTY TAX RATES
SUMMARY OF CHANGES IN TAX RATE CEILINGS FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Number of Tax Rates by Subclass																Other (2)	Debt Service Levies
			Ceilings Same as Prior Year				Ceilings Revised Upward				Ceilings Revised Downward				Revised Due to An Election (1)					
			Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.		
Municipalities	82	127	30	96	43	102	58	7	29	1	19	4	35	4	0	0	0	0	1	19
Tax Supported Public Libraries	5	6	2	3	1	4	2	1	3	0	0	0	0	0	1	1	1	1	0	1
Fire Protection Districts	22	94	45	54	53	77	25	9	18	0	10	17	9	3	2	2	2	2	0	12
Sewer Districts	18	18	6	16	6	14	7	1	5	0	5	1	7	4	0	0	0	0	0	0
Street Light Maintenance Districts	5	5	2	5	3	4	2	0	2	1	1	0	0	0	0	0	0	0	0	0
Miscellaneous	10	10	3	10	2	10	4	0	4	0	3	0	4	0	0	0	0	0	0	0
Community Improvement Districts	4	4	1	2	1	2	1	0	1	0	0	0	0	0	0	0	0	0	0	2
School Districts	21	42	8	12	8	17	10	6	7	0	3	3	6	4	1	1	1	1	0	20
County	1	5	0	0	0	0	0	0	0	0	4	4	4	4	0	0	0	0	0	1
Totals	168	311	97	198	117	230	109	24	69	2	45	29	65	19	4	4	4	4	1	55

(1) This column includes levies that existed in prior years and were revised due to an election. This column also includes school levies that increased due to the school board's election to implement Missouri Constitutional Amendment No. 2 approved by voters on November 3, 1998, which allows school districts to levy a minimum of $2.7500 by school board action alone.

(2) This column includes a new voter approved tax rate.

Res. Residential real estate
Ag. Agricultural real estate
Com. Commercial real estate
PP. Personal property

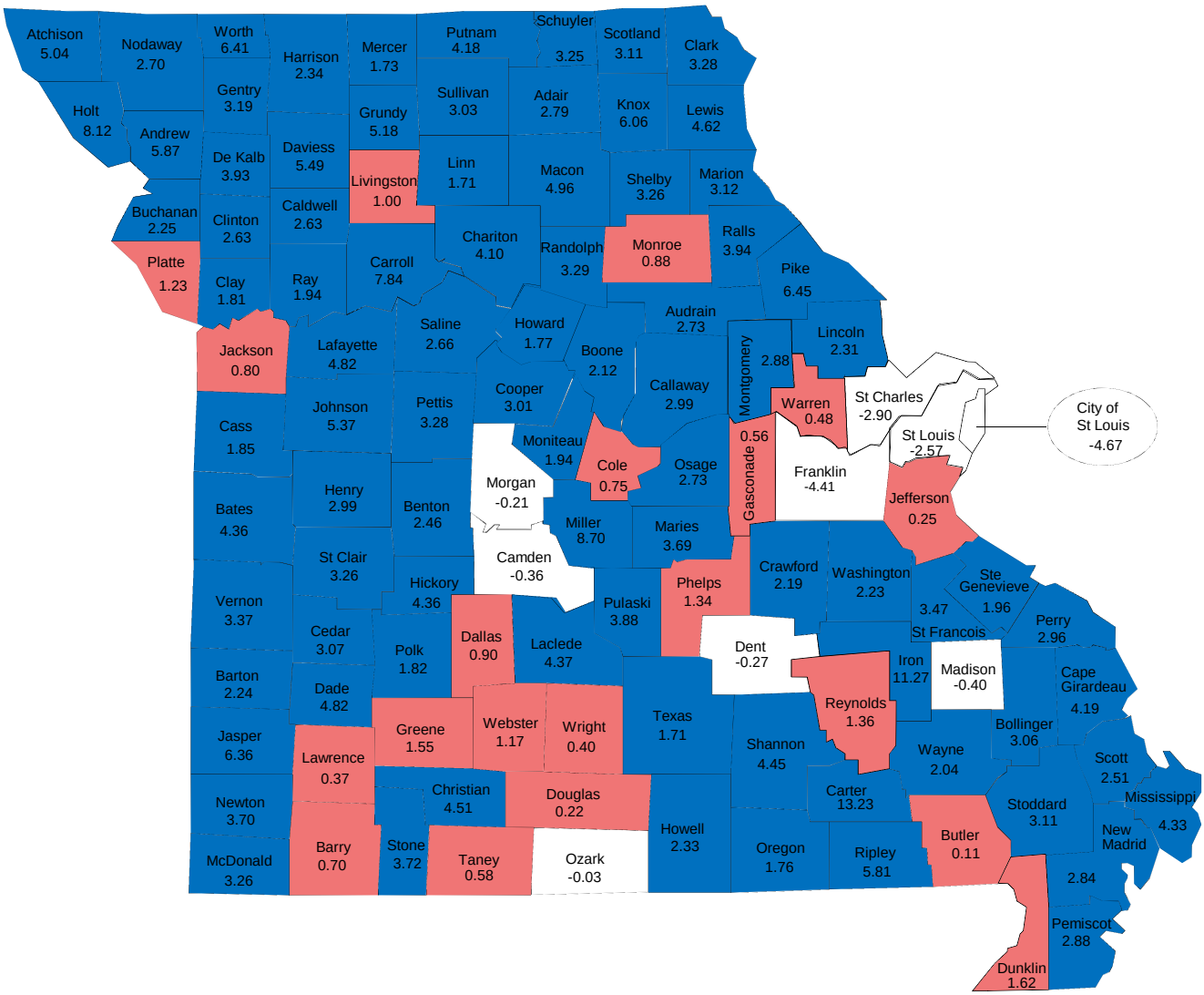
APPENDIX V
2013 PROPERTY TAX RATES
2012 – 2013 PERCENTAGE CHANGE IN TOTAL ASSESSED VALUATIONS BY COUNTY,
OVERALL COUNTY VALUATION CHANGES PRIOR TO ADJUSTMENTS

Over CPI (86)

From 0.01% to CPI (20)

No Change or Decrease (9)

The 2013 consumer price index (CPI) of 1.70% was certified by the State Tax Commission.



High: Carter County 13.23 Low: St. Louis City -4.67

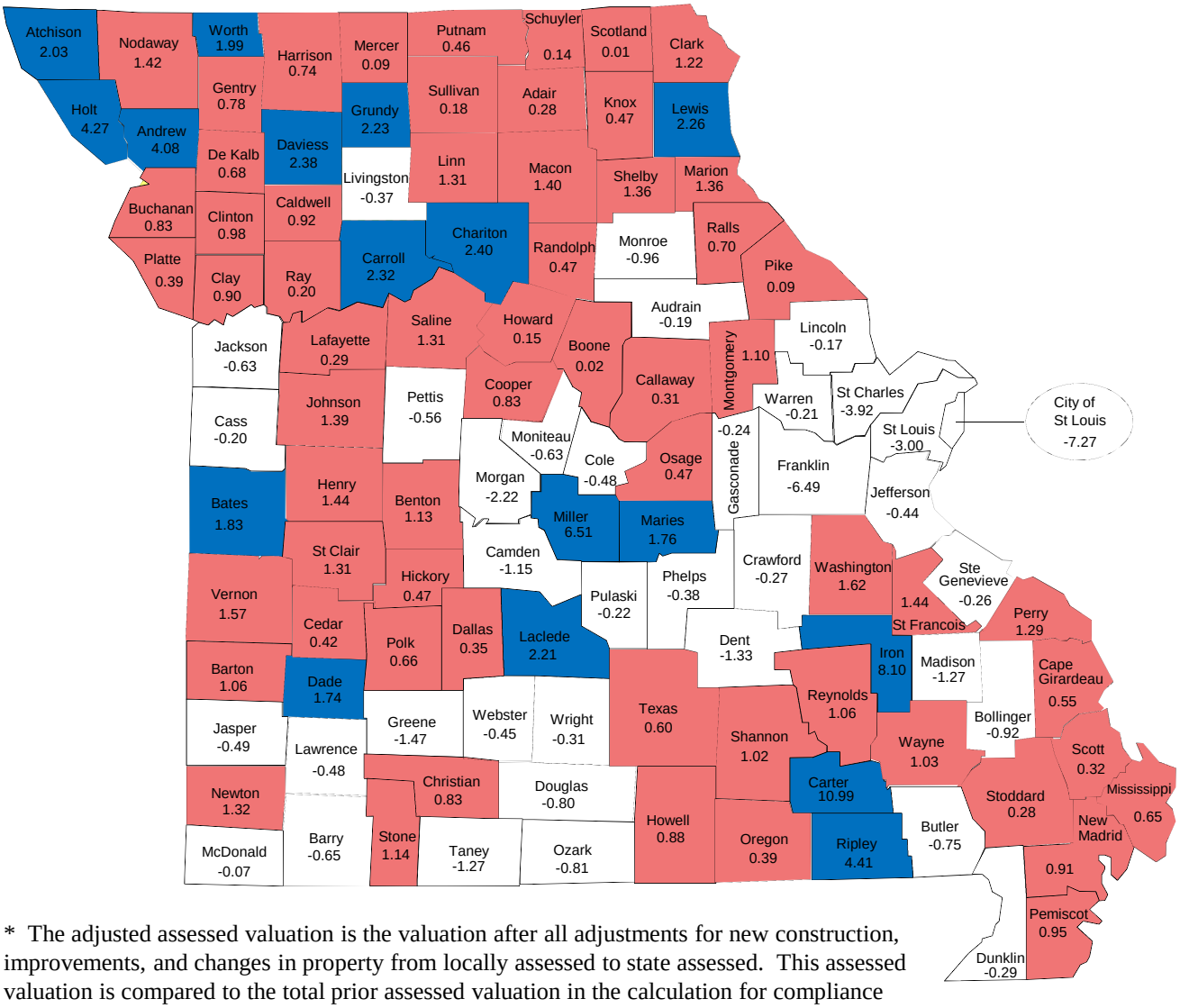
APPENDIX VI
2013 PROPERTY TAX RATES
2012 – 2013 PERCENTAGE CHANGE IN ADJUSTED ASSESSED VALUATIONS BY COUNTY*

Over CPI (17)

From 0.01% to CPI (61)

No Change or Decrease (37)

The 2013 consumer price index (CPI) of 1.70% was certified by the State Tax Commission.



* The adjusted assessed valuation is the valuation after all adjustments for new construction, improvements, and changes in property from locally assessed to state assessed. This assessed valuation is compared to the total prior assessed valuation in the calculation for compliance with the Hancock Amendment.

High: Carter County 10.99 Low: St. Louis City -7.27

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Adair											
Twin Pines Adult Care Center	General Revenue	251,410,190	0.1500	0.1500		258,278,687	0.1500	0.1500	387,418		
City of Brashear	Fire	1,513,449	0.2910	0.2910		**	**	**			2012
	General Revenue-Temp	1,513,449	1.4572	1.4572	A	1,494,743	1.4572	1.4572	21,781		2015
	Fire	**	**	**		1,494,743	0.3262	0.3262	4,876	A	2016
City of Kirksville	General Revenue	158,589,861	0.6823	0.6823		163,565,182	0.6824	0.6824	1,116,169		
City of Novinger	General Revenue	1,993,150	0.4705	0.4705		2,016,837	0.4728	0.4728	9,536		
	General Revenue-Temp	1,993,150	0.3500	0.3500		2,016,837	0.3500	0.3500	7,059		2013
Village of Gibbs Village	General Revenue	512,808	0.7717	0.7717		552,883	0.7525	0.7525	4,160		
Adair County Public Library	General Revenue	257,238,426	0.1500	0.1500		264,404,026	0.1500	0.1500	396,606		
Adair County Health Department	General Revenue	257,238,426	0.2000	0.2000		264,404,026	0.2000	0.2000	528,808		
Adair Co. R-I School District	Operating Funds-Schools	14,729,841	3.7274	3.7274	E	14,883,829	3.7405	3.7405	556,730	E	
	Debt Service	14,711,601	0.7287	0.5830		14,883,829	0.6769	0.5830	86,773		
Kirksville R-III School District	Operating Funds-Schools	206,259,366	3.3038	3.3038	E	206,919,033	3.4225	3.4225	7,081,804	E	
	Debt Service	206,259,366	1.0766	0.8190		206,919,033	1.7167	0.8190	1,694,667		
Adair Co. R-II School District	Operating Funds-Schools	13,124,394	3.5739	3.5739	E	13,483,969	3.6616	3.6089	486,623	E	
	Debt Service	13,124,394	0.6511	0.6511		13,483,969	0.7868	0.6511	87,794		
Adair County	General Revenue	257,238,426	0.0000	0.0000		264,404,026	0.0000	0.0000	0		
	Road & Bridge	257,238,426	0.2752	0.2752		264,404,026	0.2752	0.2752	727,640		
	Developmentally Disabled	257,238,426	0.1500	0.1500		264,404,026	0.1500	0.1500	396,606		
Andrew											
Andrew County Ambulance District	General Revenue	212,658,865	0.2735	0.1809		225,179,571	0.2672	0.1709	384,832		
Andrew County Nursing Home District	General Revenue	221,586,325	0.0293	0.0293		234,589,443	0.0286	0.0286	67,093		
City of Bolckow	General Revenue	902,357	0.8542	0.8542		935,858	0.8376	0.8376	7,839		
Village of Cosby	General Revenue	683,632	0.4959	0.4959		733,274	0.4702	0.4702	3,448		
Village of Country Club	General Revenue	33,820,011	0.3942	0.3942		34,691,190	0.3935	0.3935	136,510		
City of Fillmore	General Revenue	859,973	0.6880	0.6880		962,358	0.6287	0.6287	6,050		
	Debt Service	859,973	0.4608	0.4608		962,358	0.3910	0.3910	3,763		
Village of Rea	General Revenue	390,570	0.3171	0.3171		411,767	0.3061	0.3061	1,260		
Village of Rosendale	General Revenue	529,190	0.9637	0.9637		545,719	0.9505	0.9505	5,187		
City of Savannah	General Revenue	38,145,875	0.5676	0.5676		39,686,925	0.5590	0.5590	221,850		
	Parks & Recreation	38,145,875	0.3622	0.3622		39,686,925	0.3567	0.3567	141,563		
	Debt Service	38,145,875	0.1303	0.1303		39,686,925	0.1953	0.1953	77,509		
City of Amazonia	General Revenue	1,523,776	0.7286	0.7286		1,730,282	0.6605	0.6605	11,429		
Bolckow Fire District	General Revenue	7,996,266	0.2789	0.2789		8,196,978	0.2790	0.2790	22,870		
Rosendale Fire District	General Revenue	12,623,116	0.3118	0.3118		13,632,749	0.2954	0.2954	40,271		
Fillmore Fire Protection District	General Revenue	8,030,575	0.4297	0.4297		8,603,344	0.4153	0.4153	35,730		
Savannah Fire Protection District	General Revenue	102,360,103	0.5668	0.5668		109,930,544	0.5493	0.5493	603,848		
Village of Country Club FPD	General Revenue	19,772,081	0.6569	0.6569		20,351,920	0.6569	0.6569	133,692		
Cosby-Helena Fire Protection Dist	General Revenue	19,434,415	0.2405	0.2405		20,555,300	0.2348	0.2348	48,264		
Andrew County Health Department	General Revenue	221,586,325	0.0899	0.0899		234,589,443	0.0878	0.0878	205,970		
North Andrew Co. R-VI School Dist	Operating Funds-Schools	19,898,675	4.6238	4.6238	E	20,451,504	4.5609	4.5609	932,773	E	
Avenue City R-IX School District	Operating Funds-Schools	19,341,191	3.5609	3.5609	E	20,139,836	3.5281	3.5281	710,554	E	
	Debt Service	19,341,191	1.0173	0.9800		20,139,836	1.1265	0.9800	197,370		
Savannah R-III School District	Operating Funds-Schools	157,744,904	3.9505	3.9505	E	164,113,880	3.9008	3.9008	6,401,754	E	
Andrew County	General Revenue	221,586,325	0.3243	0.1920		234,589,443	0.3169	0.1987	466,129		
	Johnson Grass	221,586,325	0.0146	0.0100		234,589,443	0.0098	0.0098	22,990		
	Road & Bridge	221,586,325	0.2523	0.2523		234,589,443	0.2465	0.2465	578,263		
	Special Road and Bridge	221,586,325	0.2441	0.2441		**	**	**			2012
	Developmentally Disabled	221,586,325	0.0810	0.0810		234,589,443	0.0791	0.0791	185,560		
	Senior Services	221,586,325	0.0286	0.0286		234,589,443	0.0279	0.0279	65,450		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Andrew											
Andrew County	Special Road and Bridge	**	**	**		234,589,443	0.2500	0.2500	586,474	A	2016
Atchison											
Atchison-Holt Ambulance District	General Revenue	227,104,569	0.3000	0.3000		241,935,607	0.2959	0.2959	715,887		
Langdon Spec Road Dist Atchison Co	Special Road and Bridge	3,135,278	0.3500	0.3500		**	**	**			2012
	Special Road and Bridge	**	**	**		3,475,875	0.3500	0.3500	12,166	A	2016
Phelps Cy Spec Rd Dist Atchison Co	Phelps City Special Road	6,200,213	0.3275	0.3275		6,573,574	0.3172	0.3172	20,851		2013
Tarkio Spec Road Dist Atchison Co	Special Road and Bridge	21,538,597	0.3548	0.3548		22,724,287	0.3548	0.3548	80,626		2014
Watson Spec Road Dist Atchison Co	Special Road and Bridge	4,589,964	0.3363	0.3363		**	**	**			2012
	Special Road and Bridge	**	**	**		5,005,465	0.3500	0.2000	10,011	A	2016
General Road District	Special Road and Bridge	81,732,554	0.3670	0.3670		85,325,402	0.3670	0.3670	313,144		2014
City of Fairfax	General Revenue	3,889,410	0.8202	0.8202		3,983,258	0.8202	0.8202	32,671		
	Parks & Recreation	3,889,410	0.2000	0.2000		3,983,258	0.2000	0.2000	7,967		
	General Revenue-Temp	3,889,410	0.3000	0.3000		**	**	**			2012
	Street Lights	3,889,410	0.2452	0.2452		3,983,258	0.2452	0.2452	9,767		
	General Revenue-Temp	**	**	**		3,983,258	0.3023	0.3023	12,041	A	2016
City of Rock Port	General Revenue	10,861,133	0.9038	0.9038		11,298,732	0.8954	0.8954	101,169		
	Parks & Recreation	10,861,133	0.3615	0.3615		11,298,732	0.3581	0.3581	40,461		
City of Tarkio	General Revenue	12,450,915	0.8050	0.8050		12,760,019	0.8050	0.8050	102,718		
	Parks & Recreation	12,450,915	0.3100	0.3100		12,760,019	0.3100	0.3100	39,556		
	Lights	12,450,915	0.6640	0.6640		12,760,019	0.6640	0.6640	84,727		
	Debt Service	12,450,915	0.4253	0.4253		12,760,019	0.2635	0.2635	33,623		
Village of Watson	General Revenue	440,557	0.4963	0.4963		488,438	0.4756	0.4756	2,323		
	General Revenue-Temp	440,557	0.2977	0.2977		**	**	**			2012
	General Revenue-Temp	**	**	**		488,438	0.3000	0.3000	1,465	A	2016
City of Westboro	General Revenue	851,243	1.0000	1.0000		853,826	1.0000	1.0000	8,538		
	Lights	851,243	0.2500	0.2500		853,826	0.2500	0.2500	2,135		
	Streets	851,243	0.9000	0.9000		853,826	0.9000	0.9000	7,684		
	Debt Service	851,243	0.0000	0.0000		**	**	**			
Atchison County Library	General Revenue	117,197,290	0.3000	0.3000		123,104,602	0.2990	0.2990	368,083		
Fairfax Rural Fire District	General Revenue	13,962,827	0.3915	0.3915		15,005,408	0.3844	0.3844	57,681		
Tarkio Rural Fire District	General Revenue	16,869,897	0.3946	0.3946		17,878,704	0.3931	0.3931	70,281		
West Atchison Rural Fire Prot Dist	General Revenue	32,833,650	0.2460	0.2460		35,094,972	0.2412	0.2412	84,649		
Westboro Fire Protection District	General Revenue	16,560,098	0.3500	0.3500		17,106,658	0.3500	0.3500	59,873		
Atchison County Health Department	General Revenue	117,197,290	0.1000	0.1000		123,104,602	0.0997	0.0997	122,735		
Tarkio R-I School District	Operating Funds-Schools	41,729,703	3.8072	3.6900	E	42,338,047	3.7158	3.6900	1,562,274	E	
	Debt Service	41,729,703	0.0929	0.0900		42,338,047	0.0900	0.0900	38,104		
Rock Port R-II School District	Operating Funds-Schools	43,656,823	3.7375	3.7375	E	45,019,739	3.7084	3.7084	1,669,512	E	
	Operating Funds-Temp	43,656,823	0.5000	0.5000		45,019,739	0.5000	0.5000	225,099		2013
	Debt Service	43,656,823	0.6827	0.6827		45,019,739	0.8126	0.7118	320,451		
Fairfax R-III School District	Operating Funds-Schools	17,086,956	4.2668	4.2668	E	17,619,853	4.2557	4.2557	749,848	E	
Atchison County	General Revenue	117,197,290	0.5000	0.5000		123,104,602	0.4984	0.4984	613,553		
	Solid Waste Landfill	117,197,290	0.0000	0.0000		123,104,602	0.0000	0.0000	0		
	Road & Bridge	117,197,290	0.5000	0.5000		123,104,602	0.4984	0.4984	613,553		
	Senate Bill 40	117,197,290	0.1000	0.1000		123,104,602	0.0997	0.0997	122,735		
	Senior Services	117,197,290	0.0500	0.0500		123,104,602	0.0498	0.0498	61,306		
Audrain											
Van-Far Ambulance District	General Revenue	48,775,756	0.2930	0.1504		51,050,480	0.2930	0.1590	81,170		
Audrain Ambulance District	General Revenue	246,164,539	0.3000	0.1179		252,656,642	0.3000	0.1203	303,946		
Tri County Nursing Home District	General Revenue	56,647,910	0.2368	0.2368		54,939,678	0.2497	0.2497	137,184		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Audrain											
Laddonia Farber Spec Rd Audrain Co	Special Road and Bridge	20,120,835	0.3500	0.3500		21,225,124	0.3500	0.3500	74,288		2013
Saling Spec Rd Dist #2 Audrain Co	Special Road and Bridge	14,057,417	0.3298	0.3298		14,318,772	0.3298	0.3298	47,223		2014
Vandalia Special Rd Dist Audrain Co	Special Road and Bridge	37,210,270	0.3609	0.3500	A	38,212,433	0.3532	0.3500	133,744		2015
Village of Benton City	General Revenue	741,887	0.4086	0.4086		770,456	0.4085	0.4085	3,147		
City of Farber	General Revenue	1,983,216	0.6231	0.6231		2,005,326	0.6292	0.6292	12,618		
	Lights	1,983,216	0.3165	0.3165		2,005,326	0.3196	0.3196	6,409		
City of Laddonia	General Revenue	3,734,787	0.7586	0.7586		4,850,139	0.7762	0.7762	37,647		
	Lights	3,734,787	0.2684	0.2684		4,850,139	0.2746	0.2746	13,318		
City of Martinsburg	General Revenue	3,447,867	0.5436	0.5436		3,487,706	0.5553	0.5553	19,367		
City of Mexico	General Revenue	138,556,104	0.4150	0.4150		140,762,010	0.4182	0.4182	588,667		
	Parks & Recreation	138,556,104	0.2000	0.1000		140,762,010	0.1008	0.1000	140,762		
	Health	138,556,104	0.2000	0.2000		140,762,010	0.2000	0.2000	281,524		
Village of Rush Hill	General Revenue	533,145	0.4616	0.4616		550,295	0.4617	0.4617	2,541		
City of Vandalia	General Revenue	18,847,471	0.7133	0.7133		18,561,480	0.7398	0.7398	137,318		
	Parks & Recreation	18,847,471	0.1621	0.1621		18,561,480	0.1681	0.1681	31,202		
Village of Vandiver	General Revenue	3,359,691	0.3124	0.3124		3,564,362	0.3150	0.3124	11,135		
Mexico Audrain County Library Dist	General Revenue	352,729,939	0.2215	0.2215		362,348,986	0.2219	0.2219	804,052		
Little Dixie Fire District	General Revenue	103,877,975	0.3955	0.3955		107,530,685	0.3955	0.3955	425,284		
Martinsburg Area Fire Prot Dist	Fire	18,200,884	0.1891	0.1891		19,600,060	0.1871	0.1871	36,672		
Audrain County Health Center	General Revenue	352,729,939	0.2555	0.2500	A	362,348,986	0.2505	0.2505	907,684		
Community R-VI School District	Operating Funds-Schools	27,339,157	4.0000	4.0000	E	29,515,114	4.0000	4.0000	1,180,605	E	
	Debt Service	27,339,157	0.6211	0.5500		29,515,114	0.6982	0.5500	162,333		
Van-Far R-I School District	Operating Funds-Schools	40,494,223	3.3727	3.3727	E	41,910,076	3.3780	3.3780	1,415,722	E	
	Debt Service	40,494,223	0.7088	0.6273		41,910,076	0.7588	0.6220	260,681		
Mexico 59 School District	Operating Funds-Schools	184,206,778	3.4366	3.4366		187,547,285	3.4593	3.4593	6,487,823	E	
	Debt Service	184,206,778	0.6607	0.5877		187,547,285	0.7021	0.5877	1,102,215		
Audrain County	General Revenue	352,729,939	0.4021	0.2180		362,348,986	0.4029	0.2406	871,812		
	Road & Bridge	352,729,939	0.3015	0.3015		362,348,986	0.3021	0.3021	1,094,656		
	Common Road District	104,040,693	0.3428	0.3428		**	**	**			2012
	Hospital	352,729,939	0.1898	0.1898		362,348,986	0.1902	0.1902	689,188		
	Senate Bill 40	352,729,939	0.2100	0.2100		362,348,986	0.2100	0.2100	760,933		
	Common Road District	**	**	**		362,348,986	0.3500	0.3500	1,268,221	A	2016
Barry											
Barry-Lawrence Co Ambulance Dist	General Revenue	231,309,269	0.1259	0.1259		232,540,520	0.1259	0.1259	292,769		
South Barry County Ambulance Dist	General Revenue	263,662,938	0.0829	0.0829		267,847,549	0.0829	0.0829	222,046		
South Barry Co Memorial Hospital	General Revenue	256,464,533	0.0915	0.0915		260,663,303	0.0915	0.0915	238,507		
Ash Special Road Dist Barry Co	Road & Bridge	4,660,099	0.1674	0.1674		4,682,100	0.1716	0.1716	8,034		
	Special Road and Bridge	4,660,099	0.1324	0.1324	A	4,682,100	0.1324	0.1324	6,199		2015
Butterfield Sp Rd Dist Barry Co	Road & Bridge	16,789,743	0.1831	0.1831		17,087,400	0.1831	0.1831	31,287		
	Special Road and Bridge	16,789,743	0.1315	0.1315	A	17,087,400	0.1315	0.1315	22,470		2015
Capps Creek Sp Rd Dist Barry Co	Road & Bridge	8,005,424	0.2700	0.2700		7,581,084	0.2700	0.2700	20,469		
Corsicana Special Rd Dist Barry Co	Road & Bridge	4,366,173	0.1929	0.1929		4,269,633	0.2012	0.2012	8,591		
	Special Road and Bridge	4,366,173	0.1330	0.1330	A	4,269,633	0.1330	0.1330	5,679		2015
Crane Creek Spec Rd Dist Barry Co	Road & Bridge	8,217,778	0.1926	0.1926		8,320,257	0.1939	0.1939	16,133		
Exeter Spec Rd Dist Barry Co	Road & Bridge	15,645,534	0.1954	0.1954		15,694,612	0.1990	0.1990	31,232		
	Special Road and Bridge	15,645,534	0.1300	0.1300		**	**	**			2012
	Special Road and Bridge	**	**	**		15,694,612	0.1347	0.1300	20,403	A	2016
Flat Creek Spec Rd Dist Barry Co	Road & Bridge	69,326,865	0.1561	0.1561		70,148,526	0.1561	0.1561	109,502		
	Special Road and Bridge	69,326,865	0.1383	0.1383	A	70,148,526	0.1383	0.1383	97,015		2015
Greasy Creek Sp Rd Dist 35 Barry Co	Road & Bridge	2,236,456	0.1819	0.1819		2,156,771	0.1889	0.1889	4,074		

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Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year	
Barry											
Greasy Creek Sp Rd Dist 35 Barry Co	Special Road and Bridge	2,236,456	0.3636	0.3636	A	2,156,771	0.3636	0.3636	7,842	2015	
Jenkins Spec Road Dist 20 Barry Co	Road & Bridge	4,016,158	0.1487	0.1477		4,038,359	0.1485	0.1485	5,997		
Kings Prairie Sp Rd Dist Barry Co	Road & Bridge	10,188,992	0.2010	0.2010		10,219,037	0.2019	0.2019	20,632		
	Special Road and Bridge	10,188,992	0.1344	0.1344	A	10,219,037	0.1344	0.1344	13,734	2015	
Liberty Common Rd Dist 34 Barry Co	Road & Bridge	704,771	0.1243	0.1243		628,873	0.1394	0.1243	782		
McDonald Sp Rd Dist 19 Barry Co	Road & Bridge	3,712,694	0.1649	0.1649		3,802,829	0.1649	0.1649	6,271		
Mineral Spgs Sp Rd Dist 10 Barry Co	Road & Bridge	7,636,876	0.1821	0.1821		7,591,870	0.1837	0.1837	13,946		
	Special Road and Bridge	7,636,876	0.1340	0.1340	A	7,591,870	0.1340	0.1340	10,173	2015	
Mountain Special Road District #22	Road & Bridge	2,956,715	0.1890	0.1890		2,984,019	0.1891	0.1891	5,643		
Ozark Special Road Dist Barry Co	Road & Bridge	8,020,190	0.1504	0.1504		8,371,503	0.1504	0.1504	12,591		
	Special Road and Bridge	8,020,190	0.1344	0.1344	A	8,371,503	0.1344	0.1344	11,251	2015	
Pioneer Special Rd Dist 31 Barry Co	Road & Bridge	1,731,511	0.2027	0.2027		1,711,389	0.2057	0.2057	3,520		
	Special Road and Bridge	1,731,511	0.1350	0.1350	A	1,711,389	0.1350	0.1350	2,310	2015	
Pleasant Ridge Sp Rd 25 Barry Co	Road & Bridge	4,963,761	0.1577	0.1577		5,123,493	0.1579	0.1579	8,090		
	Special Road and Bridge	4,963,761	0.1350	0.1350	A	5,123,493	0.1350	0.1350	6,917	2015	
Purdy Spec Rd Dist 28 Barry Co	Road & Bridge	17,478,134	0.2030	0.2030		18,447,996	0.2030	0.2030	37,449		
	Special Road and Bridge	17,478,134	0.1365	0.1365	A	18,447,996	0.1365	0.1365	25,182	2015	
Roaring River Sp Rd Dist 2 Barry Co	Road & Bridge	22,689,257	0.1378	0.1378		23,345,137	0.1384	0.1384	32,310		
Shell Knob Sp Rd Dist 9 Barry Co	Road & Bridge	28,566,576	0.1609	0.1609		29,390,063	0.1610	0.1610	47,318		
Sugar Creek Sp Rd Dist 3 Barry Co	Road & Bridge	12,219,548	0.1537	0.1537		12,509,321	0.1537	0.1537	19,227		
Viola Sp Rd Dist 21 Barry Co	Road & Bridge	29,891,749	0.1261	0.1261		31,085,320	0.1261	0.1261	39,199		
Washburn Sp Rd Dist 4 Barry Co	Road & Bridge	10,083,149	0.2049	0.2049		10,197,125	0.2052	0.2052	20,925		
	Special Road and Bridge	10,083,149	0.1300	0.1300		10,197,125	0.1300	0.1300	13,256	2013	
Wheaton Sp Rd Dist 29 Barry Co	Road & Bridge	13,104,367	0.1846	0.1846		13,116,163	0.1881	0.1881	24,672		
	Special Road and Bridge	13,104,367	0.1315	0.1315	A	13,116,163	0.1315	0.1315	17,248	2015	
White River Sp Rd Dist 7 Barry Co	Road & Bridge	24,987,290	0.1316	0.1316		25,908,478	0.1316	0.1316	34,096		
Monett Special Road District	Road & Bridge	107,128,043	0.1779	0.1779		108,523,404	0.1779	0.1779	193,063		
City of Butterfield	General Revenue	1,851,666	0.4550	0.4533		1,916,075	0.4514	0.4514	8,649		
	Debt Service	**	**	**		1,916,075	1.3090	1.3090	25,081		
City of Cassville	General Revenue	37,957,307	0.0000	0.0000		38,995,651	0.0000	0.0000	0		
City of Exeter	General Revenue	3,831,214	0.4501	0.4501		3,958,016	0.4501	0.4501	17,815		
City of Purdy	General Revenue	4,579,598	0.3956	0.3956		4,696,588	0.3947	0.3947	18,537		
City of Seligman	General Revenue	4,041,831	0.2727	0.2727		4,116,264	0.2727	0.2727	11,225		
	Streets	4,041,831	0.1677	0.1677		4,116,264	0.1677	0.1677	6,903		
City of Washburn	General Revenue	2,532,845	0.3958	0.3958		2,664,166	0.3958	0.3958	10,545		
City of Wheaton	General Revenue	3,543,404	0.4531	0.4531		3,442,179	0.4678	0.4678	16,103		
Barry Lawrence Con Library District	General Revenue	862,534,793	0.1500	0.1500		867,189,297	0.1500	0.1500	1,300,784		
Eagle Rock, Golden & Mano Fire Dist	General Revenue	48,245,318	0.2920	0.2920		49,879,389	0.3989	0.3989	198,969	B	
Central Crossing Fire Prot Dist	General Revenue	87,869,110	0.3749	0.3749		90,574,604	0.3749	0.3749	339,564		
Cassville Fire Protection District	General Revenue	69,002,991	0.3000	0.3000		70,177,928	0.3000	0.3000	210,534		
Butterfield Fire Protection Dist	General Revenue	19,330,522	0.3000	0.3000		19,255,931	0.3000	0.3000	57,768		
Exeter Fire Protection District	General Revenue	16,232,710	0.3000	0.3000		16,464,300	0.3000	0.3000	49,393		
Seligman Fire Protection District	General Revenue	13,737,715	0.3000	0.3000		14,202,544	0.3000	0.3000	42,608		
Purdy Fire Protection District	General Revenue	23,744,248	0.2928	0.2928		24,686,247	0.2928	0.2928	72,281		
Jenkins Fire Protection District	General Revenue	14,133,736	0.2953	0.2953		13,973,402	0.3000	0.2953	41,263		
Barry County Health Department	General Revenue	444,281,784	0.0710	0.0710		447,404,864	0.0715	0.0715	319,894		
Wheaton R-III School District	Operating Funds-Schools	18,671,728	2.7568	2.7553	E	18,637,893	2.8098	2.7500	512,542	E	
	Debt Service	18,671,728	1.0365	0.8300		18,637,893	0.8628	0.8300	154,695		
Southwest Barry Co R-V School Dist	Operating Funds-Schools	33,752,862	2.7500	2.7500	F	34,109,911	2.7500	2.7500	938,023	F	
	Debt Service	33,752,862	0.8502	0.8500		34,109,911	0.8915	0.8500	289,934		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Barry											
Exeter R-VI School District	Operating Funds-Schools	13,029,356	3.4360	3.4360	E	13,087,334	3.4754	3.4754	454,837	E	
	Debt Service	13,029,356	0.9462	0.6500		13,087,334	1.0973	0.6490	84,937		
Cassville R-IV School District	Operating Funds-Schools	157,207,154	2.9789	2.9500	E	160,428,668	2.9503	2.9500	4,732,646	E	
	Debt Service	157,207,154	0.4803	0.3700		160,428,668	0.7111	0.4000	641,715		
Purdy R-II School District	Operating Funds-Schools	25,287,740	2.7500	2.7500	E	25,855,732	2.8115	2.7500	711,033	E	
	Debt Service	25,287,740	0.7002	0.6900		25,855,732	0.8469	0.7300	188,747		
Shell Knob 78 School District	Operating Funds-Schools	59,552,972	3.4576	3.4576	E	61,263,888	3.4636	3.4636	2,121,936	E	
Monett R-I School District	Operating Funds-Schools	155,239,840	3.1862	3.1862	E	156,159,982	3.1790	3.1790	4,964,326	E	
	Debt Service	155,239,840	0.7316	0.5600		156,159,982	0.6513	0.5600	874,496		
Barry County	General Revenue	444,281,784	0.0000	0.0000		447,404,864	0.0000	0.0000	0		
	Developmentally Disabled	444,281,784	0.0702	0.0700		447,404,864	0.0705	0.0700	313,183		
	Senior Services	444,281,784	0.0500	0.0500		447,404,864	0.0500	0.0500	223,702		
Barton											
Barton County Ambulance District	General Revenue	166,890,504	0.0000	0.0000		176,166,294	0.0000	0.0000	0		
City of Golden City	General Revenue	5,412,423	0.5782	0.5782		6,041,506	0.5741	0.5741	34,684		
	Parks & Recreation	5,412,423	0.1309	0.1309		6,041,506	0.1300	0.1300	7,854		
	Public Health	5,412,423	0.1637	0.1637		6,041,506	0.1626	0.1626	9,823		
City of Lamar	General Revenue	56,189,020	0.5958	0.5958		56,437,399	0.5964	0.5964	336,593		
	Parks & Recreation	56,189,020	0.1800	0.1800		56,437,399	0.1800	0.1800	101,587		
	Memorial Fund	56,189,020	0.1800	0.1800		56,437,399	0.1800	0.1800	101,587		
City of Liberal	General Revenue	4,018,066	0.5789	0.5789		4,317,422	0.5664	0.5664	24,454		
Barton County Library	General Revenue	172,300,928	0.0752	0.0752		176,166,294	0.0752	0.0752	132,477		
	Library	172,300,928	0.0800	0.0800		176,166,294	0.0800	0.0800	140,933		
Barton City Township of Barton Co	General Revenue	3,598,960	0.1000	0.1000		3,696,247	0.1000	0.1000	3,696		
	Road & Bridge	3,598,960	0.2542	0.2542		3,696,247	0.2542	0.2542	9,396		
	Special Road and Bridge	3,598,960	0.2500	0.2500		3,696,247	0.2500	0.2500	9,241		2013
Central Township of Barton County	General Revenue	10,356,213	0.0883	0.0883		11,050,653	0.0865	0.0865	9,559		
	Road & Bridge	10,356,213	0.3431	0.3431		11,050,653	0.3359	0.3359	37,119		
	Special Road and Bridge	10,356,213	0.4608	0.4608		**	**	**			2012
	Special Road and Bridge	**	**	**		11,050,653	0.4700	0.4700	51,938	A	2016
City Township of Barton County	General Revenue	51,850,809	0.0592	0.0500		53,210,114	0.0500	0.0500	26,605		
	Road & Bridge	51,850,809	0.2014	0.1700		53,210,114	0.1700	0.1700	90,457		
Doylesport Township of Barton Co	General Revenue	4,053,331	0.1000	0.1000		4,152,880	0.0997	0.0997	4,140		
	Road & Bridge	4,053,331	0.2965	0.2965		4,152,880	0.2957	0.2957	12,280		
	Special Road and Bridge	4,053,331	0.2481	0.2481		**	**	**			2012
	Special Road and Bridge	**	**	**		4,152,880	0.2500	0.2500	10,382	A	2016
Golden City Township of Barton Co	General Revenue	11,604,509	0.0900	0.0900		12,852,998	0.0890	0.0890	11,439		
	Road & Bridge	11,604,509	0.2344	0.2344		12,852,998	0.2317	0.2317	29,780		
Lamar Township of Barton County	General Revenue	37,289,243	0.0611	0.0600		35,265,923	0.0638	0.0600	21,160		
	Road & Bridge	37,289,243	0.2443	0.2400		35,265,923	0.2553	0.2400	84,638		
Leroy Township of Barton County	General Revenue	5,979,433	0.0936	0.0936		6,449,188	0.0904	0.0904	5,830		
	Road & Bridge	5,979,433	0.3449	0.3449		6,449,188	0.3330	0.3330	21,476		
Milford Township of Barton County	General Revenue	3,459,688	0.1000	0.1000		3,208,730	0.1000	0.1000	3,209		
	Road & Bridge	3,459,688	0.2721	0.2721		3,208,730	0.2958	0.2958	9,491		
Nashville Township of Barton County	General Revenue	6,245,662	0.0960	0.0960		6,764,759	0.0960	0.0960	6,494		
	Road & Bridge	6,245,662	0.3476	0.3476		6,764,759	0.3476	0.3476	23,514		
	Special Road and Bridge	6,245,662	0.3698	0.3698		**	**	**			2012
	Special Road and Bridge	**	**	**		6,764,759	0.3736	0.3698	25,016	A	2016
Newport Township of Barton County	General Revenue	3,932,149	0.1000	0.1000		3,959,446	0.1000	0.1000	3,959		
	Road & Bridge	3,932,149	0.2539	0.2516		3,959,446	0.2516	0.2516	9,962		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Barton											
Newport Township of Barton County	Special Road and Bridge	3,932,149	0.1025	0.1025		3,959,446	0.1025	0.1025	4,058		2014
North Fork Township of Barton Co	General Revenue	3,549,385	0.1000	0.1000		3,668,001	0.1000	0.1000	3,668		
	Road & Bridge	3,549,385	0.3125	0.3125		3,668,001	0.3127	0.3127	11,470		
	Special Road and Bridge	3,549,385	0.1996	0.1996		**	**	**			2012
	Special Road and Bridge	**	**	**		3,668,001	0.3053	0.3053	11,198	A	2016
Ozark Township of Barton County	General Revenue	8,819,534	0.0952	0.0944		9,282,113	0.0936	0.0936	8,688		
	Road & Bridge	8,819,534	0.2433	0.2413		9,282,113	0.2393	0.2393	22,212		
Richland Township of Barton County	General Revenue	9,099,389	0.1000	0.1000		9,572,226	0.0979	0.0979	9,371		
	Road & Bridge	9,099,389	0.4100	0.4100		9,572,226	0.4014	0.4014	38,423		
	Special Road and Bridge	9,099,389	0.3900	0.3900		9,572,226	0.3819	0.3819	36,556		2013
South West Township of Barton Co	General Revenue	7,151,138	0.0990	0.0990		7,440,503	0.0983	0.0983	7,314		
	Road & Bridge	7,151,138	0.3463	0.3463		7,440,503	0.3438	0.3438	25,580		
Union Township of Barton County	General Revenue	5,310,985	0.0991	0.0991		5,557,858	0.0984	0.0984	5,469		
	Road & Bridge	5,310,985	0.4280	0.4280		5,557,858	0.4250	0.4250	23,621		
Golden City Fire Protection Dist	General Revenue	20,528,024	0.0978	0.0978		21,841,924	0.0961	0.0961	20,990		
Barton County Health Department	General Revenue	172,300,928	0.1500	0.1500		176,166,294	0.1500	0.1500	264,249		
Liberal R-II School District	Operating Funds-Schools	29,953,836	3.2692	3.2692	E	31,032,980	3.1997	3.1997	992,962	E	
	Debt Service	29,953,836	0.0691	0.0691		**	**	**			
Golden City R-III School District	Operating Funds-Schools	16,790,509	3.7648	3.4300	E	17,809,265	3.5702	3.4300	610,858	E	
Lamar R-I School District	Operating Funds-Schools	103,522,706	3.7500	3.7500	E	102,619,089	3.7482	3.7482	3,846,369	E	
	Debt Service	103,522,706	0.5109	0.5109		102,619,089	1.2409	0.5100	523,357		
Barton County	General Revenue	172,300,928	0.3397	0.0500		176,166,294	0.2382	0.0500	88,083		
	Hospital	172,300,928	0.1053	0.1053		176,166,294	0.1053	0.1053	185,503		
Bates											
Cornland Sp Rd Dist Bates Co	Road & Bridge	722,271	0.3499	0.3499		750,613	0.3499	0.3499	2,626		
	Special Road and Bridge	722,271	0.1808	0.1808	A	750,613	0.1808	0.1808	1,357		2015
South Hudson Sp Rd Dist Bates Co	Road & Bridge	1,032,940	0.3175	0.3175		1,091,027	0.3146	0.3146	3,432		
	Special Road and Bridge	1,032,940	0.3000	0.3000		1,091,027	0.2972	0.2972	3,243		2014
City of Adrian	General Revenue	12,195,657	0.5774	0.5774		12,530,957	0.5774	0.5774	72,354		
	Parks & Recreation	12,195,657	0.0500	0.0500		12,530,957	0.0500	0.0500	6,265		
City of Amoret	General Revenue	688,865	0.5168	0.5168		719,012	0.5132	0.5132	3,690		
City of Amsterdam	General Revenue	1,381,883	1.0000	1.0000		1,470,340	0.9822	0.9822	14,442		
City of Butler	General Revenue	41,826,151	0.6056	0.5379		42,796,531	0.5379	0.5379	230,203		
	Parks & Recreation	41,826,151	0.0350	0.0322		42,796,531	0.0322	0.0315	13,481		
	Lake	41,826,151	0.0150	0.0140		42,796,531	0.0140	0.0140	5,992		
City of Hume	General Revenue	1,703,610	1.0000	1.0000		1,802,215	0.9913	0.9515	17,148		
	Lights	1,703,610	0.3541	0.3541		1,802,215	0.3510	0.3287	5,924		
	Water	1,703,610	0.4484	0.4484		1,802,215	0.4445	0.4290	7,732		
Village of Merwin	General Revenue	239,204	0.5500	0.5500		253,125	0.5286	0.5286	1,338		
Village of Passaic	General Revenue	169,610	1.0000	1.0000		182,122	1.0000	1.0000	1,821		
City of Rich Hill	General Revenue	6,691,622	0.6567	0.6567		6,670,310	0.6626	0.6626	44,197		
	Parks & Recreation	6,691,622	0.2648	0.2648		6,670,310	0.2672	0.2672	17,823		
	Library	6,691,622	0.2400	0.2400		6,670,310	0.2400	0.2400	16,009		
	Health	6,691,622	0.1377	0.1377		6,670,310	0.1389	0.1389	9,265		
City of Rockville	General Revenue	1,057,241	0.9000	0.9000		1,104,210	0.8764	0.8764	9,677		
	Streets	1,057,241	0.4000	0.4000		1,104,210	0.3895	0.3895	4,301		
Village of Foster	General Revenue	479,997	0.6898	0.6898		585,339	0.6718	0.6718	3,932		
Charlotte Township of Bates County	General Revenue	4,973,826	0.1000	0.1000		5,035,506	0.1000	0.1000	5,036		
	Road & Bridge	4,973,826	0.2990	0.2990		5,035,506	0.2990	0.2990	15,056		
	Special Road and Bridge	4,973,826	0.2182	0.2182		**	**	**			2012

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Bates											
Deepwater Township of Bates County	General Revenue	3,846,621	0.0962	0.0962		3,905,979	0.0972	0.0972	3,797		
	Road & Bridge	3,846,621	0.2347	0.2347		3,905,979	0.2371	0.2371	9,261		
	Special Road and Bridge	3,846,621	0.3508	0.3508		3,905,979	0.3508	0.3508	13,702		2014
Deer Creek Township of Bates Co	General Revenue	20,726,350	0.0718	0.0718		21,932,739	0.0711	0.0711	15,594		
	Road & Bridge	20,726,350	0.2362	0.2362		21,932,739	0.2340	0.2340	51,323		
East Boone Township of Bates Co	General Revenue	6,234,289	0.0830	0.0830		6,968,401	0.0794	0.0794	5,533		
	Road & Bridge	6,234,289	0.2284	0.2284		6,968,401	0.2184	0.2184	15,219		
	Special Road and Bridge	6,234,289	0.3494	0.3494		6,968,401	0.3341	0.3341	23,281		2014
Elkhart Township of Bates County	General Revenue	3,904,220	0.0870	0.0870		4,275,347	0.0864	0.0864	3,694		
	Road & Bridge	3,904,220	0.2393	0.2393		4,275,347	0.2377	0.2377	10,162		
	Special Road and Bridge	3,904,220	0.2500	0.2500		**	**	**			2012
	Special Road and Bridge	**	**	**		4,275,347	0.2800	0.2800	11,971	A	2016
Grand River Township of Bates Co	General Revenue	3,437,308	0.1000	0.1000		3,453,486	0.1000	0.1000	3,453		
	Road & Bridge	3,437,308	0.2718	0.2718		3,453,486	0.2724	0.2724	9,407		
	Special Road and Bridge	3,437,308	0.2485	0.2485		**	**	**			2012
	Special Road and Bridge	**	**	**		3,453,486	0.2533	0.2533	8,748	A	2016
Homer Township of Bates County	General Revenue	5,183,032	0.0966	0.0966		5,590,276	0.0932	0.0932	5,210		
	Road & Bridge	5,183,032	0.3256	0.3256		5,590,276	0.3143	0.3143	17,570		
	Special Road and Bridge	5,183,032	0.1936	0.1936	A	5,590,276	0.1869	0.1869	10,448		2015
Howard Township of Bates County	General Revenue	5,550,548	0.1000	0.1000		5,885,732	0.0995	0.0995	5,856		
	Road & Bridge	5,550,548	0.3366	0.3366		5,885,732	0.3350	0.3350	19,717		
	Special Road and Bridge	5,550,548	0.3538	0.3538	A	5,885,732	0.3522	0.3522	20,730		2015
Hudson Township of Bates County	General Revenue	4,475,501	0.1000	0.1000		4,599,730	0.1000	0.1000	4,600		
	Road & Bridge	4,475,501	0.3030	0.3030		4,599,730	0.3030	0.3030	13,937		
	Special Road and Bridge	4,475,501	0.3500	0.3500		**	**	**			2012
	Special Road and Bridge	**	**	**		4,599,730	0.3528	0.3528	16,228	A	2016
Lone Oak Township of Bates County	General Revenue	4,656,369	0.0917	0.0917		4,671,237	0.0917	0.0917	4,284		
	Road & Bridge	4,656,369	0.2638	0.2638		4,671,237	0.2638	0.2638	12,323		
	Special Road and Bridge	4,656,369	0.3000	0.3000		4,671,237	0.3000	0.3000	14,014		2013
Mingo Township of Bates County	General Revenue	3,653,178	0.0900	0.0900		3,744,286	0.0900	0.0900	3,370		
	Road & Bridge	3,653,178	0.2496	0.2496		3,744,286	0.2496	0.2496	9,346		
	Special Road and Bridge	3,653,178	0.1934	0.1934		**	**	**			2012
	Special Road and Bridge	**	**	**		3,744,286	0.1941	0.1941	7,268	A	2016
Mound Township of Bates County	General Revenue	10,482,483	0.0864	0.0864		10,814,286	0.0864	0.0864	9,344		
	Road & Bridge	10,482,483	0.2375	0.2375		10,814,286	0.2375	0.2375	25,684		
	Special Road and Bridge	10,482,483	0.1937	0.1937		10,814,286	0.1937	0.1937	20,947		2014
Mount Pleasant Township of Bates Co	General Revenue	53,834,900	0.0989	0.0989		55,285,492	0.0989	0.0989	54,677		
	Road & Bridge	53,834,900	0.2196	0.2196		55,285,492	0.2196	0.2196	121,407		
New Home Township of Bates County	General Revenue	3,512,049	0.1000	0.1000		3,511,905	0.1000	0.1000	3,512		
	Road & Bridge	3,512,049	0.2784	0.2784		3,511,905	0.2794	0.2794	9,812		
	Special Road and Bridge	3,512,049	0.2500	0.2500		3,511,905	0.2500	0.2500	8,780		2013
Osage Township of Bates County	General Revenue	11,397,957	0.1000	0.1000		11,590,703	0.1000	0.1000	11,591		
	Road & Bridge	11,397,957	0.2664	0.2664		11,590,703	0.2664	0.2664	30,878		
Pleasant Gap Township of Bates Co	General Revenue	4,207,300	0.1000	0.1000		4,264,576	0.1000	0.1000	4,265		
	Road & Bridge	4,207,300	0.2894	0.2894		4,264,576	0.2906	0.2906	12,393		
	Special Road and Bridge	4,207,300	0.3522	0.3522		4,264,576	0.3522	0.3522	15,020		2014
Rockville Township of Bates County	General Revenue	3,371,755	0.1000	0.1000		3,551,337	0.0985	0.0985	3,498		
	Road & Bridge	3,371,755	0.2826	0.2826		3,551,337	0.2784	0.2784	9,887		
Spruce Township of Bates County	General Revenue	4,034,069	0.0789	0.0789		4,098,315	0.0789	0.0789	3,234		
	Road & Bridge	4,034,069	0.2365	0.2365		4,098,315	0.2365	0.2365	9,693		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Bates										
Spruce Township of Bates County	Special Road and Bridge	4,034,069	0.3660	0.3660	A	4,098,315	0.3660	0.3660	15,000	2014
Summit Township of Bates County	General Revenue	3,915,877	0.0739	0.0739		4,063,693	0.0741	0.0741	3,011	
	Road & Bridge	3,915,877	0.2538	0.2538		4,063,693	0.2544	0.2544	10,338	
	Special Road and Bridge	3,915,877	0.3528	0.3528		4,063,693	0.3528	0.3528	14,337	2014
Walnut Township of Bates County	General Revenue	5,562,720	0.0970	0.0970		5,986,378	0.0942	0.0942	5,639	
	Road & Bridge	5,562,720	0.3045	0.3045		5,986,378	0.2958	0.2958	17,708	
	Special Road and Bridge	5,562,720	0.1838	0.1838	A	5,986,378	0.1786	0.1786	10,692	2015
West Boone Township of Bates Co	General Revenue	8,063,772	0.0796	0.0796		8,611,709	0.0779	0.0779	6,709	
	Road & Bridge	8,063,772	0.2502	0.2502		8,611,709	0.2450	0.2450	21,099	
	Special Road and Bridge	8,063,772	0.3526	0.3526	A	8,611,709	0.3452	0.3452	29,728	2014
West Point Township of Bates Co	General Revenue	7,746,189	0.0903	0.0903		8,934,035	0.0822	0.0822	7,344	
	Road & Bridge	7,746,189	0.2799	0.2799		8,934,035	0.2549	0.2549	22,773	
	Special Road and Bridge	7,746,189	0.2055	0.2055	A	8,934,035	0.1871	0.1871	16,716	2015
Prairie Township of Bates County	General Revenue	1,804,349	0.1000	0.1000		1,877,436	0.1000	0.1000	1,877	
	Road & Bridge	1,804,349	0.2860	0.2860		1,877,436	0.2871	0.2871	5,390	
	Special Road and Bridge	1,804,349	0.2373	0.2373	A	1,877,436	0.2373	0.2373	4,455	2015
Shawnee Township of Bates County	General Revenue	3,601,841	0.1000	0.1000		3,724,748	0.1000	0.1000	3,725	
	Road & Bridge	3,601,841	0.2986	0.2986		3,724,748	0.2992	0.2992	11,144	
	Special Road and Bridge	3,601,841	0.3609	0.3609		3,724,748	0.3609	0.3609	13,443	2014
Bates County Health Center	General Revenue	189,176,503	0.0834	0.0834		196,377,332	0.0834	0.0834	163,779	
Miami R-I School District	Operating Funds-Schools	13,460,926	3.9000	3.9000	E	14,256,094	3.8845	3.8845	553,778	E
Ballard R-II School District	Operating Funds-Schools	9,208,339	4.4459	4.4459	E	9,473,780	4.4097	4.4097	417,765	E
	Debt Service	9,208,339	0.9685	0.7500		9,473,780	0.8796	0.7500	71,053	
Adrian R-III School District	Operating Funds-Schools	36,686,539	3.4673	3.4673	E	38,219,125	3.4490	3.4490	1,318,178	E
	Debt Service	36,686,539	1.1039	0.9227		38,219,125	1.0716	0.9410	359,642	
Rich Hill R-IV School District	Operating Funds-Schools	21,305,991	3.5957	3.3000	E	21,735,689	3.3098	3.3000	717,278	E
	Debt Service	21,305,991	1.0086	1.0086		21,735,689	1.1676	1.0086	219,226	
Hume R-VIII School District	Operating Funds-Schools	7,581,697	5.2592	4.7500	E	7,759,858	4.8154	4.7500	368,593	E
Hudson R-IX School District	Operating Funds-Schools	6,655,647	4.0091	3.7800	E	6,822,610	3.7847	3.7847	258,215	E
Butler R-V School District	Operating Funds-Schools	69,570,110	3.8394	3.8394	E	71,466,984	3.8363	3.8363	2,741,688	E
	Operating Funds-Temp	69,570,110	0.2100	0.2100		71,466,984	0.2100	0.2100	150,081	2025
	Debt Service	69,570,110	0.9474	0.7800		71,466,984	0.8756	0.7800	557,442	
Bates County	General Revenue	188,176,503	0.2716	0.2716		196,377,332	0.2713	0.2713	532,772	
	Developmentally Disabled	188,176,503	0.0700	0.0700		196,377,332	0.0699	0.0699	137,268	
Benton										
Warsaw-Lincoln Ambulance District	General Revenue	188,516,758	0.1832	0.0000		190,803,678	0.1832	0.0000	0	
Cole Camp Ambulance District	General Revenue	54,450,505	0.2883	0.2003		58,534,589	0.2828	0.2196	128,542	
Lincoln Community Nursing Home Dist	Maintenance	63,519,453	0.1728	0.1728		56,964,899	0.1940	0.1940	110,512	
Good Samaritan Nursing Home Dist	General Revenue	76,506,624	0.0973	0.0973		71,289,739	0.1078	0.1078	76,850	
Brandon Special Road Dist Benton Co	Road & Bridge	1,524,254	0.3478	0.3478		1,482,955	0.3500	0.3500	5,190	
Cole Camp Sp Rd Dist Benton Co	Road & Bridge	13,254,148	0.3500	0.3500		14,148,651	0.3348	0.3348	47,370	
Ionia Special Rd Dist Benton Co	Road & Bridge	3,562,060	0.3037	0.3037		4,079,518	0.2799	0.2799	11,419	
City of Cole Camp	General Revenue	8,757,896	0.4728	0.4728		9,609,654	0.4385	0.4385	42,138	
Village of Ionia	General Revenue	486,248	0.8000	0.8000		473,086	0.8000	0.8000	3,785	
City of Lincoln	General Revenue	8,800,839	0.7700	0.7700		9,172,701	0.7529	0.7529	69,061	
	Parks & Recreation	8,800,839	0.1482	0.1482		9,172,701	0.1449	0.1449	13,291	
City of Warsaw	General Revenue	25,821,395	0.4406	0.4406		25,933,329	0.4408	0.4408	114,314	
	Parks & Recreation	25,821,395	0.1182	0.0000		25,933,329	0.0000	0.0000	0	
Lincoln Community Fire Prot Dist	General Revenue	42,382,253	0.2469	0.2469		43,915,030	0.2441	0.2441	107,197	
Deer Creek Fire Protection District	General Revenue	18,849,825	0.2887	0.2887		18,528,025	0.2948	0.2948	54,621	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Benton										
Warsaw Fire Protection District	General Revenue	114,181,082	0.2855	0.2855		114,664,679	0.2858	0.2858	327,712	
Lakeview Heights Fire Prot Dist	General Revenue	13,528,741	0.2829	0.2829		13,612,607	0.2863	0.2863	38,973	
Osage Valley Fire Protection Dist	General Revenue	11,269,834	0.2870	0.2870		11,431,280	0.2870	0.2870	32,808	
Cole Camp & Rural Fire Prot Dist	General Revenue	31,072,203	0.2980	0.2980		34,713,818	0.2854	0.2854	99,073	
Benton County Health Department	General Revenue	236,548,241	0.3864	0.3864		242,375,217	0.3864	0.3864	936,538	
Lincoln R-II School District	Operating Funds-Schools	40,363,988	2.7500	2.7500	E	41,685,187	2.7500	2.7500	1,146,343	E
	Debt Service	40,363,988	0.8103	0.5000		41,685,187	0.8346	0.5000	208,426	
Warsaw R-IX School District	Operating Funds-Schools	142,724,158	2.7500	2.7500	E	140,987,487	2.7500	2.7500	3,877,156	E
	Debt Service	142,724,158	0.7921	0.4500		140,987,487	0.8070	0.4500	634,444	
Cole Camp R-I School District	Operating Funds-Schools	51,640,350	2.7500	2.7500	F	55,257,730	2.7500	2.7500	1,519,588	F
	Debt Service	51,640,350	0.5541	0.5173		55,257,730	0.5209	0.5173	285,848	
Benton County	General Revenue	236,548,241	0.3231	0.1400		242,375,217	0.3231	0.1400	339,325	
	Common Road District	216,242,608	0.2064	0.2064		222,464,092	0.2064	0.2064	459,166	
	Senior Services	236,548,241	0.0500	0.0500		242,375,217	0.0500	0.0500	121,188	
Bollinger										
Village of Glen Allen	General Revenue	745,772	0.4285	0.4285		734,314	0.4373	0.4373	3,211	
Village of Sedgwickville	General Revenue	1,096,353	0.4700	0.4700		1,131,361	0.4700	0.4700	5,317	
Village of Zalma	General Revenue	426,193	1.0000	1.0000		407,216	1.0000	1.0000	4,072	
Glen Allen Fire Protection District	General Revenue	15,032,855	0.3000	0.3000		15,366,867	0.3000	0.3000	46,101	
Sedgewickville Fire Protection Dist	General Revenue	17,080,598	0.2100	0.2100		17,596,016	0.2100	0.2100	36,952	
North County Fire Protection Dist	General Revenue	33,455,310	0.2592	0.2592		34,409,609	0.2648	0.2648	91,117	
Zalma Fire Protection District	Fire	14,881,577	0.2783	0.2783		15,395,749	0.2783	0.2783	42,846	
Bollinger County Health Center	General Revenue	118,413,473	0.2436	0.2436		121,538,623	0.2459	0.2459	298,863	
Meadow Heights R-II School District	Operating Funds-Schools	33,484,385	2.7500	2.7500	E	35,675,883	2.7500	2.7500	981,087	E
	Debt Service	33,484,385	0.4985	0.3500		35,675,883	0.4487	0.3500	124,866	
Leopold R-III School District	Operating Funds-Schools	8,335,995	2.9927	2.9500	E	8,656,230	2.9564	2.9500	255,359	E
Zalma R-V School District	Operating Funds-Schools	12,624,390	2.7500	2.7500	F	13,011,337	2.7500	2.7500	357,812	F
Woodland R-IV School District	Operating Funds-Schools	51,252,214	2.7500	2.7500	E	53,054,700	2.7500	2.7500	1,459,004	E
Bollinger County	General Revenue	118,413,473	0.3552	0.2200		122,039,918	0.3585	0.2000	244,080	
	Library	118,413,473	0.2000	0.2000		122,039,918	0.2000	0.2000	244,080	
	Road & Bridge	118,413,473	0.2537	0.2537		122,039,918	0.2561	0.2561	312,544	
	Ambulance	118,413,473	0.2000	0.2000		122,039,918	0.2000	0.2000	244,080	
	Senate Bill 40	118,413,473	0.1000	0.1000		122,039,918	0.1000	0.1000	122,040	
Boone										
Callahan Creek Watershed Sub Dist	General Revenue	18,140,529	0.2497	0.0900		18,652,029	0.0901	0.0900	16,787	
City of Ashland	General Revenue	47,659,062	0.2612	0.2612		49,874,979	0.2635	0.2635	131,421	
City of Centralia	General Revenue	45,841,398	0.6624	0.6624		46,705,345	0.6674	0.6645	310,357	
	Parks & Recreation	45,841,398	0.2966	0.2966		46,705,345	0.2988	0.2975	138,948	
City of Columbia	General Revenue	1,711,748,556	0.4163	0.4100		1,742,358,167	0.4108	0.4100	7,143,668	
City of Hallsville	General Revenue	15,948,471	0.5791	0.5791		15,846,875	0.5859	0.5859	92,847	
	Debt Service	15,948,471	0.4013	0.2900		15,846,875	0.2650	0.2650	41,994	
Town of Harrisburg	General Revenue	2,403,676	0.3424	0.3424		2,412,151	0.3479	0.3479	8,392	
Village of Hartsburg	General Revenue	980,420	0.5179	0.5179		915,578	0.5765	0.5765	5,278	
City of Rocheport	General Revenue	2,846,652	0.2557	0.2557		2,824,480	0.2674	0.2674	7,553	
City of Sturgeon	General Revenue	7,053,149	0.5437	0.5437		7,108,288	0.5493	0.5493	39,046	
Town of Huntsdale	General Revenue	**	**	**		160,205	0.0000	0.0000	0	
Centralia Public Library	General Revenue	41,564,378	0.3000	0.2997		41,765,118	0.3000	0.3000	125,295	
	Debt Service	41,564,378	0.0886	0.0785		41,765,118	0.0991	0.0785	32,786	
Boone County Library	General Revenue	1,632,130,628	0.3036	0.3036		1,689,337,379	0.3036	0.3036	5,128,828	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Boone										
Columbia Public Library	General Revenue	740,800,967	0.3021	0.3021		734,651,846	0.3094	0.3092	2,271,544	
	Debt Service	740,800,967	0.2366	0.2250		734,651,846	0.2342	0.2290	1,682,353	
Boone County Fire Prot Dist	General Revenue	529,444,343	0.6137	0.6010		544,773,995	0.6096	0.6010	3,274,092	
	Dispatch	529,444,343	0.0295	0.0289		544,773,995	0.0293	0.0000	0	
Southern Boone Co Fire Prot Dist	General Revenue	126,809,828	0.2125	0.2125		131,907,322	0.2125	0.2125	280,303	
	Dispatch	126,809,828	0.0280	0.0280		131,907,322	0.0280	0.0280	36,934	
	Debt Service	126,809,828	0.2663	0.2663		131,907,322	0.1744	0.1744	230,046	
Columbia Special Business District	General Revenue	33,705,637	0.4857	0.4857		34,282,829	0.0000	0.0000	0	
Southern Boone Co. R-I School Dist	Operating Funds-Schools	108,881,331	3.7270	3.7060	E	112,907,686	3.7075	3.7075	4,186,052	E
	Debt Service	108,881,331	2.3338	1.2800		112,907,686	2.3472	1.2845	1,450,299	
Boone Co. R-IV School District	Operating Funds-Schools	71,622,728	3.1771	3.1771	E	73,693,271	3.1822	3.1822	2,345,067	E
	Debt Service	71,622,728	1.4160	1.0600		73,693,271	1.3549	1.1100	817,995	
Sturgeon R-V School District	Operating Funds-Schools	31,933,248	3.8271	3.7964	F	32,194,817	3.8185	3.8112	1,227,009	F
	Debt Service	31,933,248	1.3292	1.2700		32,194,817	1.4327	1.2700	408,874	
Centralia R-VI School District	Operating Funds-Schools	87,732,947	3.4695	3.4695	E	89,562,360	3.4695	3.4695	3,107,366	E
	Debt Service	87,732,947	1.0578	0.8900		89,562,360	1.0797	0.8900	797,105	
Harrisburg R-VIII School District	Operating Funds-Schools	35,569,438	3.3787	3.3386	F	36,663,359	3.3637	3.3637	1,233,245	F
	Debt Service	35,569,438	1.1562	1.1500		36,663,359	1.1526	1.1500	421,629	
Columbia 93 School District	Operating Funds-Schools	2,077,924,854	4.9272	4.4800	B	2,118,565,549	4.7961	4.4920	95,165,964	
	Debt Service	2,077,924,854	1.5437	0.9219		2,118,565,549	1.3537	0.9319	19,742,912	
Boone County	General Revenue	2,414,699,063	0.3155	0.1200		2,465,773,021	0.3155	0.1200	2,958,928	
	Road & Bridge	2,414,699,063	0.2677	0.0500		2,465,773,021	0.2677	0.0500	1,232,887	
	Hospital	2,414,699,063	0.1338	0.0000		2,465,773,021	0.0000	0.0000	0	
	Sheltered Workshop	2,414,699,063	0.1146	0.1146		2,465,773,021	0.1146	0.1146	2,825,776	
Buchanan										
Village of Agency	General Revenue	7,373,871	0.5283	0.5283		7,522,621	0.5283	0.5283	39,742	
Village of DeKalb	General Revenue	1,408,864	0.8365	0.8365		1,323,661	0.8903	0.8903	11,785	
City of Easton	General Revenue	1,263,615	0.4661	0.4661		1,282,181	0.4662	0.4662	5,978	
Village of Lewis & Clark	General Revenue	632,061	0.5000	0.3116		949,902	0.2187	0.2187	2,077	
	General Revenue-Temp	632,061	0.5695	0.3000	A	949,902	0.2105	0.2105	2,000	2015
Village of Rushville	General Revenue	1,367,743	0.4946	0.4946		1,342,230	0.5000	0.5000	6,711	
City of St. Joseph	General Revenue	949,167,650	0.6700	0.6700		963,688,645	0.6700	0.6700	6,456,714	
	Parks & Recreation	949,167,650	0.2000	0.2000		963,688,645	0.2000	0.2000	1,927,377	
	Library	655,152,240	0.4103	0.4103		663,613,260	0.4103	0.4103	2,722,805	
	Museum	949,167,650	0.0500	0.0500		963,688,645	0.0500	0.0500	481,844	
	Health	949,167,650	0.2195	0.2195		963,688,645	0.2195	0.2195	2,115,297	
Rolling Hills Consolidated Library	General Revenue	719,087,220	0.3100	0.3100		752,029,855	0.3080	0.3080	2,316,252	
Colony Hills Fire Protection Dist	General Revenue	8,699,539	1.1286	1.1286		8,790,357	1.1286	1.1286	99,208	
	Fire	8,699,539	0.2559	0.2559	A	8,790,357	0.2559	0.2559	22,495	
Lake Contrary Fire Protection Dist	General Revenue	4,957,237	0.8400	0.8400		4,188,852	0.8400	0.8400	35,186	
	Fire	4,957,237	0.5000	0.3500		4,188,852	0.4193	0.3500	14,661	
Maxwell Heights Fire Prot Dist	General Revenue	16,639,660	1.1700	1.1700		19,439,412	1.1700	1.1700	227,441	
S Central Buchanan Fire Prot Dist	General Revenue	76,414,126	0.2829	0.2829		79,850,934	0.2816	0.2816	224,860	
San Antonio Fire Protection Dist	General Revenue	14,901,129	0.2992	0.2992		16,369,490	0.2975	0.2975	48,699	
DeKalb Fire Protection District	General Revenue	24,860,604	0.2900	0.2900		26,219,777	0.2846	0.2846	74,621	
Easton Fire Protection District	General Revenue	10,561,963	0.2603	0.2603		11,197,344	0.2546	0.2546	28,508	
Southwest Buchanan Co FPD	General Revenue	16,117,810	0.4459	0.4459		18,073,106	0.4151	0.4151	75,021	
St. Joseph Downtown CID	General Revenue	7,336,150	0.5000	0.5000	A	7,853,220	0.4750	0.4750	37,303	2041
East Buchanan Co. C-1 School Dist	Operating Funds-Schools	51,526,430	5.3000	5.3000	E	52,566,430	5.3000	5.3000	2,786,021	E
Mid-Buchanan Co R-V School Dist	Operating Funds-Schools	55,945,685	3.9845	3.9845	E	57,293,520	3.9370	3.9370	2,255,646	E

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Buchanan										
Mid-Buchanan Co R-V School Dist	Debt Service	55,945,685	0.6969	0.6969		57,293,520	0.6969	0.6969	399,279	
Buchanan County R-IV School Dist	Operating Funds-Schools	18,733,140	4.3561	4.3561	E	19,559,010	4.3187	4.3187	844,695	E
	Debt Service	18,733,140	0.9766	0.8486		19,559,010	0.8688	0.8486	165,978	
St. Joseph School District	Operating Funds-Schools	994,605,900	3.6690	3.1915		1,005,568,795	3.6659	3.1789	31,966,026	
	Operating Funds-Temp	994,605,900	0.6300	0.6300		1,005,568,795	0.6300	0.6300	6,335,083	2014
	Debt Service	994,605,900	0.3392	0.3145		1,005,568,795	0.4008	0.3145	3,162,514	
Buchanan County	General Revenue	1,155,116,064	0.3500	0.0751		1,181,053,613	0.3500	0.0751	886,971	
	Road & Bridge	1,155,116,064	0.2895	0.2895		1,181,053,613	0.2895	0.2895	3,419,150	
	Senate Bill 40	1,155,116,064	0.1000	0.1000		1,181,053,613	0.1000	0.1000	1,181,054	
Butler										
Naylor-Neelyville Ambulance Dist	General Revenue	39,721,786	0.3000	0.3000		40,901,766	0.3000	0.3000	122,705	
City of Fisk	General Revenue	2,073,185	0.7778	0.7778		2,041,941	0.7940	0.7940	16,213	
City of Neelyville	General Revenue	2,005,983	0.6633	0.6633		2,038,993	0.6651	0.6651	13,561	
City of Poplar Bluff	General Revenue	231,206,984	0.5131	0.5131		222,485,671	0.5347	0.5300	1,179,174	
	Library	231,206,984	0.1510	0.0000		222,485,671	0.1573	0.0000	0	
	Pension	231,206,984	0.1000	0.1000		222,485,671	0.1000	0.1000	222,486	
City of Qulin	General Revenue	3,078,470	0.4939	0.4939		3,464,031	0.5041	0.5041	17,462	
Butler County Fire Protection Dist	General Revenue	278,293,948	0.2521	0.2521		287,218,835	0.2521	0.2521	724,079	
Qulin Community Fire Prot Dist	General Revenue	17,071,608	0.1600	0.1600		17,651,407	0.1600	0.1600	28,242	
Butler County Health Department	General Revenue	527,669,289	0.0998	0.0998		528,272,044	0.1000	0.1000	528,272	
Three Rivers Community College	General Revenue	787,627,352	0.2413	0.2413		802,780,977	0.2413	0.2413	1,937,110	
Neelyville R-IV School District	Operating Funds-Schools	32,367,711	3.0300	3.0300	E	33,101,622	3.0522	3.0496	1,009,467	E
Poplar Bluff R-I School District	Operating Funds-Schools	406,439,360	2.7500	2.7500	E	403,945,887	2.7500	2.7500	11,108,512	E
	Debt Service	406,439,360	0.3868	0.1800		403,945,887	0.2787	0.1800	727,103	
Twin Rivers R-X School District	Operating Funds-Schools	57,877,243	2.3230	2.3230	E	59,314,929	3.1310	3.1310	1,857,150	BE
	Operating Funds-Temp	57,877,243	0.9100	0.9100		**	**	**		2012
	Debt Service	57,877,243	0.0150	0.0150		**	**	**		
Butler County	General Revenue	527,669,289	0.2559	0.0995		528,272,044	0.2442	0.0995	525,631	
	Road & Bridge	527,669,289	0.1874	0.0342		528,272,044	0.1784	0.0342	180,669	
	Senate Bill 40	527,669,289	0.0998	0.0998		528,272,044	0.1000	0.1000	528,272	
	Senior Services	527,669,289	0.0496	0.0496		528,272,044	0.0500	0.0500	264,136	
Caldwell										
Caldwell County Ambulance	General Revenue	134,218,127	0.1275	0.0285		137,753,282	0.0285	0.0285	39,260	
Golden Age Nursing Home District	General Revenue	46,087,330	0.1097	0.1097		47,163,022	0.1097	0.1097	51,738	
City of Braymer	General Revenue	5,353,426	0.7874	0.7874		5,171,488	0.8152	0.8152	42,158	
City of Breckenridge	General Revenue	2,090,463	1.0000	1.0000		2,091,053	1.0000	1.0000	20,911	
	Lights	2,090,463	0.1000	0.1000		2,091,053	0.1000	0.1000	2,091	
	Library	2,090,463	0.0500	0.0500		2,091,053	0.0500	0.0500	1,046	
	Police	2,090,463	0.1000	0.1000		2,091,053	0.1000	0.1000	2,091	
	Fire	2,090,463	0.1500	0.1500		2,091,053	0.1500	0.1500	3,137	
City of Cowgill	General Revenue	997,913	0.8742	0.8742		939,813	0.9283	0.9283	8,724	
City of Hamilton	General Revenue	13,868,967	0.9309	0.9309		13,987,959	0.9320	0.9320	130,368	
	Parks & Recreation	13,868,967	0.2511	0.2511		13,987,959	0.2514	0.2514	35,166	
	Library	13,868,967	0.3034	0.3034		13,987,959	0.3038	0.3038	42,495	
	Debt Service	13,868,967	0.7744	0.7086		13,987,959	0.9997	0.8386	117,303	
City of Kidder	General Revenue	1,996,487	1.0000	1.0000		1,948,489	1.0000	1.0000	19,485	
	Debt Service	1,996,487	0.3757	0.3757		1,948,489	0.4306	0.4306	8,390	
City of Kingston	General Revenue	1,528,748	1.0000	1.0000		1,538,804	1.0000	1.0000	15,388	
City of Polo	General Revenue	4,389,229	0.7339	0.7281		4,493,127	0.7284	0.7284	32,728	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Caldwell											
City of Polo	Debt Service	4,389,229	0.0124	0.0124		4,493,127	0.2513	0.2513	11,291		
Caldwell County Library	General Revenue	118,258,697	0.1200	0.1200	A	122,245,657	0.1200	0.1200	146,695		
Breckenridge Township, Caldwell Co	General Revenue	7,229,988	0.0949	0.0949		7,459,066	0.0949	0.0949	7,079		
	Road & Bridge	7,229,988	0.4751	0.4751		7,459,066	0.4751	0.4751	35,438		
	Special Road and Bridge	7,229,988	0.3236	0.3236	A	7,459,066	0.3236	0.3236	24,138		2015
Davis Township of Caldwell Co	General Revenue	16,743,115	0.0753	0.0753		16,340,383	0.0774	0.0774	12,647		
	Road & Bridge	16,743,115	0.3595	0.3595		16,340,383	0.3695	0.3695	60,378		
	Special Road and Bridge	16,743,115	0.1700	0.1700	A	16,340,383	0.1700	0.1700	27,779		2015
Fairview Township of Caldwell Co	General Revenue	3,202,782	0.0985	0.0985		3,474,784	0.0980	0.0980	3,405		
	Road & Bridge	3,202,782	0.4923	0.4923		3,474,784	0.4897	0.4897	17,016		
	Special Road and Bridge	3,202,782	0.3151	0.3151		**	**	**			2012
	Special Road and Bridge	**	**	**		3,474,784	0.3200	0.3200	11,119	A	2016
Gomer Township of Caldwell County	General Revenue	6,019,354	0.0969	0.0969		6,371,200	0.0965	0.0965	6,148		
	Road & Bridge	6,019,354	0.4824	0.4824		6,371,200	0.4803	0.4803	30,601		
	Special Road and Bridge	6,019,354	0.3374	0.3374		**	**	**			2012
	Special Road and Bridge	**	**	**		6,371,200	0.3493	0.3493	22,255	A	2016
Grant Township of Caldwell County	General Revenue	23,830,691	0.0882	0.0882		24,936,056	0.0874	0.0874	21,794		
	Road & Bridge	23,830,691	0.3600	0.3600		24,936,056	0.3568	0.3568	88,972		
	Special Road and Bridge	23,830,691	0.2400	0.2400	A	24,936,056	0.2379	0.2379	59,323		2015
Hamilton Township of Caldwell Co	General Revenue	21,471,509	0.0710	0.0710		21,956,156	0.0710	0.0710	15,589		
	Road & Bridge	21,471,509	0.3144	0.3144		21,956,156	0.3144	0.3144	69,030		
Kidder Township of Caldwell Co	General Revenue	11,622,294	0.0927	0.0927		11,769,840	0.0928	0.0928	10,922		
	Road & Bridge	11,622,294	0.3803	0.3803		11,769,840	0.3809	0.3809	44,831		
	Special Road and Bridge	11,622,294	0.3316	0.3316	A	11,769,840	0.3316	0.3316	39,029		2015
Kingston Township of Caldwell Co	General Revenue	6,140,192	0.1000	0.1000		6,546,448	0.1000	0.1000	6,546		
	Road & Bridge	6,140,192	0.5000	0.5000		6,546,448	0.5000	0.5000	32,732		
	Special Road and Bridge	6,140,192	0.3715	0.3715	A	6,546,448	0.3715	0.3715	24,320		2015
Lincoln Township of Caldwell Co	General Revenue	12,564,007	0.0748	0.0748		12,707,883	0.0748	0.0748	9,505		
	Road & Bridge	12,564,007	0.3290	0.3290		12,707,883	0.3290	0.3290	41,809		
	Special Road and Bridge	12,564,007	0.3300	0.3300	A	12,707,883	0.3300	0.3300	41,936		2015
Mirabile Township of Caldwell Co	General Revenue	5,284,275	0.1000	0.1000		5,397,889	0.1000	0.1000	5,398		
	Road & Bridge	5,284,275	0.4620	0.4620		5,397,889	0.4620	0.4620	24,938		
	Special Road and Bridge	5,284,275	0.3300	0.3300		**	**	**			2012
	Special Road and Bridge	**	**	**		5,397,889	0.3551	0.3551	19,168	A	2016
New York Township of Caldwell Co	General Revenue	5,350,030	0.0828	0.0828		5,744,574	0.0807	0.0807	4,636		
	Road & Bridge	5,350,030	0.3957	0.3957		5,744,574	0.3857	0.3857	22,157		
	Special Road and Bridge	5,350,030	0.3067	0.3067	A	5,744,574	0.2990	0.2990	17,176		2015
Rockford Township of Caldwell Co	General Revenue	14,406,765	0.0770	0.0770		14,997,732	0.0767	0.0767	11,503		
	Road & Bridge	14,406,765	0.3420	0.3420		14,997,732	0.3374	0.3374	50,602		
	Special Road and Bridge	14,406,765	0.2497	0.2497		**	**	**			2012
	Special Road and Bridge	**	**	**		14,997,732	0.3500	0.3500	52,492	A	2016
Hamilton Rural Fire Protection Dist	General Revenue	33,880,515	0.1811	0.1811		34,842,146	0.1811	0.1811	63,099		
Caldwell County Health Department	General Revenue	134,218,127	0.2347	0.2347		137,753,282	0.2347	0.2347	323,307		
Breckenridge R-I School District	Operating Funds-Schools	6,328,260	4.4047	4.4047	E	6,391,910	4.4405	4.4405	283,833	E	
Hamilton R-II School District	Operating Funds-Schools	35,227,946	2.9752	2.9752	E	35,888,079	2.9048	2.9048	1,042,477	E	
	Operating Funds-Temp	35,227,946	1.7639	1.7639		35,888,079	1.7639	1.7639	633,030		2026
New York R-IV School District	Operating Funds-Schools	3,543,000	5.4905	4.5900		3,684,920	5.1566	4.5900	169,138		
Cowgill R-VI School District	Operating Funds-Schools	3,793,010	3.8929	3.8929	E	4,004,010	4.1220	4.1220	165,045	E	
Polo R-VII School District	Operating Funds-Schools	22,520,790	3.9519	3.9519	E	23,482,285	3.9519	3.9519	927,996	E	
	Debt Service	22,520,790	0.6639	0.6552		23,482,285	0.9543	0.6552	153,856		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Caldwell											
Mirabile C-1 School District	Operating Funds-Schools	4,434,360	3.9933	3.9933	E	4,746,130	3.5881	3.5881	170,296	E	
	Debt Service	4,434,360	0.4576	0.3950		4,746,130	0.1484	0.1484	7,043		
Braymer C-4 School District	Operating Funds-Schools	17,996,866	2.7500	2.7500	E	18,452,897	2.7500	2.7500	507,455	E	
	Debt Service	17,996,866	0.6883	0.6883		18,452,897	0.1989	0.1989	36,703		
Kingston 42 School District	Operating Funds-Schools	3,904,810	4.7500	4.7500	E	4,196,190	4.2547	4.2547	178,535	E	
Caldwell County	General Revenue	134,218,127	0.3524	0.2351		137,753,282	0.3524	0.2350	323,720		
Callaway											
Callaway County Ambulance District	General Revenue	739,716,380	0.1150	0.0000		761,815,201	0.1103	0.0024	18,284		
City of Auxvasse	General Revenue	8,589,056	0.7172	0.7172		8,583,212	0.7195	0.7195	61,756		
City of Fulton	General Revenue	101,086,504	0.5167	0.5167		98,794,160	0.5291	0.5291	522,720		
Village of Kingdom City	General Revenue	8,870,866	0.2150	0.2150		8,840,012	0.2157	0.2157	19,068		
City of Mokane	General Revenue	1,007,759	0.8557	0.8557		1,057,536	0.8557	0.8557	9,049		
City of New Bloomfield	General Revenue	5,551,724	0.3147	0.3147		5,684,756	0.3147	0.3147	17,890		
	Debt Service	5,551,724	1.2032	0.6216		5,684,756	1.1474	0.9005	51,191		
Town of Lake Mykee	General Revenue	4,171,356	0.5025	0.5025		4,210,387	0.5025	0.5025	21,157		
Callaway County Library	General Revenue	739,716,380	0.1958	0.1958		761,815,201	0.1958	0.1958	1,491,634		
Millersburg Fire Protection Dist	General Revenue	30,498,843	0.4623	0.4623		32,099,034	0.4623	0.4623	148,394		
Central Callaway Fire Prot Dist	General Revenue	61,598,586	0.4362	0.4362		62,152,153	0.4362	0.4362	271,108		
Holts Summit Fire Protection Dist	General Revenue	103,333,837	0.2503	0.2503		105,458,828	0.2503	0.2503	263,963		
	Debt Service	103,333,837	0.3064	0.3064		105,458,828	0.0712	0.0712	75,087		
South Callaway Fire Protection Dist	General Revenue	305,278,919	0.2005	0.2005		324,376,686	0.2005	0.2005	650,375		
North Callaway Fire Protection Dist	General Revenue	76,882,078	0.2844	0.2844		77,390,036	0.2844	0.2844	220,097		
New Bloomfield Fire Protection Dist	General Revenue	35,581,187	0.2718	0.2718		36,497,635	0.2718	0.2718	99,201		
North Callaway Co R-I School Dist	Operating Funds-Schools	83,364,537	3.1501	3.1501	E	85,235,125	3.1729	3.1729	2,704,425	E	
	Debt Service	80,796,726	0.7394	0.6622		85,235,125	0.9487	0.6622	564,427		
New Bloomfield R-III School Dist	Operating Funds-Schools	42,777,219	2.9996	2.9996	E	44,012,512	3.0406	3.0406	1,338,244	E	
	Debt Service	42,777,219	1.5388	1.3452		44,012,512	1.5761	1.3452	592,056		
Fulton 58 School District	Operating Funds-Schools	167,582,969	3.4480	3.4480	E	166,076,647	3.5494	3.5494	5,894,725	E	
	Debt Service	167,582,969	0.7586	0.7412		166,076,647	0.7970	0.7412	1,230,960		
South Callaway Co R-II School Dist	Operating Funds-Schools	306,335,901	2.7500	2.7500		326,245,855	2.7500	2.7500	8,971,761		
Callaway County	General Revenue	739,716,380	0.3185	0.3135		761,815,201	0.3135	0.3135	2,388,291		
	Road & Bridge	739,716,380	0.2466	0.2466		761,815,201	0.2466	0.2466	1,878,636		
	Senate Bill 40	739,716,380	0.0979	0.0979		761,815,201	0.0979	0.0979	745,817		
Camden											
CAM-MO Ambulance District	General Revenue	602,030,395	0.1026	0.0598		600,911,667	0.1044	0.0572	343,721		
Camden County Ambulance District	General Revenue	550,785,921	0.2808	0.2808		548,188,774	0.2846	0.2796	1,532,736		
Horseshoe Bend Sp Rd 1 Camden Co	General Revenue	304,106,186	0.3493	0.3493		**	**	**			2012
	Special Road and Bridge	**	**	**		301,900,332	0.3588	0.3500	1,056,651	A	2016
Village of Climax Springs	General Revenue	385,064	0.6303	0.6303		285,800	0.7500	0.7500	2,144		
City of Linn Creek	General Revenue	4,659,805	0.1899	0.0000		4,027,708	0.0000	0.0000	0		
City of Stoutland	General Revenue	920,119	0.6974	0.6971		946,213	0.6911	0.6911	6,539		
Village of Sunrise Beach	General Revenue	14,357,618	0.0000	0.0000		**	**	**			
Camden County Library	General Revenue	1,567,077,816	0.0922	0.0922		1,561,375,429	0.0933	0.0933	1,456,763		
Osage Beach Fire Protection Dist	General Revenue	464,229,281	0.5934	0.5934		464,727,945	0.5934	0.5934	2,757,696		
Sunrise Beach Fire Protection Dist	General Revenue	318,630,999	0.3505	0.3505		315,839,616	0.5082	0.5082	1,605,097	B	
	Debt Service	318,630,999	0.2201	0.2201		315,839,616	0.2320	0.1620	511,660		
Mid County Fire Protection District	General Revenue	286,178,832	0.2658	0.2651		285,714,418	0.2681	0.2653	758,000		
	Debt Service	286,178,832	0.2802	0.2500		285,714,418	0.2721	0.2500	714,286		
Northwest Fire Protection District	General Revenue	60,806,768	0.2605	0.2605		60,990,611	0.2624	0.2624	160,039		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Camden											
Southwest Camden Co Fire Prot Dist	General Revenue	24,293,381	0.3000	0.3000		24,006,717	0.3000	0.3000	72,020		
Tri-County Fire Protection District	General Revenue	17,345,858	0.3000	0.3000		17,737,253	0.3000	0.3000	53,212		
Camelot Sewer District	Debt Service	21,097,932	0.2360	0.2360		21,273,674	0.2340	0.2340	49,780		
Stoutland R-II School District	Operating Funds-Schools	23,068,515	3.4333	2.7500	F	23,410,495	3.4289	2.7500	643,789	F	
Camdenton R-III School District	Operating Funds-Schools	1,080,266,190	2.6700	2.6700	E	1,076,942,035	2.5600	2.5600	27,569,716	E	
	Debt Service	1,080,266,190	0.2974	0.2000		1,076,942,035	0.4903	0.3100	3,338,520		
Climax Springs R-IV School District	Operating Funds-Schools	86,772,606	2.7500	2.7500		87,256,033	2.7500	2.7500	2,399,541		
Macks Creek R-V School District	Operating Funds-Schools	30,186,739	3.3870	3.3870	E	30,471,271	3.3708	3.3708	1,027,126	E	
	Debt Service	30,186,739	0.5464	0.4695		30,471,271	0.5093	0.4695	143,063		
Camden County	General Revenue	1,567,077,816	0.2030	0.1100		1,561,375,429	0.2054	0.1100	1,717,513		
	Road & Bridge	1,567,077,816	0.1385	0.1100		1,561,375,429	0.1401	0.1100	1,717,513		
	Senate Bill 40	1,567,077,816	0.0553	0.0553		1,561,375,429	0.0559	0.0559	872,809		
	Senior Services	1,567,077,816	0.0441	0.0441		1,561,375,429	0.0446	0.0446	696,373		
Cape Girardeau											
Cape Special Road District	Road & Bridge	678,376,885	0.0000	0.0000		713,884,293	0.0000	0.0000	0		
City of Cape Girardeau	General Revenue	552,048,151	0.3027	0.3027		587,802,530	0.3027	0.3027	1,779,278		
	Health	552,048,151	0.0567	0.0567		587,802,530	0.0567	0.0567	333,284		
City of Delta	General Revenue	2,785,549	0.6662	0.6662		2,863,695	0.6662	0.6662	19,078		
Village of Gordonville	General Revenue	5,248,819	0.4443	0.4443		5,748,423	0.4443	0.4151	23,862		
City of Jackson	General Revenue	189,331,469	0.5842	0.5842		194,639,609	0.5842	0.5842	1,137,085		
	Parks & Recreation	189,331,469	0.1226	0.1226		194,639,609	0.1226	0.1226	238,628		
	Library	189,331,469	0.1226	0.1226		194,639,609	0.1226	0.1226	238,628		
	Band	189,331,469	0.0754	0.0754		194,639,609	0.0754	0.0754	146,758		
	Cemetery	189,331,469	0.0754	0.0754		194,639,609	0.0754	0.0754	146,758		
Village of Oak Ridge	General Revenue	1,366,242	0.3432	0.3432		1,383,262	0.3476	0.3450	4,772		
Village of Pocahontas	General Revenue	627,000	0.5426	0.5426		634,464	0.5426	0.5426	3,443		
Village of Whitewater	General Revenue	524,053	0.7526	0.7526		538,683	0.7522	0.7522	4,052		
Village of Old Appleton	General Revenue	696,928	0.3793	0.3793		751,675	0.3792	0.3792	2,850		
Town of Allenville	General Revenue	280,191	0.4754	0.4754		280,028	0.4757	0.4757	1,332		
Town of Dutchtown	General Revenue	552,555	0.3200	0.3200		636,237	0.3184	0.3184	2,026		
Cape Girardeau Public Library	General Revenue	475,918,131	0.1632	0.1632		508,136,527	0.1632	0.1632	829,279		
	General Revenue-Temp	475,918,131	0.1500	0.1500		508,136,527	0.1500	0.1500	762,205		2026
Cape Girardeau County Library	General Revenue	563,311,276	0.0798	0.0798		580,995,438	0.0798	0.0798	463,634		
East County Area Fire Prot District	General Revenue	88,982,693	0.2956	0.2956		89,375,443	0.2956	0.2956	264,194		
Delta Fire Protection District	General Revenue	14,595,778	0.2987	0.2987		15,311,741	0.2974	0.2974	45,537		
Fruitland Area Fire Protection Dist	General Revenue	86,184,712	0.2723	0.2700		88,779,476	0.2700	0.2700	239,705		
North Cape Co Rural Fire Prot Dist	General Revenue	26,164,845	0.2536	0.2500		26,219,400	0.2527	0.2500	65,548		
Gordonville Fire Protection Dist	General Revenue	74,741,895	0.2728	0.2728		76,770,084	0.2728	0.2728	209,429		
Millersville Fire Protection Dist	General Revenue	43,712,157	0.2879	0.2879		44,547,309	0.2897	0.2897	129,054		
Whitewater Fire Protection Dist	General Revenue	12,439,581	0.3890	0.3890		12,665,193	0.3890	0.3890	49,268		
Cape Girardeau Spec Business Dist	General Revenue	3,712,590	0.6734	0.6734		3,710,380	0.6738	0.6738	25,001		
Cape Girardeau County Public Health	General Revenue	1,118,332,960	0.0960	0.0960		1,165,240,779	0.0960	0.0960	1,118,631		
Jackson R-II School District	Operating Funds-Schools	402,112,964	3.4634	3.4634	E	415,725,612	3.4614	3.4614	14,389,926	E	
	Debt Service	402,112,964	0.4496	0.3366		415,725,612	0.5759	0.3386	1,407,647		
Delta R-V School District	Operating Funds-Schools	20,594,080	3.5000	3.5000	E	21,362,468	3.5000	3.5000	747,686	E	
	Debt Service	20,594,080	1.0942	0.6900		21,362,468	0.7413	0.6900	147,401		
Oak Ridge R-VI School District	Operating Funds-Schools	23,087,810	3.4444	2.9148	E	23,573,263	2.9153	2.9148	687,113	E	
	Debt Service	23,087,810	0.7810	0.7352		23,573,263	0.8791	0.7352	173,311		
Cape Girardeau 63 School District	Operating Funds-Schools	571,076,499	3.4896	3.4762	E	602,283,929	3.4767	3.4767	20,939,605	E	
	Debt Service	571,076,499	0.9238	0.6805		602,283,929	1.3401	0.6800	4,095,531		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied	2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Cape Girardeau									
Nell Holcomb R-IV School District	Operating Funds-Schools	51,343,069	3.6000	3.2676	51,193,234	3.6000	3.2996	1,689,172	
Cape Girardeau County	General Revenue	1,118,332,960	0.3360	0.0380	1,165,240,779	0.3360	0.0447	520,863	
	Road & Bridge	439,956,130	0.0000	0.0000	451,356,486	0.0000	0.0000	0	
	Mental Health	1,118,332,960	0.0772	0.0772	1,165,240,779	0.0772	0.0772	899,566	
	Senate Bill 40	1,118,332,960	0.0772	0.0772	1,165,240,779	0.0772	0.0772	899,566	
	Senior Services	1,118,332,960	0.0479	0.0478	1,165,240,779	0.0478	0.0478	556,985	
Carroll									
Carroll County Ambulance District	General Revenue	188,589,617	0.2740	0.2740	203,375,717	0.2723	0.2723	553,792	
Big Creek Watershed Sub Dist	General Revenue	17,276,766	0.3239	0.2500	17,114,280	0.2595	0.2595	44,412	
City of Bogard	General Revenue	940,236	1.0000	1.0000	957,101	1.0000	1.0000	9,571	
City of Bosworth	General Revenue	1,535,119	0.9344	0.9344	1,618,369	0.9344	0.9344	15,122	
Town of Carrollton	General Revenue	30,314,973	0.7342	0.7342	34,084,313	0.7342	0.7342	250,247	
	Parks & Recreation	30,314,973	0.2780	0.2780	34,084,313	0.2780	0.2780	94,754	
	Library	30,314,973	0.2893	0.2893	34,084,313	0.2893	0.2893	98,606	
City of De Witt	General Revenue	520,969	0.9411	0.9411	529,458	0.9863	0.9863	5,222	
City of Hale	General Revenue	2,473,562	0.3610	0.3610	2,640,199	0.3623	0.3623	9,565	
	Lights	2,473,562	0.2843	0.2843	2,640,199	0.2853	0.2853	7,532	
	Streets	2,473,562	0.1640	0.1640	2,640,199	0.1646	0.1646	4,346	
City of Norborne	General Revenue	5,886,338	0.7569	0.7569	6,338,905	0.7569	0.7569	47,979	
	Parks & Recreation	5,886,338	0.1839	0.1839	6,338,905	0.1839	0.1839	11,657	
	Library	5,886,338	0.1405	0.1405	6,338,905	0.1405	0.1405	8,906	
Village of Tina	General Revenue	940,958	1.0000	1.0000	969,004	1.0000	1.0000	9,690	
Carrollton Township of Carroll Co	General Revenue	44,712,497	0.0947	0.0947	50,851,124	0.0946	0.0946	48,105	
	Road & Bridge	44,712,497	0.3999	0.3999	50,851,124	0.3995	0.3995	203,150	
Cherry Valley Twsp of Carroll Co	General Revenue	1,189,807	0.1000	0.1000	1,170,856	0.1000	0.1000	1,171	
	Road & Bridge	1,189,807	0.5000	0.5000	1,170,856	0.5000	0.5000	5,854	
	Special Road and Bridge	1,189,807	0.3489	0.3489	**	**	**		2012
	Special Road and Bridge	**	**	**	1,170,856	0.3617	0.3617	4,235	A 2016
De Witt Township of Carroll Co	General Revenue	9,613,833	0.0863	0.0863	10,100,813	0.0856	0.0856	8,646	
	Road & Bridge	9,613,833	0.3922	0.3922	10,100,813	0.3891	0.3891	39,302	
	Special Road and Bridge	9,613,833	0.3019	0.3019	10,100,813	0.2995	0.2995	30,252	2013
Egypt Township of Carroll Co	General Revenue	12,440,304	0.0946	0.0946	13,414,034	0.0935	0.0935	12,542	
	Road & Bridge	12,440,304	0.3468	0.3468	13,414,034	0.3427	0.3427	45,970	
	Special Road and Bridge	**	**	**	13,414,034	0.3500	0.3500	46,949	A 2016
Eugene Township of Carroll Co	General Revenue	7,941,011	0.0999	0.0999	8,121,099	0.0999	0.0999	8,113	
	Road & Bridge	7,941,011	0.4994	0.4994	8,121,099	0.4994	0.4994	40,557	
	Special Road and Bridge	7,941,011	0.3496	0.3496	**	**	**		2012
	Special Road and Bridge	**	**	**	8,121,099	0.3501	0.3501	28,432	A 2016
Fairfield Township of Carroll Co	General Revenue	3,196,760	0.0827	0.0827	3,323,939	0.0824	0.0824	2,739	
	Road & Bridge	3,196,760	0.4037	0.4037	3,323,939	0.4020	0.4020	13,362	
	Special Road and Bridge	3,196,760	0.3514	0.3514	3,323,939	0.3500	0.3500	11,634	2013
Hill Township of Carroll Co	General Revenue	9,914,168	0.0639	0.0639	10,503,046	0.0633	0.0633	6,648	
	Road & Bridge	9,914,168	0.3197	0.3197	10,503,046	0.3165	0.3165	33,242	
	Special Road and Bridge	9,914,168	0.3284	0.3284	**	**	**		2012
	Special Road and Bridge	**	**	**	10,503,046	0.3500	0.3500	36,761	A 2016
Hurricane Township of Carroll Co	General Revenue	8,601,394	0.0900	0.0900	9,148,118	0.0900	0.0900	8,233	
	Road & Bridge	8,601,394	0.4001	0.4001	9,148,118	0.4001	0.4001	36,602	
	Special Road and Bridge	8,601,394	0.3462	0.3462	**	**	**		2012
	Special Road and Bridge	**	**	**	9,148,118	0.3525	0.3525	32,247	A 2016
Leslie Township of Carroll Co	General Revenue	7,515,271	0.0753	0.0753	8,204,518	0.0732	0.0732	6,006	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Carroll											
Leslie Township of Carroll Co	Road & Bridge	7,515,271	0.3601	0.3601		8,204,518	0.3500	0.3500	28,716		
	Special Road and Bridge	7,515,271	0.3204	0.3204		**	**	**			2012
	Special Road and Bridge	**	**	**		8,204,518	0.3500	0.3500	28,716	A	2016
Moss Creek Township of Carroll Co	General Revenue	7,393,217	0.0942	0.0942		7,785,956	0.0930	0.0930	7,241		
	Road & Bridge	7,393,217	0.4711	0.4711		7,785,956	0.4651	0.4651	36,212		
	Special Road and Bridge	7,393,217	0.2827	0.2827		7,785,956	0.2791	0.2791	21,731		2013
Prairie Township of Carroll Co	General Revenue	4,830,019	0.0793	0.0793		5,195,968	0.0776	0.0776	4,032		
	Road & Bridge	4,830,019	0.3766	0.3766		5,195,968	0.3686	0.3686	19,152		
	Special Road and Bridge	4,830,019	0.3276	0.3276		**	**	**			2012
	Special Road and Bridge	**	**	**		5,195,968	0.3500	0.3500	18,186	A	2016
Ridge Township of Carroll Co	General Revenue	13,156,095	0.0702	0.0702		13,993,076	0.0697	0.0697	9,753		
	Road & Bridge	13,156,095	0.3336	0.3336		13,993,076	0.3313	0.3313	46,359		
	Special Road and Bridge	13,156,095	0.3237	0.3237		**	**	**			2012
	Special Road and Bridge	**	**	**		13,993,076	0.3500	0.3500	48,976	A	2016
Rockford Township of Carroll Co	General Revenue	5,051,986	0.0681	0.0681		5,437,622	0.0668	0.0668	3,632		
	Road & Bridge	5,051,986	0.2874	0.2874		5,437,622	0.2820	0.2820	15,334		
	Special Road and Bridge	5,051,986	0.3209	0.3209		**	**	**			2012
	Special Road and Bridge	**	**	**		5,437,622	0.3500	0.3500	19,032	A	2016
Stokes Mound Township of Carroll Co	General Revenue	5,332,027	0.0975	0.0975		5,650,770	0.0975	0.0975	5,510		
	Road & Bridge	5,332,027	0.4872	0.4872		5,650,770	0.4872	0.4872	27,531		
	Special Road and Bridge	5,332,027	0.3413	0.3413		**	**	**			2012
	Special Road and Bridge	**	**	**		5,650,770	0.3532	0.3532	19,959	A	2016
Sugartree Township of Carroll Co	General Revenue	1,912,628	0.0864	0.0864		1,949,566	0.0864	0.0864	1,684		
	Road & Bridge	1,912,628	0.4317	0.4317		1,949,566	0.4317	0.4317	8,416		
	Special Road and Bridge	1,912,628	0.3022	0.3022		**	**	**			2012
	Special Road and Bridge	**	**	**		1,949,566	0.3500	0.3500	6,823	A	2016
Trotter Township of Carroll Co	General Revenue	4,906,451	0.0917	0.0917		5,011,567	0.0917	0.0917	4,596		
	Road & Bridge	4,906,451	0.4594	0.4594		5,011,567	0.4594	0.4594	23,023		
	Special Road and Bridge	4,906,451	0.3292	0.3292		5,011,567	0.3292	0.3292	16,498		2013
Van Horn Township of Carroll Co	General Revenue	14,907,301	0.0934	0.0934		15,988,336	0.0924	0.0924	14,773		
	Road & Bridge	14,907,301	0.4542	0.4542		15,988,336	0.4493	0.4493	71,836		
	Special Road and Bridge	14,907,301	0.3270	0.3270		**	**	**			2012
	Special Road and Bridge	**	**	**		15,988,336	0.3500	0.1000	15,988	A	2016
Wakenda Township of Carroll Co	General Revenue	8,261,426	0.0914	0.0914		8,840,174	0.0913	0.0913	8,071		
	Road & Bridge	8,261,426	0.4572	0.4572		8,840,174	0.4565	0.4565	40,355		
	Special Road and Bridge	8,261,426	0.3200	0.3200		8,840,174	0.3195	0.3195	28,244		2013
Washington Township of Carroll Co	General Revenue	9,669,215	0.0522	0.0522		10,128,669	0.0522	0.0522	5,287		
	Road & Bridge	9,669,215	0.2438	0.2438		10,128,669	0.2438	0.2438	24,694		
	Special Road and Bridge	9,669,215	0.3104	0.3104		**	**	**			2012
	Special Road and Bridge	**	**	**		10,128,669	0.3511	0.3511	35,562	A	2016
Combs Township of Carroll Co	General Revenue	8,044,199	0.0749	0.0749		8,556,479	0.0732	0.0732	6,263		
	Road & Bridge	8,044,199	0.3742	0.3742		8,556,479	0.3659	0.3659	31,308		
	Special Road and Bridge	8,044,199	0.2620	0.2620		**	**	**			2012
	Special Road and Bridge	**	**	**		8,556,479	0.3500	0.3500	29,948	A	2016
North Central Carroll Fire Prot Dis	General Revenue	33,371,169	0.2316	0.2316		35,668,232	0.2288	0.2288	81,609		
Carroll County Fire Protection Dist	General Revenue	66,546,723	0.2527	0.2527		71,778,590	0.2502	0.2502	179,590		
Norborne Fire Protection District	General Revenue	19,219,716	0.2971	0.2971		20,491,423	0.2951	0.2951	60,470		
Hale Fire Protection District	General Revenue	15,530,238	0.2939	0.2939		16,481,735	0.2939	0.2939	48,440		
Carroll County Health Department	General Revenue	188,589,617	0.0959	0.0959		203,375,717	0.0953	0.0953	193,817		
Hale R-I School District	Operating Funds-Schools	7,791,172	4.2533	4.2533	E	8,277,595	4.7565	4.7565	393,724	E	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Carroll											
Tina-Avalon R-II School District	Operating Funds-Schools	9,340,456	3.8624	3.7972	E	10,033,596	3.8079	3.7972	380,996	E	
Bosworth R-V School District	Operating Funds-Schools	7,518,715	4.0522	4.0522	E	8,306,133	4.0522	4.0522	336,581	E	
Carrollton R-VII School District	Operating Funds-Schools	58,824,520	3.5556	3.5556	E	65,577,708	3.6200	3.6200	2,373,913	E	
	Operating Funds-Temp	58,824,520	1.3407	1.3407		65,577,708	1.3407	1.3407	879,200		2026
Norborne R-VIII School District	Operating Funds-Schools	15,789,259	3.8000	3.8000	E	16,444,120	4.0734	4.0734	669,835	E	
	Debt Service	15,789,259	0.8261	0.5300		16,444,120	0.6546	0.5300	87,154		
Carroll County	General Revenue	188,589,617	0.3517	0.2599		203,375,717	0.3496	0.2708	550,741		
	Johnson Grass	188,589,617	0.0480	0.0100		203,375,717	0.0099	0.0099	20,134		
	Senate Bill 40	188,589,617	0.0959	0.0959		203,375,717	0.0953	0.0953	193,817		
Carter											
East Carter County Ambulance Dist	General Revenue	22,846,476	0.4000	0.4000		25,874,951	0.3694	0.3694	95,582		
West Carter County Ambulance Dist	General Revenue	28,452,282	0.4006	0.4006		26,572,681	0.4320	0.4320	114,794		
City of Grandin	General Revenue	792,451	0.9313	0.9313		625,670	1.0000	1.0000	6,257		
	Debt Service	**	**	**		625,670	0.0000	0.0000	0		
Carter County Library District	General Revenue	51,302,687	0.2000	0.2000		58,091,052	0.1833	0.1833	106,481		
Ellsinore Rural Fire Prot Dist	General Revenue	12,924,151	0.1500	0.1500		14,718,403	0.1357	0.1357	19,973		
Eastwood Fire Protection District	General Revenue	2,215,302	0.2380	0.2380		2,185,642	0.2434	0.2434	5,320		
Fremont Fire Protection District	General Revenue	2,249,006	0.3403	0.3403		2,401,972	0.3267	0.3267	7,847		
Ellsinore Hwy 60 CID	General Revenue	124,450	1.0000	1.0000		137,990	1.0000	0.0000	0		2040
Carter County Health Center	General Revenue	51,302,687	0.2500	0.2500		58,091,052	0.2291	0.2291	133,087		
East Carter Co R-II School District	Operating Funds-Schools	29,000,692	2.7500	2.7500	E	32,208,212	2.7500	2.7500	885,726	E	
Van Buren R-I School District	Operating Funds-Schools	29,407,484	1.9024	1.9024	E	33,311,808	1.7342	1.7342	577,693	E	
	Operating Funds-Temp	29,407,484	1.5783	1.5276		33,311,808	1.3963	1.3963	465,133		2015
Carter County	General Revenue	51,302,687	0.3308	0.0848		58,091,052	0.3031	0.0749	43,510		
	Road & Bridge	51,302,687	0.2404	0.2404		58,091,052	0.2203	0.2203	127,975		
	Senate Bill 40	51,302,687	0.0854	0.0854		58,091,052	0.0782	0.0782	45,427		
	Senior Services	51,302,687	0.0300	0.0300		58,091,052	0.0275	0.0275	15,975		
Cass											
Cass Medical Center	General Revenue	1,340,576,635	0.1357	0.1357		1,365,275,117	0.1360	0.1360	1,856,774		
Mt Pleasant Spec Rd Dist Cass Co	Road & Bridge	248,705,046	0.2000	0.2000		253,228,540	0.2000	0.2000	506,457		
City of Archie	General Revenue	10,451,390	0.6495	0.6495		10,584,991	0.6575	0.6575	69,596		
City of Belton	General Revenue	223,872,417	0.5455	0.5455		229,019,069	0.5455	0.5455	1,249,299		
	Parks & Recreation	223,872,417	0.2427	0.2427		229,019,069	0.2427	0.2427	555,829		
	Debt Service	223,872,417	1.7850	1.1053		229,019,069	1.4308	1.1160	2,555,853		
City of Cleveland	General Revenue	8,415,260	0.4881	0.4881		8,647,865	0.4884	0.4884	42,236		
City of Creighton	General Revenue	1,989,318	0.9289	0.9289		1,992,707	0.9437	0.9437	18,805		
City of Drexel	General Revenue	9,145,595	0.6606	0.6606		9,474,352	0.6606	0.6606	62,588		
City of East Lynne	General Revenue	2,504,349	0.9700	0.9700		2,364,931	0.9700	0.9700	22,940		
	Debt Service	2,504,349	1.8820	1.8820		2,364,931	2.0897	2.0897	49,420		
City of Freeman	General Revenue	4,039,601	0.5812	0.5812		4,189,973	0.5812	0.5812	24,352		
City of Garden City	General Revenue	13,352,204	0.4274	0.4144		13,236,216	0.4290	0.4290	56,783		
City of Harrisonville	General Revenue	117,937,341	0.5585	0.5585		117,235,056	0.5658	0.5658	663,316		
	Parks & Recreation	117,937,341	0.1264	0.1264		117,235,056	0.1280	0.1280	150,061		
City of Lake Winnebago	General Revenue	32,508,028	0.9473	0.9473		32,768,740	0.9500	0.9500	311,303		
	Debt Service	32,508,028	0.5867	0.5644		32,768,740	0.5886	0.5886	192,877		
City of Peculiar	General Revenue	54,424,387	0.4467	0.4467		54,170,721	0.4556	0.4556	246,802		
	Debt Service	54,424,387	0.2627	0.2627		54,170,721	0.4070	0.4070	220,475		
City of Pleasant Hill	General Revenue	95,384,288	0.3603	0.3603		95,947,445	0.3667	0.3667	351,839		
	Parks & Recreation	95,384,288	0.0721	0.0721		95,947,445	0.0734	0.0734	70,425		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Cass											
City of Pleasant Hill	Health	95,384,288	0.0721	0.0721		95,947,445	0.0734	0.0734	70,425		
	Road	95,384,288	0.1351	0.1351		95,947,445	0.1375	0.1375	131,928		
	Debt Service	95,384,288	1.4789	0.2234		95,947,445	1.5160	0.3434	329,484		
City of Raymore	General Revenue	268,321,175	0.4685	0.4647		269,391,874	0.4790	0.4647	1,251,864		
	Parks & Recreation	268,321,175	0.1261	0.1251		269,391,874	0.1289	0.1251	337,009		
	Debt Service	268,321,175	1.5498	0.7170		269,391,874	0.9728	0.7170	1,931,540		
City of Strasburg	General Revenue	984,141	1.0000	1.0000		1,027,175	0.9997	0.9997	10,269		
Village of West Line	General Revenue	1,102,719	0.5875	0.5875		1,112,081	0.5894	0.5894	6,555		
Village of Baldwin Park	General Revenue	533,916	0.4953	0.4953		580,149	0.5000	0.5000	2,901		
City of Lake Annette	General Revenue	568,642	0.2000	0.2000		577,479	0.2000	0.2000	1,155		
	Debt Service	568,642	2.1186	2.1186		577,479	0.9309	0.9309	5,376		
Village of Riverview Estates	General Revenue	1,109,959	0.5000	0.5000		1,099,019	0.5000	0.5000	5,495		
Cass County Public Library	General Revenue	1,340,576,635	0.1500	0.1500		1,365,275,117	0.1500	0.1500	2,047,913		
Central Cass County Fire Prot Dist	General Revenue	108,764,211	0.2560	0.2560		109,106,018	0.2583	0.2583	281,821		
	Ambulance	108,764,211	0.2503	0.2503		109,106,018	0.2503	0.2503	273,092		
	Debt Service	108,764,211	0.1981	0.1500		109,106,018	0.2367	0.1500	163,659		
Garden City Fire District	General Revenue	37,595,184	0.2200	0.2200		38,564,600	0.2200	0.2200	84,842		
	Ambulance	37,595,184	0.3000	0.3000		38,564,600	0.3000	0.3000	115,694		
South Metropolitan Fire Prot Dist	General Revenue	351,700,823	0.5579	0.4815		353,957,880	0.5677	0.4895	1,732,624		
	Ambulance	351,700,823	0.4370	0.3771		353,957,880	0.4447	0.3834	1,357,075		
	Dispatch	351,700,823	0.0465	0.0401		353,957,880	0.0473	0.0408	144,415		
	Debt Service	351,700,823	0.2620	0.1788		353,957,880	0.2552	0.1788	632,877		
West Peculiar Fire Protection Dist	General Revenue	103,889,945	0.7361	0.7361		104,900,740	0.7432	0.7432	779,622		
	Ambulance	103,889,945	0.3000	0.3000		104,900,740	0.3000	0.3000	314,702		
	Dispatch	103,889,945	0.0500	0.0500		104,900,740	0.0500	0.0500	52,450		
	Debt Service	103,889,945	0.4018	0.2400		104,900,740	0.3092	0.3092	324,353		
Creighton Fire Protection Dist	General Revenue	9,169,332	0.2606	0.2606		9,427,390	0.2606	0.2606	24,568		
Western Cass Fire Protection Dist	General Revenue	37,734,113	0.3888	0.3888		38,681,424	0.3888	0.3888	150,393		
	Dispatch	37,734,113	0.0458	0.0458		38,681,424	0.0458	0.0458	17,716		
Dolan & West Dolan Fire Prot Dist	General Revenue	32,321,517	0.2876	0.2876		33,809,106	0.2855	0.2855	96,525		
East Lynne-Gunn City Fire Prot Dist	General Revenue	19,279,328	0.3000	0.3000		19,570,799	0.3000	0.3000	58,712		
Mount Pleasant Fire Protection Dist	General Revenue	75,325,087	0.2450	0.2450		79,572,464	0.2407	0.2407	191,531		
Pleasant Hill Fire Protection Dist	General Revenue	160,212,757	0.4500	0.4500		164,895,493	0.4500	0.4500	742,030		
	Ambulance	160,212,757	0.3000	0.3000		164,895,493	0.3000	0.3000	494,686		
Dikeland Sewer District	General Revenue	1,004,408	0.0000	0.0000		986,532	0.0000	0.0000	0		
Hubach Hill Rd/North Cass Pkwy CID	General Revenue	9,250	0.6000	0.6000		9,250	0.6000	0.6000	56		2040
Cass Co R-V School District	Operating Funds-Schools	30,936,580	3.8752	3.8752	E	31,529,462	3.9221	3.9221	1,236,617	E	
	Debt Service	30,936,580	1.5364	0.6000		31,529,462	1.6602	0.6200	195,483		
Strasburg C-3 School District	Operating Funds-Schools	11,394,709	4.3500	4.3500	E	11,361,062	4.3500	4.3500	494,206	E	
	Debt Service	11,394,709	1.8016	1.1200		11,361,062	1.8192	1.1200	127,244		
Raymore-Peculiar R-II School Dist	Operating Funds-Schools	463,171,516	3.7500	3.7500	E	464,386,168	3.7500	3.7500	17,414,481	E	
	Debt Service	463,171,516	2.2906	1.2897		464,386,168	2.4381	1.2897	5,989,188		
Sherwood Cass R-VIII School Dist	Operating Funds-Schools	49,308,685	3.2851	3.2851	E	49,787,914	3.3195	3.3195	1,652,710	E	
	Debt Service	49,308,685	1.8849	1.0000		49,787,914	1.7410	1.0000	497,879		
East Lynne 40 School District	Operating Funds-Schools	15,441,739	4.5720	3.9738		15,309,219	4.6869	4.0928	626,576		
Pleasant Hill R-III School District	Operating Funds-Schools	138,373,564	3.8767	3.8767	E	139,110,972	3.9179	3.9179	5,450,229	E	
	Debt Service	138,373,564	1.2720	0.8578		139,110,972	0.9529	0.8166	1,135,980		
Harrisonville R-IX School District	Operating Funds-Schools	182,043,255	4.2072	4.2072	E	180,761,203	4.2072	4.2072	7,604,985	E	
	Debt Service	182,043,255	1.2879	0.8700		180,761,203	1.7151	0.8700	1,572,622		
Drexel R-IV School District	Operating Funds-Schools	20,828,688	4.5209	4.5209	E	18,244,337	4.5331	4.5331	827,034	E	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Cass											
Drexel R-IV School District	Debt Service	20,828,688	1.1326	0.9672		18,244,337	1.0477	0.9672	176,459		
Midway R-I School District	Operating Funds-Schools	41,150,187	5.1289	5.1289	E	41,500,139	5.1885	5.1885	2,153,235	E	
	Debt Service	41,150,187	1.0396	0.6700		41,500,139	0.8550	0.6700	278,051		
Belton 124 School District	Operating Funds-Schools	297,333,544	4.1559	4.1559	E	305,080,014	4.1409	4.1409	12,633,058	E	
	Debt Service	297,333,544	1.9306	1.3000		305,080,014	2.1464	1.3600	4,149,088		
Cass County	Road & Bridge	1,091,871,589	0.2525	0.2300		1,112,046,578	0.2305	0.2300	2,557,707		
	Senate Bill 40	1,340,576,635	0.0500	0.0500		1,365,275,117	0.0500	0.0500	682,638		
	Debt Service	1,340,576,635	0.1725	0.0000		**	**	**			
Cedar											
Cedar County Memorial Hospital	General Revenue	157,525,420	0.1497	0.1497		162,356,264	0.1497	0.1497	243,047		
Bear Creek Spec Rd Dist Cedar Co	Special Road and Bridge	5,418,055	0.3565	0.3565		5,831,084	0.3565	0.3565	20,788		2014
Bethel Special Road Dist Cedar Co	Special Road and Bridge	1,044,023	0.3567	0.3567		1,046,569	0.3567	0.3567	3,733		2014
Caplinger Mills Sp Rd Dist Cedar Co	Special Road and Bridge	2,972,426	0.3508	0.3508		3,058,595	0.3508	0.3508	10,730		2014
Cedar Hall Spec Rd Dist Cedar Co	Special Road and Bridge	1,398,047	0.2915	0.2915		1,314,182	0.3120	0.3120	4,100		2014
Eldorado Spgs Spec Rd Dist Cedar Co	Special Road and Bridge	47,049,408	0.3567	0.3567		48,863,429	0.3567	0.3567	174,296		2014
Independence Sp Rd Dist Cedar Co	Special Road and Bridge	1,036,407	0.3500	0.3500		1,061,927	0.3500	0.3500	3,717		2014
Jerico Springs Sp Rd Dist Cedar Co	Special Road and Bridge	875,012	0.3500	0.3500		879,786	0.3500	0.3500	3,079		2013
Koncord Spec Rd Dist Cedar Co	Special Road and Bridge	4,234,100	0.4332	0.4332		4,231,127	0.4332	0.4332	18,329		2014
Madison Spec Rd Dist Cedar Co	Special Road and Bridge	1,894,331	0.3557	0.3557		1,922,703	0.3557	0.3557	6,839		2014
Masters Spec Rd Dist Cedar Co	Special Road and Bridge	1,968,339	0.3537	0.3537		2,006,002	0.3537	0.3537	7,095		2014
Omer Special Road Dist Cedar Co	Special Road and Bridge	938,172	0.3499	0.3499		**	**	**			2012
	Special Road and Bridge	**	**	**		966,413	0.3597	0.3597	3,476	A	2016
Rowland Special Road Dist Cedar Co	Special Road and Bridge	5,877,533	0.3563	0.3563		6,009,442	0.3563	0.3563	21,412		2014
Dogwood Special Road District	Special Road and Bridge	845,277	0.3625	0.3625	A	796,678	0.3625	0.3625	2,888		2015
City of El Dorado Springs	General Revenue	31,077,215	0.5642	0.5642		32,387,380	0.5642	0.5642	182,730		
	Band	31,077,215	0.1358	0.1358		32,387,380	0.1358	0.1358	43,982		
	Park	31,077,215	0.2089	0.2089		32,387,380	0.2089	0.2089	67,657		
	Recreation	31,077,215	0.1000	0.1000		32,387,380	0.1000	0.1000	32,387		
Village of Jerico Springs	General Revenue	818,367	0.5000	0.5000		824,340	0.5000	0.5000	4,122		
City of Stockton	General Revenue	23,838,647	0.4320	0.4235		24,299,175	0.4320	0.4320	104,972		
Village of Umber View Heights	General Revenue	778,714	0.2255	0.2255		735,065	0.2389	0.2389	1,756		
Cedar County Library District	General Revenue	157,525,420	0.0798	0.0798		162,356,264	0.0798	0.0798	129,560		
Cedar County Chapel Hills FPD	General Revenue	21,333,253	0.2000	0.2000		21,424,402	0.2000	0.2000	42,849		
Korth Special Road Subdistrict	Special Road and Bridge	2,769,377	0.3577	0.3577		2,819,034	0.3577	0.3577	10,084		2014
Stockton R-I School District	Operating Funds-Schools	85,873,720	3.6400	2.8622	E	87,556,277	2.8643	2.8643	2,507,874	E	
	Debt Service	85,873,720	1.0172	0.7463		87,556,277	1.0407	0.7463	653,432		
El Dorado Springs R-II School Dist	Operating Funds-Schools	81,652,998	3.1910	3.1855	E	84,642,540	3.1861	3.1861	2,696,796	E	
	Debt Service	81,652,998	0.5278	0.4900		84,642,540	0.5368	0.5368	454,361		
Cedar County	General Revenue	157,525,420	0.3193	0.1488		162,356,264	0.3193	0.1588	257,822		
	Road & Bridge	157,525,420	0.2394	0.2394		162,356,264	0.2394	0.2394	388,681		
	Senior Services	157,525,420	0.0496	0.0496		162,356,264	0.0496	0.0496	80,529		
Chariton											
Chariton County Ambulance	General Revenue	179,893,880	0.2600	0.2600		187,274,114	0.2582	0.2582	483,542		
City of Brunswick	General Revenue	6,465,999	0.9043	0.9043		6,632,145	0.9045	0.9045	59,988		
Village of Dalton	General Revenue	491,113	0.4688	0.4688		500,894	0.4674	0.4674	2,341		
City of Keytesville	General Revenue	2,755,765	0.8972	0.8972		2,726,278	0.9094	0.9094	24,793		
	Parks & Recreation	2,755,765	0.2000	0.2000		2,726,278	0.2000	0.2000	5,453		
City of Mendon	General Revenue	1,324,215	0.9341	0.9341		1,331,345	0.9738	0.9738	12,965		
Village of Rothville	General Revenue	272,962	1.0000	1.0000		276,829	1.0000	1.0000	2,768		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied	2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Chariton										
City of Salisbury	General Revenue	14,482,161	0.7360	0.7360	14,554,054	0.7372	0.7372	107,292		
	Parks & Recreation	14,482,161	0.1763	0.1763	14,554,054	0.1766	0.1766	25,702		
	Library	14,482,161	0.1000	0.1000	14,554,054	0.1000	0.1000	14,554		
	Museum	14,482,161	0.1349	0.1349	14,554,054	0.1351	0.1351	19,663		
City of Sumner	General Revenue	843,652	0.9820	0.9820	846,032	0.9984	0.9984	8,447		
	Streets	843,652	0.2455	0.2455	**	**	**			2012
	Streets	**	**	**	846,032	0.2585	0.2585	2,187	A	2015
City of Triplett	General Revenue	308,101	1.0000	1.0000	297,857	1.0000	1.0000	2,979		
Bee Branch Township of Chariton Co	Road & Bridge	4,119,232	0.5000	0.5000	4,222,239	0.5000	0.5000	21,111		
	Special Road and Bridge	4,119,232	0.3571	0.3571	4,222,239	0.3571	0.3571	15,078		2014
Bowling Green Township, Chariton Co	Road & Bridge	6,232,975	0.3029	0.3029	6,578,906	0.2930	0.2930	19,276		
	Special Road and Bridge	6,232,975	0.3265	0.3265	6,578,906	0.3159	0.3159	20,783		2014
Brunswick Township of Chariton Co	Road & Bridge	27,476,422	0.4832	0.4832	28,542,410	0.4832	0.4832	137,917		
	Special Road and Bridge	27,476,422	0.2416	0.2416	**	**	**			2012
	Special Road and Bridge	**	**	**	28,542,410	0.2416	0.2416	68,958	A	2016
Chariton Township of Chariton Co	Road & Bridge	8,228,090	0.2786	0.2786	8,453,582	0.2786	0.2786	23,552		
	Special Road and Bridge	8,228,090	0.1701	0.1701	**	**	**			2012
	Special Road and Bridge	**	**	**	8,453,582	0.1703	0.1703	14,396	A	2016
Clark Township of Chariton Co	Road & Bridge	6,271,535	0.5000	0.5000	6,437,467	0.5000	0.5000	32,187		
	Special Road and Bridge	6,271,535	0.3500	0.3500	6,437,467	0.3500	0.3500	22,531		2013
Cockrell Township of Chariton Co	Road & Bridge	3,663,460	0.4654	0.4654	3,730,168	0.4682	0.4682	17,465		
	Special Road and Bridge	3,663,460	0.3462	0.3462	3,730,168	0.3462	0.3462	12,914		2014
Cunningham Township of Chariton Co	Road & Bridge	7,203,576	0.4516	0.4516	7,655,417	0.4437	0.4437	33,967		
	Special Road and Bridge	7,203,576	0.2670	0.2670	**	**	**			2012
	Special Road and Bridge	**	**	**	7,655,417	0.2670	0.2670	20,440	A	2016
Keytesville Township of Chariton Co	Road & Bridge	22,649,456	0.3774	0.3774	23,491,360	0.3727	0.3727	87,552		
	Special Road and Bridge	22,649,456	0.3196	0.3196	23,491,360	0.3156	0.3156	74,139		2014
Mendon Township of Chariton Co	Road & Bridge	7,801,287	0.4406	0.4406	8,382,089	0.4274	0.4274	35,825		
	Special Road and Bridge	7,801,287	0.3084	0.3084	**	**	**			2012
	Special Road and Bridge	**	**	**	8,382,089	0.3500	0.3500	29,337	A	2016
Musselfork Township of Chariton Co	Road & Bridge	6,387,135	0.3406	0.3406	6,527,367	0.3406	0.3406	22,232		
	Special Road and Bridge	6,387,135	0.2250	0.2250	**	**	**			2012
	Special Road and Bridge	**	**	**	6,527,367	0.2279	0.2279	14,876	A	2016
Salisbury Township of Chariton Co	Road & Bridge	48,629,005	0.5000	0.5000	50,581,090	0.4975	0.4975	251,641		
	Special Road and Bridge	48,629,005	0.1495	0.0800	50,581,090	0.0796	0.0796	40,263		2014
Salt Creek Township of Chariton Co	Road & Bridge	4,737,569	0.3947	0.3947	4,951,211	0.3877	0.3877	19,196		
	Special Road and Bridge	4,737,569	0.2528	0.2528	**	**	**			2012
	Special Road and Bridge	**	**	**	4,951,211	0.2528	0.2528	12,517	A	2016
Triplett Township of Chariton Co	Road & Bridge	15,073,344	0.4516	0.4516	15,809,439	0.4462	0.4462	70,542		
	Special Road and Bridge	15,073,344	0.3091	0.3091	**	**	**			2012
	Special Road and Bridge	**	**	**	15,809,439	0.3091	0.3091	48,867	A	2016
Wayland Township of Chariton Co	Road & Bridge	4,059,869	0.4817	0.4817	4,064,809	0.4826	0.4826	19,617		
	Special Road and Bridge	4,059,869	0.1926	0.1926	**	**	**			2012
	Special Road and Bridge	**	**	**	4,064,809	0.2242	0.2242	9,113	A	2016
Yellow Creek Township, Chariton Co	Road & Bridge	7,276,881	0.4617	0.4617	7,785,541	0.4494	0.4494	34,988		
	Special Road and Bridge	7,276,881	0.3484	0.3484	7,785,541	0.3391	0.3391	26,401		2014
Keytesville Fire Protection Dist	General Revenue	28,365,182	0.1917	0.1917	29,475,061	0.1888	0.1888	55,649		
Mendon Fire Protection District	General Revenue	15,238,387	0.1914	0.1914	16,255,068	0.1859	0.1859	30,218		
Sumner Community Fire Prot Dist	General Revenue	6,355,680	0.2708	0.2708	6,778,536	0.2657	0.2657	18,011		
Yellow Creek Fire Protection Dist	General Revenue	5,930,030	0.2778	0.2778	6,281,193	0.2707	0.2707	17,003		

APPENDIX VII
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Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Chariton										
Chariton County Health Center	General Revenue	179,893,880	0.1000	0.1000		187,274,114	0.0993	0.0993	185,963	
Northwestern R-I School District	Operating Funds-Schools	15,553,992	4.7610	4.7610	E	16,036,890	3.9509	3.9509	633,601	E
Brunswick R-II School District	Operating Funds-Schools	18,800,960	3.7500	3.6500	E	19,460,141	3.6616	3.6000	700,565	E
	Debt Service	18,800,960	0.4225	0.3900		19,460,141	0.6985	0.3900	75,895	
Keytesville R-III School District	Operating Funds-Schools	14,666,488	4.2455	4.0500	E	14,940,827	4.0556	4.0500	605,103	E
Salisbury R-IV School District	Operating Funds-Schools	44,528,576	5.0826	4.4697	E	45,987,428	4.4707	4.4697	2,055,500	E
Chariton County	General Revenue	179,893,880	0.4000	0.3150		187,274,114	0.3973	0.3150	589,913	
	Senate Bill 40	179,893,880	0.1000	0.1000		187,274,114	0.0993	0.0993	185,963	
	Township	179,893,880	0.1000	0.1000		187,274,114	0.0993	0.0993	185,963	
Christian										
Christian County Ambulance District	General Revenue	912,702,602	0.1324	0.1324		953,414,058	0.1324	0.1324	1,262,320	
Billings Spec Rd Dist Christian Co	Road & Bridge	45,231,749	0.2285	0.2285		48,193,702	0.2285	0.2285	110,123	
	Special Road and Bridge	45,231,749	0.1827	0.1625		48,193,702	0.1625	0.1625	78,315	2013
Garrison Spec Rd Dist Christian Co	Road & Bridge	1,597,298	0.2409	0.2409		1,598,319	0.2424	0.2424	3,874	
Ozark Special Rd Dist Christian Co.	Road & Bridge	340,763,232	0.1488	0.1488		356,782,402	0.1488	0.1488	530,892	
Selmore Spec Rd Dist Christian Co	Road & Bridge	16,595,054	0.1785	0.1785		17,696,379	0.1772	0.1772	31,358	
South Sparta Road Dist Christian Co	Road & Bridge	9,652,138	0.1743	0.1743		10,435,976	0.1690	0.1690	17,637	
Stoneshire Sp Rd Dist Christian Co	Road & Bridge	2,938,791	0.1498	0.1498		3,132,631	0.1474	0.1474	4,617	
City of Billings	General Revenue	8,386,620	0.5779	0.5779		9,061,295	0.5779	0.5779	52,365	
	Parks & Recreation	8,386,620	0.1679	0.1679		9,061,295	0.1679	0.1679	15,214	
City of Clever	General Revenue	20,504,707	0.6229	0.6229		21,685,213	0.6229	0.6229	135,077	
City of Nixa	General Revenue	200,996,529	0.3316	0.3316		209,173,033	0.3316	0.3316	693,618	
City of Ozark	General Revenue	195,679,551	0.2355	0.2355		203,014,529	0.2355	0.2355	478,099	
	Parks & Recreation	195,679,551	0.0589	0.0589		203,014,529	0.0589	0.0589	119,576	
City of Sparta	General Revenue	14,552,247	0.3748	0.3748		15,303,019	0.3732	0.3732	57,111	
City of Fremont Hills	General Revenue	20,843,654	0.6251	0.6251		21,740,907	0.6268	0.6268	136,272	
	Debt Service	20,843,654	0.1622	0.1622		21,740,907	0.1113	0.1113	24,198	
Village of Saddlebrooke	General Revenue	11,103,595	0.7429	0.7429	A	10,176,060	0.7429	0.7429	75,598	
Christian County Library District	General Revenue	1,009,082,706	0.0887	0.0887		1,054,563,512	0.0887	0.0887	935,398	
Ozark Fire Protection Dist	General Revenue	409,977,520	0.3888	0.3888		429,937,676	0.3888	0.3888	1,671,598	
	Fire	**	**	**		429,937,676	0.2510	0.2510	1,079,144	A
Nixa Fire Protection District	General Revenue	382,117,455	0.6549	0.6549		398,333,384	0.6549	0.6549	2,608,685	
Billings Fire Protection District	General Revenue	51,358,959	0.4020	0.4020		54,317,443	0.4020	0.4020	218,356	
Clever Fire Protection District	General Revenue	59,471,439	0.3914	0.3914		62,858,806	0.3914	0.3914	246,029	
Highlandville Fire Protection Dist	General Revenue	72,229,356	0.3869	0.3869		73,335,860	0.3916	0.3916	287,183	
Sparta Fire Protection District	General Revenue	37,242,148	0.2835	0.2835		39,482,127	0.2826	0.2826	111,576	
Chadwick Rural Fire Protection Dist	General Revenue	9,183,918	0.3000	0.3000		9,267,289	0.3000	0.3000	27,802	
Christian County Health Department	General Revenue	1,009,082,706	0.0444	0.0444		1,054,563,512	0.0444	0.0444	468,226	
Chadwick R-I School District	Operating Funds-Schools	10,768,264	3.6500	3.6500	E	11,318,182	3.6352	3.6352	411,439	E
	Debt Service	10,768,264	1.0533	1.0497		11,318,182	1.0497	1.0497	118,807	
Nixa Public School	Operating Funds-Schools	387,462,390	3.2434	3.2434	E	403,632,968	3.2434	3.2434	13,091,432	E
	Debt Service	387,462,390	1.6912	1.0666		403,632,968	1.4183	1.0666	4,305,149	
Sparta R-III School District	Operating Funds-Schools	36,606,067	3.4149	3.4093	E	38,426,717	3.4149	3.4149	1,312,234	E
	Debt Service	36,606,067	1.0310	0.6907		38,426,717	1.0612	0.6851	263,261	
Billings R-IV School District	Operating Funds-Schools	30,215,328	3.2237	3.2237	E	31,823,196	3.2297	3.2297	1,027,794	E
	Debt Service	30,215,328	0.9857	0.8229		31,823,196	0.8707	0.8319	264,737	
Clever R-V School District	Operating Funds-Schools	58,612,769	3.6211	3.6211	E	62,188,940	3.6258	3.6258	2,254,847	E
	Debt Service	58,612,769	1.2695	0.8797		62,188,940	0.9741	0.8750	544,153	
Ozark R-VI School District	Operating Funds-Schools	386,506,544	3.2851	3.2851	E	404,151,386	3.2864	3.2846	13,274,756	E
	Debt Service	386,506,544	1.3442	0.8549		404,151,386	1.1022	0.8554	3,457,111	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Christian											
Spokane R-VII School District	Operating Funds-Schools	58,544,126	3.3204	3.3169	E	58,566,851	3.4249	3.4249	2,005,856	E	
	Debt Service	58,544,126	1.3341	0.8926		58,566,851	1.4937	0.7846	459,516		
Christian County	General Revenue	1,009,082,706	0.2266	0.0000		1,054,563,512	0.2266	0.0000	0		
	Senate Bill 40	1,009,082,706	0.0799	0.0799		1,054,563,512	0.0799	0.0799	842,596		
	Senior Services	1,009,082,706	0.0500	0.0500		1,054,563,512	0.0500	0.0500	527,282		
	Common 1 Road & Bridge	101,684,999	0.2074	0.0000		106,384,515	0.2074	0.0000	0		
	Common 2 Road & Bridge	208,203,555	0.0846	0.0000		216,289,385	0.0846	0.0000	0		
Clark											
Clark County Ambulance District	General Revenue	95,810,348	0.2891	0.2891		98,952,586	0.2891	0.2891	286,072		
Clark County Nursing Home District	General Revenue	95,810,348	0.1156	0.1156		98,952,586	0.1156	0.1156	114,389		
Wayland Special Rd Dist Clark Co	Road & Bridge	12,656,256	0.3500	0.3500		12,855,405	0.3500	0.3500	44,994		
City of Alexandria	General Revenue	1,404,498	0.8992	0.8992		1,427,107	0.9117	0.9117	13,011		
City of Kahoka	General Revenue	16,702,100	0.7116	0.7116		17,033,937	0.7116	0.7116	121,213		
	Parks & Recreation	16,702,100	0.1375	0.1375		17,033,937	0.1375	0.1375	23,422		
	Library	16,702,100	0.2200	0.2200		17,033,937	0.2200	0.2200	37,475		
Village of Luray	General Revenue	293,440	0.6000	0.6000		306,236	0.6000	0.6000	1,837		
City of Wayland	General Revenue	3,749,250	0.7500	0.7500		3,701,146	0.7500	0.7500	27,759		
	Streets	3,749,250	0.2500	0.2500		3,701,146	0.2500	0.2500	9,253		
City of Wyaconda	General Revenue	1,515,937	0.9519	0.9519		1,676,011	0.9519	0.9519	15,954		
City of Revere	General Revenue	594,530	0.9788	0.9788		630,044	0.9765	0.9765	6,152		
Clark County Library	General Revenue	79,108,248	0.0976	0.0976		82,013,297	0.0976	0.0976	80,045		
Alexandria Fire Protection Dist	General Revenue	8,488,800	0.2660	0.2660		8,975,295	0.2618	0.2618	23,497		
Clark County Health Department	General Revenue	95,810,348	0.0964	0.0964		98,952,586	0.0964	0.0964	95,390		
Luray 33 School District	Operating Funds-Schools	4,455,025	4.1743	4.1743	E	4,565,865	4.2436	4.2436	193,757	E	
Clark Co. R-I School District	Operating Funds-Schools	75,862,366	2.8695	2.7500	F	76,993,841	3.0036	2.7500	2,117,331	F	
	Debt Service	75,862,366	1.3406	0.7500		76,993,841	1.1384	0.7500	577,454		
Clark County	General Revenue	95,810,348	0.4492	0.3292		98,952,586	0.4492	0.3092	305,961		
	Road & Bridge	83,143,841	0.3307	0.3307		86,097,179	0.3307	0.3307	284,723		
	Special Road & Bridge	83,143,841	0.3490	0.3490		**	**	**			2012
	Special Road and Bridge	**	**	**		86,097,179	0.3512	0.3512	302,373	A	2016
Clay											
Eastern Clay County Ambulance Dist	General Revenue	33,443,922	0.2825	0.2825		34,563,373	0.2813	0.2813	97,227		
New Liberty Hospital District	General Revenue	872,216,323	0.1500	0.1500		866,517,913	0.1500	0.1500	1,299,777		
City of Avondale	General Revenue	3,959,319	0.4598	0.4598		3,876,232	0.4697	0.4697	18,207		
	Debt Service	3,959,319	1.0118	1.0118		3,876,232	0.9588	0.9588	37,165		
Village of Birmingham	General Revenue	2,700,502	0.3255	0.3255		2,723,449	0.3255	0.3255	8,865		
Village of Claycomo	General Revenue	51,912,314	0.3300	0.3300		44,273,722	0.3300	0.3300	146,103		
	Debt Service	51,912,314	0.0154	0.0154		**	**	**			
City of Excelsior Springs	General Revenue	140,853,032	0.6178	0.6178		138,969,178	0.6417	0.6417	891,765		
	Hospital	137,343,972	0.1737	0.1737		135,460,118	0.1806	0.1806	244,641		
	Parks	137,343,972	0.1737	0.1737		135,460,118	0.1806	0.1806	244,641		
	Recreation	137,343,972	0.1737	0.1737		135,460,118	0.1806	0.1806	244,641		
City of Glenaire	General Revenue	6,231,868	0.6257	0.6257		6,115,077	0.6407	0.6407	39,179		
City of Holt	General Revenue	4,998,705	0.4590	0.4590		4,888,574	0.4791	0.4758	23,260		
City of Kearney	General Revenue	135,753,659	0.6025	0.5800		137,117,957	0.5945	0.5800	795,284		
	Debt Service	135,753,659	0.0576	0.0500		137,117,957	0.0550	0.0500	68,559		
City of Liberty	General Revenue	450,592,300	0.8743	0.8417		442,366,689	0.8637	0.8573	3,792,410		
	Parks & Recreation	450,592,300	0.1541	0.1483		442,366,689	0.1522	0.1511	668,416		
City of Missouri City	General Revenue	2,027,666	0.8900	0.8900		2,106,409	0.8713	0.8713	18,353		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Clay										
City of Mosby	General Revenue	2,402,402	0.9886	0.9886		2,449,835	0.9875	0.9875	24,192	
City of North Kansas City	General Revenue	247,001,394	0.4416	0.4416		247,091,388	0.4459	0.4459	1,101,780	
	Parks & Recreation	247,001,394	0.1200	0.1200		247,091,388	0.2054	0.2000	494,183	B
	Library	247,001,394	0.3175	0.3000	B	247,091,388	0.3029	0.3000	741,274	
	Pension	247,001,394	0.2200	0.2200		247,091,388	0.2200	0.2200	543,601	
Village of Oaks	General Revenue	2,443,219	0.5000	0.5000		2,370,189	0.5000	0.5000	11,851	
	Fire	2,443,219	0.3252	0.3000	A	2,370,189	0.3093	0.3000	7,111	2013
Village of Oakview	General Revenue	5,985,830	0.3900	0.3900		5,583,677	0.4183	0.4183	23,357	
	Fire	5,985,830	0.1188	0.1188		5,583,677	0.1274	0.1274	7,114	
	Fire & Ambulance-Temp	5,985,830	0.3000	0.3000	A	5,583,677	0.3000	0.3000	16,751	2015
Village of Oakwood	General Revenue	4,231,642	0.2962	0.2629		4,087,884	0.2733	0.2733	11,172	
	Fire	4,231,642	0.3099	0.3099	A	4,087,884	0.3099	0.3000	12,264	2013
	General Revenue-Temp	4,231,642	0.2272	0.2272	A	4,087,884	0.2272	0.2267	9,267	2013
Village of Oakwood Park	General Revenue	3,135,176	0.4717	0.4717		3,135,176	0.4717	0.4717	14,789	
City of Pleasant Valley	General Revenue	40,683,856	0.6942	0.6942		39,186,290	0.7210	0.7210	282,533	
Village of Prathersville	General Revenue	2,656,599	0.2813	0.2813		2,749,970	0.2768	0.2768	7,612	
City of Randolph	General Revenue	5,523,971	0.5000	0.5000		5,009,027	0.5000	0.5000	25,045	
City of Smithville	General Revenue	131,352,189	0.4595	0.4500		132,991,715	0.4507	0.4500	598,463	
Kearney Fire Protection District	General Revenue	268,757,636	0.5169	0.5169		273,848,412	0.5169	0.5169	1,415,522	
	Ambulance	268,757,636	0.2810	0.2810		273,848,412	0.2833	0.2833	775,813	
	Dispatch	268,757,636	0.0300	0.0300		273,848,412	0.0300	0.0300	82,155	
	Debt Service	268,757,636	0.0887	0.0887		273,848,412	0.0887	0.0887	242,904	
Holt Community Fire Protection Dist	General Revenue	67,713,507	0.5689	0.5689		68,709,316	0.5689	0.5689	390,887	
	Ambulance	67,713,507	0.2738	0.2738		68,709,316	0.2800	0.2738	188,126	
Fishing River Fire Protection Dist	General Revenue	51,149,051	0.2769	0.2769		50,728,356	0.2806	0.2806	142,344	
Developmental Disabilities Resource	General Revenue	3,450,504,996	0.1200	0.1191		3,418,584,336	0.1200	0.1191	4,071,534	
Clay Platte Ray Mental Health Board	General Revenue	3,450,504,996	0.0992	0.0963		3,657,796,856	0.0934	0.0934	3,416,382	
Clay County Public Health Center	General Revenue	3,450,504,996	0.1000	0.1000		3,418,584,336	0.1000	0.1000	3,418,584	
The 210 Hwy Trans Development Dist	General Revenue	46,338,277	0.1000	0.0647		46,088,964	0.0651	0.0651	30,004	2016
Kearney R-I School District	Operating Funds-Schools	304,489,608	4.1961	4.1961	E	308,598,896	4.1961	4.1961	12,949,118	E
	Debt Service	304,489,608	1.2297	1.1500		308,598,896	1.7838	1.1500	3,548,887	
Smithville R-II School District	Operating Funds-Schools	202,504,169	3.4448	3.4448	E	203,937,034	3.4526	3.4526	7,041,130	E
	Debt Service	202,504,169	1.7603	0.9600		203,937,034	1.5751	0.9600	1,957,796	
Excelsior Springs 40 School Dist	Operating Funds-Schools	205,443,220	4.2500	4.2500	E	208,726,186	4.2500	4.2500	8,870,863	E
	Debt Service	205,443,220	1.1435	0.9500		208,726,186	1.1164	0.9500	1,982,899	
Liberty 53 School District	Operating Funds-Schools	770,062,710	4.9000	4.9000	E	768,376,439	4.9000	4.9000	37,650,446	E
	Debt Service	770,062,710	2.3997	1.1950		768,376,439	2.2685	1.1950	9,182,098	
Missouri City 56 School District	Operating Funds-Schools	6,447,428	4.5823	4.3433		6,542,335	4.5810	4.3308	283,335	
North Kansas City 74 School Dist	Operating Funds-Schools	1,871,506,546	4.8698	4.8698	E	1,818,568,818	4.8698	4.8698	88,560,664	E
	Debt Service	1,871,506,546	1.0200	1.0200		1,818,568,818	1.6816	1.0200	18,549,402	
Clay County	General Revenue	3,450,504,996	0.1647	0.1300		3,512,818,512	0.1300	0.1200	4,215,382	
	Parks & Recreation	3,450,504,996	0.0000	0.0000		3,512,818,512	0.0000	0.0000	0	
	Road & Bridge	3,450,504,996	0.0824	0.0800		3,512,818,512	0.0800	0.0800	2,810,255	
	Senior Services	3,450,504,996	0.0500	0.0499		3,512,818,512	0.0499	0.0499	1,752,896	
Clinton										
Cameron Ambulance District	General Revenue	102,859,758	0.1998	0.1998		105,613,107	0.1998	0.1998	211,015	
Tri-County Ambulance District	General Revenue	201,305,720	0.2700	0.2700		209,080,599	0.2700	0.2700	564,518	
Cameron Spec Rd Dist Clinton Co	Road & Bridge	59,333,088	0.2519	0.2519		59,518,620	0.2523	0.2523	150,165	
	Special Road and Bridge	59,333,088	0.3500	0.3500		59,518,620	0.3500	0.3500	208,315	2013
Plattsburg Spec Rd Dist Clinton Co	Road & Bridge	36,508,097	0.2694	0.2694		37,871,660	0.2694	0.2694	102,026	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Clinton											
Plattsburg Spec Rd Dist Clinton Co	Special Road and Bridge	36,508,097	0.3557	0.3557		37,871,660	0.3557	0.3557	134,709		2014
City of Cameron	General Revenue	69,524,183	0.6023	0.6117	C	70,986,429	0.6028	0.6028	427,906		
	Parks & Recreation	69,524,183	0.1479	0.1502	C	70,986,429	0.1480	0.1480	105,060		
	Library	69,524,183	0.1691	0.1717	C	70,986,429	0.1692	0.1692	120,109		
	Band Revenue	69,524,183	0.0845	0.0858	C	70,986,429	0.0846	0.0846	60,055		
City of Gower	General Revenue	13,928,816	0.5402	0.5402		14,455,794	0.5402	0.5402	78,090		
City of Lathrop	General Revenue	20,551,107	0.5662	0.5662		20,371,063	0.5712	0.5712	116,360		
	Parks & Recreation	20,551,107	0.1490	0.1490		20,371,063	0.1503	0.1503	30,618		
	Debt Service	20,551,107	1.0723	0.5361		20,371,063	0.5207	0.5207	106,072		
City of Plattsburg	General Revenue	25,640,010	0.5866	0.5815		25,788,824	0.5828	0.5815	149,962		
	Lights	25,640,010	0.0807	0.0800		**	**	**			2012
	Police	25,640,010	0.2225	0.2205		25,788,824	0.2210	0.2205	56,864		
	Cemetery	25,640,010	0.0189	0.0187		**	**	**			2012
	Park	25,640,010	0.1421	0.1408		25,788,824	0.1411	0.1408	36,311		
	Recreation	25,640,010	0.0493	0.0489		25,788,824	0.0490	0.0489	12,611		
	Lights	**	**	**		25,788,824	0.2548	0.0810	20,889	A	2016
	Cemetary	**	**	**		25,788,824	0.0204	0.0187	4,823	A	2016
City of Trimble	General Revenue	6,609,078	0.3305	0.3305		6,744,027	0.3305	0.3305	22,289		
	Debt Service	6,609,078	0.5158	0.5158		6,744,027	0.4753	0.4753	32,054		
Village of Turney	General Revenue	1,394,761	0.3382	0.3382		1,785,025	0.3177	0.3177	5,671		
Gower Fire Protection District	General Revenue	45,003,738	0.2605	0.2605		46,857,814	0.2583	0.2583	121,034		
Lathrop Fire Protection District	General Revenue	58,312,786	0.2704	0.2704		61,908,065	0.3704	0.3704	229,307	B	
Plattsburg Fire Protection District	General Revenue	61,062,737	0.3500	0.3500		63,135,442	0.3500	0.3500	220,974		
Cameron Fire Protection District	General Revenue	41,532,800	0.2851	0.2851		42,431,888	0.2851	0.2851	120,973		
Clinton County Health Department	General Revenue	274,943,636	0.0905	0.0905		282,146,235	0.0905	0.0905	255,342		
Cameron R-I School District	Operating Funds-Schools	109,894,424	3.6240	3.5071	E	112,287,407	3.5087	3.5071	3,938,032	E	
	Debt Service	109,894,424	0.8538	0.5800		112,287,407	0.6897	0.6897	774,446		
Lathrop R-II School District	Operating Funds-Schools	58,979,059	4.3900	4.3900	E	60,725,605	4.3900	4.3900	2,665,854	E	
	Debt Service	58,979,059	1.2439	0.6725		60,725,605	1.3187	0.8725	529,831		
Clinton County R-III School Dist	Operating Funds-Schools	71,455,260	3.9134	3.9134	E	73,106,619	3.9134	3.9134	2,860,954	E	
	Debt Service	71,455,260	1.0284	1.0000		73,106,619	1.0819	1.0000	731,066		
Clinton County	General Revenue	274,943,636	0.3520	0.2400		282,146,235	0.3520	0.2875	811,170		
	Common Road District	179,102,451	0.2746	0.2746		184,719,955	0.2746	0.2746	507,241		
	Special Road and Bridge	179,102,451	0.3716	0.3500		184,719,955	0.3500	0.3500	646,520		2014
	Senate Bill 40	274,943,636	0.0905	0.0905		282,146,235	0.0905	0.0905	255,342		
Cole											
Village of Centertown	General Revenue	4,136,828	0.7470	0.7470		4,140,078	0.7500	0.7500	31,051		
City of Jefferson City	General Revenue	848,397,385	0.4749	0.4600		852,990,792	0.4709	0.4600	3,923,758		
	Firemen Retirement	848,397,385	0.0992	0.0961		852,990,792	0.0984	0.0961	819,724		
City of Lohman	General Revenue	2,048,468	0.2807	0.2807		2,018,535	0.2855	0.2855	5,763		
	Debt Service	2,048,468	0.3344	0.3344		2,018,535	0.3369	0.3369	6,800		
City of Russellville	General Revenue	7,476,581	0.7512	0.7512		7,258,149	0.7766	0.7766	56,367		
City of Taos	General Revenue	15,193,236	0.2756	0.2756		15,402,609	0.2766	0.2766	42,604		
Jeff City/Cole County Library Dist	General Revenue	1,324,400,350	0.1984	0.1984		1,334,347,441	0.1994	0.1994	2,660,689		
Cole County Fire Protection Dist	General Revenue	178,872,128	0.3000	0.3000		179,590,525	0.3000	0.3000	538,772		
Regional West Fire Protection Dist	General Revenue	173,379,914	0.2913	0.2913		175,824,446	0.2917	0.2917	512,880		
Osage Fire Protection District	General Revenue	112,933,775	0.2989	0.2989		115,052,827	0.2993	0.2993	344,353		
Russellville-Lohman Fire Prot Dist	General Revenue	47,107,759	0.2971	0.2971		46,927,769	0.3000	0.3000	140,783		
Cole Co R-I School District	Operating Funds-Schools	50,733,660	3.2210	3.2210	E	50,573,384	3.2742	3.2742	1,655,874	E	
	Debt Service	50,733,660	1.0898	0.8800		50,573,384	1.2284	0.8800	445,046		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Cole											
Cole Co R-II School District	Operating Funds-Schools	92,284,053	2.7500	2.7500	E	93,692,892	2.7500	2.7500	2,576,555	E	
	Debt Service	92,284,053	1.0859	0.9100		93,692,892	1.0020	0.9100	852,605		
Cole Co. R-V School District	Operating Funds-Schools	60,689,713	3.3745	2.9500	F	61,971,147	3.3917	2.9672	1,838,808	F	
	Debt Service	60,689,713	0.9375	0.7000		61,967,086	0.8421	0.6828	423,111		
Jefferson City School District	Operating Funds-Schools	1,188,058,347	3.7642	3.4714		1,205,026,897	3.7642	3.4714	41,831,304		
	Debt Service	1,188,058,347	0.3723	0.2056		1,205,026,897	0.4651	0.2220	2,675,160		
Cole County	General Revenue	1,324,400,350	0.1192	0.1096		1,334,347,441	0.3486	0.1000	1,334,347		
	Road & Bridge	1,324,400,350	0.2737	0.2700		1,334,347,441	0.2713	0.2700	3,602,738		
	Senate Bill 40	1,324,400,350	0.0893	0.0893		1,334,347,441	0.0897	0.0897	1,196,910		
Cooper											
Cooper County Ambulance District	General Revenue	**	**	**		230,672,412	0.0900	0.0000	0		
Cooper County Memorial Hospital	General Revenue	223,927,068	0.1500	0.1500		230,672,412	0.1500	0.1500	346,009		
Cooper Co Nursing Home District	General Revenue	35,931,337	0.1432	0.1432		37,175,930	0.1432	0.1432	53,236		
City of Blackwater	General Revenue	1,253,656	0.9483	0.9483		1,294,359	0.9380	0.9380	12,141		
	Debt Service	1,253,656	0.4111	0.4111		1,294,359	0.3878	0.3878	5,020		
City of Boonville	General Revenue	96,404,169	0.6681	0.6500		98,105,707	0.6501	0.6500	637,687		
City of Bunceton	General Revenue	1,994,110	0.9880	0.9880		2,033,754	0.9880	0.9880	20,093		
City of Otterville	General Revenue	2,876,501	0.8287	0.8287		3,002,183	0.8269	0.8269	24,825		
City of Pilot Grove	General Revenue	4,975,721	0.7252	0.7252		5,011,576	0.7252	0.7252	36,344		
City of Prairie Home	General Revenue	2,010,962	0.9725	0.9725		2,022,009	0.9799	0.9799	19,814		
Village of Wooldridge	General Revenue	242,741	0.6998	0.6998		257,962	0.6841	0.6841	1,765		
Cooper Co Fire Protection Dist	General Revenue	58,899,834	0.4783	0.4783		61,585,594	0.4774	0.4774	294,010		
	Debt Service	58,899,834	0.3641	0.3641		61,585,594	0.3681	0.3681	226,697		
Otterville Fire Protection District	General Revenue	12,588,009	0.2978	0.2978		13,067,842	0.2978	0.2978	38,916		
Prairie Home Rural Fire Prot Dist	General Revenue	11,476,379	0.2600	0.2600		11,809,550	0.2600	0.2600	30,705		
Cooper County Public Health Center	General Revenue	223,927,068	0.1900	0.1900		230,672,412	0.1900	0.1900	438,278		
Blackwater R-II School District	Operating Funds-Schools	7,920,262	3.3698	3.3698	E	8,177,080	3.5000	3.5000	286,198	E	
Cooper Co. R-IV School District	Operating Funds-Schools	8,611,009	4.4672	4.4672	E	8,907,395	4.4638	4.4638	397,608	E	
	Debt Service	8,611,009	0.9775	0.6210		8,907,395	0.9346	0.6244	55,618		
Prairie Home R-V School District	Operating Funds-Schools	12,229,007	4.4379	4.4379	E	12,572,954	4.4332	4.4332	557,384	E	
	Debt Service	12,229,007	0.2381	0.2381		12,572,954	0.3176	0.2381	29,936		
Otterville R-VI School District	Operating Funds-Schools	12,927,412	3.7850	3.7850	E	13,210,283	3.8490	3.8489	508,451	E	
	Debt Service	12,927,412	0.6703	0.6703		13,210,283	0.8063	0.6703	88,549		
Pilot Grove C-4 School District	Operating Funds-Schools	16,871,018	3.1542	3.1542	E	17,279,896	3.2253	3.2253	557,328	E	
	Operating Funds-Temp	16,871,018	0.6983	0.6983		17,279,896	0.6983	0.6983	120,666		2026
	Debt Service	16,871,018	0.9415	0.9000		17,279,896	1.0369	0.9000	155,519		
Boonville R-I School District	Operating Funds-Schools	134,977,894	3.4092	3.4092	E	137,234,694	3.4405	3.4405	4,721,560	E	
	Debt Service	134,977,894	1.0154	0.8446		137,234,694	0.9185	0.8868	1,216,997		
Cooper County	General Revenue	223,927,068	0.4331	0.2390		230,672,412	0.4240	0.2447	564,455		
	Road & Bridge	223,927,068	0.3197	0.3197		230,672,412	0.3197	0.3197	737,460		
	Senate Bill 40	223,927,068	0.2000	0.2000		230,672,412	0.2000	0.2000	461,345		
Crawford											
North Crawford Co Ambulance Dist	General Revenue	184,343,245	0.2721	0.0982		188,774,232	0.2721	0.0982	185,376		
Steelville Ambulance District	General Revenue	64,534,025	0.3228	0.1758		66,068,280	0.3228	0.1840	121,566		
City of Bourbon	General Revenue	9,902,680	0.6755	0.6755		10,087,873	0.6794	0.6794	68,537		
	Parks & Recreation	9,902,680	0.1000	0.1000		10,087,873	0.1000	0.1000	10,088		
	Police	9,902,680	0.3205	0.3205		10,087,873	0.3223	0.3223	32,513		
Village of Leasburg	General Revenue	1,645,033	0.4893	0.4893		1,685,607	0.4914	0.4893	8,248		
City of Steelville	General Revenue	13,765,402	0.4953	0.4953		13,695,865	0.5078	0.5078	69,548		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Crawford										
Crawford County Library District	General Revenue	263,665,154	0.0929	0.0929		269,490,222	0.0929	0.0929	250,356	
Bourbon Fire District	General Revenue	46,340,098	0.2700	0.0963		49,330,895	0.2644	0.1370	67,583	
Steelville Fire Protection Dist	General Revenue	73,556,344	0.1987	0.1987		75,538,067	0.1987	0.1987	150,094	
Crawford Co R-I School District	Operating Funds-Schools	60,216,321	3.0852	3.0852	E	61,285,934	3.1015	3.1015	1,900,783	E
	Debt Service	60,216,321	1.1718	0.9350		61,285,934	1.4628	0.9350	573,023	
Crawford Co R-II School District	Operating Funds-Schools	111,204,661	2.9543	2.7500	F	112,175,073	2.9679	2.7500	3,084,815	F
	Debt Service	111,204,661	1.0505	0.5600		112,175,073	1.0676	0.5600	628,180	
Steelville R-III School District	Operating Funds-Schools	54,278,834	3.1352	3.1352	E	53,511,121	3.2440	3.2440	1,735,901	E
	Debt Service	54,278,834	1.2411	0.6700		53,511,121	1.5676	0.6700	358,525	
Crawford County	General Revenue	280,164,728	0.2871	0.1271		286,307,864	0.2879	0.1150	329,254	
	Road & Bridge	280,164,728	0.2036	0.2036		286,307,864	0.2042	0.2042	584,641	
	Senate Bill 40	280,164,728	0.0925	0.0925		286,307,864	0.0928	0.0928	265,694	
	Senior Services	280,164,728	0.0462	0.0462		286,307,864	0.0463	0.0463	132,561	
Dade										
Dade County Nursing Home	General Revenue	74,499,955	0.2568	0.2568	B	78,205,865	0.2565	0.2565	200,598	
Good Shepherd Nursing Home Dist	General Revenue	26,933,355	0.1543	0.1543		28,116,221	0.1543	0.1543	43,383	
	Debt Service	26,933,355	0.5313	0.4300		28,116,221	0.5222	0.4300	120,900	
Bona Special Road Dist Dade Co	Road & Bridge	733,532	0.4155	0.4155		825,867	0.4155	0.4155	3,431	
Dry Bone Special Road Dist Dade Co	Road & Bridge	463,095	0.3315	0.3315		490,950	0.3411	0.3411	1,675	
Maize Creek Spec Road Dist Dade Co	Road & Bridge	446,240	0.5000	0.5000		458,480	0.5000	0.5000	2,292	
Sac Special Road Dist #1 Dade Co	Road & Bridge	1,063,877	0.3024	0.3024		1,053,579	0.3057	0.3057	3,221	
Sac Special Road Dist #2 Dade Co	Road & Bridge	1,180,364	0.2369	0.2369		1,217,070	0.2364	0.2364	2,877	
Southeast Special Road Dist Dade Co	Road & Bridge	384,130	0.3814	0.3814		392,808	0.3813	0.3813	1,498	
Birchwood Special Road District	Road & Bridge	1,013,473	0.2715	0.2715		1,078,698	0.2716	0.2716	2,930	
Village of Dadeville	General Revenue	1,452,557	0.4500	0.4500		1,457,288	0.4500	0.4500	6,558	
City of Everton	General Revenue	1,756,186	1.0000	1.0000		1,745,115	1.0000	1.0000	17,451	
	Parks & Recreation	1,756,186	0.1000	0.1000		1,745,115	0.1000	0.1000	1,745	
City of Greenfield	General Revenue	12,397,428	0.4226	0.4226		13,595,292	0.4226	0.4226	57,454	
	Parks & Recreation	12,397,428	0.1348	0.0000		13,595,292	0.1348	0.0000	0	
	Streets	12,397,428	0.1708	0.1708		13,595,292	0.1708	0.1708	23,221	
Village of South Greenfield	General Revenue	733,646	0.4870	0.4870		781,395	0.4651	0.4651	3,634	
City of Lockwood	General Revenue	7,512,044	0.5679	0.5679		7,728,481	0.5679	0.5679	43,890	
	Parks & Recreation	7,512,044	0.1514	0.1514		7,728,481	0.1514	0.1514	11,701	
	Library	7,512,044	0.1799	0.1799		7,728,481	0.1799	0.1799	13,904	
Dade County Library District	General Revenue	93,999,194	0.0932	0.0932		98,668,477	0.0931	0.0931	91,860	
Cedar Township of Dade Co	Road & Bridge	4,522,118	0.3930	0.3930		4,660,030	0.3930	0.3930	18,314	
	Special Road and Bridge	4,522,118	0.1319	0.1319		4,660,030	0.1319	0.1319	6,147	2014
Center Township of Dade Co	Road & Bridge	21,028,130	0.3410	0.3410		22,542,033	0.3410	0.3410	76,868	
Ernest Township of Dade Co	Road & Bridge	1,552,420	0.5000	0.5000		1,539,401	0.5000	0.5000	7,697	
Grant Township of Dade Co	Road & Bridge	4,447,700	0.3621	0.3621		4,503,227	0.3663	0.3663	16,495	
Lockwood Township of Dade Co	Road & Bridge	15,312,391	0.3024	0.3024		16,040,341	0.3019	0.3019	48,426	
Marion Township of Dade Co	Road & Bridge	4,896,802	0.3581	0.3581		5,284,146	0.3475	0.3475	18,362	
North Morgan Township of Dade Co	Road & Bridge	1,983,773	0.2179	0.2179		2,092,024	0.2156	0.2156	4,510	
North Township of Dade Co	Road & Bridge	4,149,672	0.4074	0.4074		4,361,378	0.4074	0.4074	17,768	
Pilgrim Township of Dade Co	Road & Bridge	2,610,669	0.3249	0.3249		2,853,911	0.3087	0.3087	8,810	
	Special Road and Bridge	2,610,669	0.2261	0.2261		2,853,911	0.2148	0.2148	6,130	2014
Polk Township of Dade Co	Road & Bridge	6,617,419	0.3319	0.3319		6,665,911	0.3330	0.3330	22,197	
	Special Road and Bridge	6,617,419	0.3438	0.3438	A	6,665,911	0.3438	0.3438	22,917	2015
Rock Prairie Township of Dade Co	Road & Bridge	11,689,112	0.3433	0.3433		12,191,448	0.3413	0.3413	41,609	
Sac Township of Dade Co	Road & Bridge	4,094,977	0.2788	0.2788		4,192,168	0.2788	0.2788	11,688	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Dade											
Smith Township of Dade Co	Road & Bridge	2,344,399	0.4439	0.4439		2,358,559	0.4510	0.4510	10,637		
	Special Road and Bridge	2,344,399	0.2469	0.2469		**	**	**			2012
	Special Road and Bridge	**	**	**		2,358,559	0.2584	0.2584	6,095	A	2016
South Township of Dade Co	Road & Bridge	3,370,068	0.3975	0.3975		3,462,254	0.3975	0.3975	13,762		
	Special Road and Bridge	3,370,068	0.3370	0.3370		**	**	**			2012
	Special Road and Bridge	**	**	**		3,462,254	0.3403	0.3403	11,782	A	2016
South Morgan Township of Dade Co	Road & Bridge	3,146,852	0.4001	0.4001		3,281,538	0.4001	0.4001	13,129		
Washington Township of Dade Co	Road & Bridge	4,319,084	0.2899	0.2899		4,723,585	0.2750	0.2750	12,990		
Dadeville Rural Fire Prot Dist	General Revenue	10,426,975	0.1802	0.1802		10,907,592	0.1796	0.1796	19,590		
Dade Co R-4 Rural Fire Prot Dist	General Revenue	40,312,995	0.1869	0.1869		42,745,553	0.1866	0.1866	79,763		
Dade County Health Department	General Revenue	101,444,710	0.0925	0.0925		106,331,358	0.0925	0.0925	98,357		
Lockwood R-I School District	Operating Funds-Schools	28,428,844	2.9330	2.9330	E	29,376,462	2.9197	2.9197	857,705	E	
	Debt Service	28,428,844	1.0382	0.6500		29,376,462	0.9735	0.6000	176,259		
Dadeville R-II School District	Operating Funds-Schools	10,058,980	4.0787	3.4300	E	10,296,028	3.4331	3.4300	353,154	E	
Everton R-III School District	Operating Funds-Schools	10,011,491	4.4629	4.4559	E	10,258,198	4.4676	4.4676	458,295	E	
	Debt Service	10,011,491	0.0120	0.0120		**	**	**			
Greenfield R-IV School District	Operating Funds-Schools	35,590,301	2.9031	2.9031	E	37,297,949	3.7500	2.8298	1,055,457	E	
	Debt Service	35,590,301	0.4262	0.4064		37,297,949	0.5613	0.4064	151,579		
Dade County	General Revenue	101,444,710	0.1400	0.1400		106,331,358	0.1399	0.1399	148,758		
	Township Tax	101,444,710	0.0925	0.0925		106,331,358	0.0925	0.0925	98,357		
Dallas											
City of Buffalo	General Revenue	29,717,223	0.5313	0.5300		26,080,260	0.6051	0.5300	138,225		
City of Urbana	General Revenue	2,882,272	0.5807	0.5807		2,982,371	0.5807	0.5807	17,319		
Dallas County Library	General Revenue	151,214,270	0.0996	0.0996		152,581,335	0.1000	0.1000	152,581		
Southern Dallas Co Fire Prot Dist	General Revenue	20,954,643	0.2905	0.2900		20,947,216	0.3000	0.2900	60,747		
Elkland Fire Protection District	General Revenue	13,237,038	0.3000	0.3000		13,503,654	0.3000	0.3000	40,511		
Dallas County Health Department	General Revenue	151,214,270	0.1003	0.1003		152,581,335	0.1005	0.1005	153,344		
Dallas Co R-I School District	Operating Funds-Schools	109,385,303	3.3500	3.3500	E	109,590,297	3.3500	3.3500	3,671,275	E	
Dallas County	General Revenue	151,214,270	0.3562	0.1709		152,581,335	0.3562	0.1702	259,693		
	Road & Bridge	151,214,270	0.2647	0.2647		152,581,335	0.2647	0.2647	403,883		
Daviess											
Community Ambulance District	General Revenue	98,004,547	0.3500	0.3500		103,686,207	0.3469	0.3469	359,687		
West Fork of Big Creek Watershed	Main & Op	1,034,496	0.1512	0.1512		1,066,202	0.1511	0.1511	1,611		
Jamesport Spec Rd Dist Daviess Co	Road & Bridge	9,152,353	0.3698	0.3698		10,001,234	0.3620	0.3620	36,204		
	Special Road and Bridge	9,152,353	0.2678	0.2678		**	**	**			2012
	Special Road and Bridge	**	**	**		10,001,234	0.2700	0.2700	27,003	A	2016
Lock Springs Special Road District	Road & Bridge	3,391,196	0.3220	0.3220		3,801,201	0.3065	0.3065	11,651		
	Special Road and Bridge	3,391,196	0.3178	0.3178		**	**	**			2012
	Special Road and Bridge	**	**	**		3,801,201	0.3500	0.3500	13,304	A	2016
Daviess County Special Rd Dist #1	Road & Bridge	20,499,573	0.2123	0.2123		21,345,187	0.2120	0.2120	45,252		
	Special Road and Bridge	20,499,573	0.3613	0.3613	A	21,345,187	0.3608	0.3608	77,013		2015
	Debt Service	20,499,573	0.2628	0.2000		**	**	**			
Village of Altamont	General Revenue	785,080	0.6500	0.6500		814,560	0.6383	0.6383	5,199		
City of Coffey	General Revenue	520,569	1.0000	1.0000		485,895	1.0000	1.0000	4,859		
City of Gallatin	General Revenue	12,990,138	0.6275	0.6275		13,466,250	0.6243	0.6243	84,070		
	Parks & Recreation	12,990,138	0.2232	0.2232		13,466,250	0.2221	0.2221	29,909		
	Band	12,990,138	0.0200	0.0200		13,466,250	0.0199	0.0199	2,680		
City of Jamesport	General Revenue	3,125,251	0.7221	0.7221		3,612,874	0.6953	0.6953	25,120		
	Parks & Recreation	3,125,251	0.1710	0.1710		3,612,874	0.1647	0.1647	5,950		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied	2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Daviess									
Village of Jameson	General Revenue	438,039	0.4998	0.4998	491,738	0.4874	0.4874	2,397	
	General Revenue-Temp	438,039	0.1999	0.1999	491,738	0.1951	0.1951	959	2013
Village of Lock Springs	General Revenue	243,399	0.4550	0.4000	289,090	0.3950	0.3950	1,142	
City of Pattonsburg	General Revenue	1,851,001	1.0000	1.0000	1,863,795	1.0000	1.0000	18,638	
Village of Winston	General Revenue	1,139,878	0.4649	0.4649	1,210,645	0.4594	0.4594	5,562	
	Streets	1,139,878	0.3010	0.3010	1,210,645	0.2974	0.2974	3,600	2013
Daviess County Library	General Revenue	112,410,229	0.1846	0.1846	118,580,542	0.1834	0.1834	217,477	
Benton Township of Daviess Co	General Revenue	5,780,891	0.1000	0.1000	5,946,252	0.1000	0.1000	5,946	
	Road & Bridge	5,780,891	0.4998	0.4998	5,946,252	0.4998	0.4998	29,719	
Colfax Township of Daviess Co	General Revenue	6,058,399	0.0973	0.0973	6,283,352	0.0973	0.0973	6,114	
	Road & Bridge	6,058,399	0.4868	0.4868	6,283,352	0.4868	0.4868	30,587	
	Special Road and Bridge	6,058,399	0.2480	0.2480	**	**	**		2012
	Special Road and Bridge	**	**	**	6,283,352	0.2500	0.2500	15,708	A 2016
Grand River Township of Daviess Co	General Revenue	4,794,895	0.0992	0.0992	4,943,038	0.0992	0.0992	4,903	
	Road & Bridge	4,794,895	0.4960	0.4960	4,943,038	0.4960	0.4960	24,517	
	Special Road and Bridge	4,794,895	0.3490	0.3490	**	**	**		2012
	Special Road and Bridge	**	**	**	4,943,038	0.3534	0.3534	17,469	A 2016
Harrison Township of Daviess Co	General Revenue	2,842,328	0.0862	0.0862	3,252,341	0.0829	0.0829	2,696	
	Road & Bridge	2,842,328	0.4255	0.4255	3,252,341	0.4093	0.4093	13,312	
	Special Road and Bridge	2,842,328	0.3181	0.3181	**	**	**		2012
	Special Road and Bridge	**	**	**	3,252,341	0.3500	0.3500	11,383	A 2016
Jackson Township of Daviess Co	General Revenue	9,540,291	0.0933	0.0933	10,413,357	0.0903	0.0903	9,403	
	Road & Bridge	6,149,095	0.4608	0.4608	6,612,156	0.4445	0.4445	29,391	
	Special Road and Bridge	6,149,095	0.3290	0.3290	**	**	**		2012
	Special Road and Bridge	**	**	**	6,612,156	0.3500	0.3500	23,143	A 2016
Jamesport Township of Daviess Co	General Revenue	9,152,353	0.0894	0.0894	10,132,102	0.0869	0.0869	8,805	
Jefferson Township of Daviess Co	General Revenue	5,198,123	0.1000	0.1000	5,618,977	0.0986	0.0986	5,540	
	Road & Bridge	5,198,123	0.4589	0.4589	5,618,977	0.4525	0.4525	25,426	
	Special Road and Bridge	5,198,123	0.3500	0.3500	**	**	**		2012
	Special Road and Bridge	**	**	**	5,618,977	0.3500	0.3500	19,666	A 2016
Liberty Township of Daviess Co	General Revenue	25,405,858	0.0644	0.0644	26,670,609	0.0642	0.0642	17,123	
	Road & Bridge	4,906,285	0.4952	0.4952	5,325,422	0.4904	0.4904	26,116	
Lincoln Township of Daviess Co	General Revenue	4,244,391	0.1000	0.1000	4,418,658	0.1000	0.1000	4,419	
	Road & Bridge	4,244,391	0.5000	0.5000	4,418,658	0.5000	0.5000	22,093	
	Special Road and Bridge	4,244,391	0.3500	0.3500	**	**	**		2012
	Special Road and Bridge	**	**	**	4,418,658	0.3504	0.3500	15,465	A 2016
Marion Township of Daviess Co	General Revenue	4,436,851	0.1000	0.1000	4,609,208	0.1000	0.1000	4,609	
	Road & Bridge	4,436,851	0.5000	0.5000	4,609,208	0.5000	0.5000	23,046	
	Special Road and Bridge	4,436,851	0.3500	0.3500	**	**	**		2012
	Special Road and Bridge	**	**	**	4,609,208	0.3518	0.3500	16,132	A 2016
Monroe Township of Daviess Co	General Revenue	3,185,397	0.1000	0.1000	3,267,447	0.1000	0.1000	3,267	
	Road & Bridge	3,185,397	0.4855	0.4855	3,267,447	0.4855	0.4855	15,863	
	Special Road and Bridge	3,185,397	0.3500	0.3500	**	**	**		2012
	Special Road and Bridge	**	**	**	3,267,447	0.3528	0.3528	11,528	A 2016
Salem Township of Daviess Co	General Revenue	5,486,096	0.1000	0.1000	5,791,360	0.1000	0.1000	5,791	
	Road & Bridge	5,486,096	0.4949	0.4949	5,791,360	0.4949	0.4949	28,661	
	Special Road and Bridge	5,486,096	0.3482	0.3482	**	**	**		2012
	Special Road and Bridge	**	**	**	5,791,360	0.3515	0.3500	20,270	A 2016
Sheridan Township of Daviess Co	General Revenue	4,535,608	0.0965	0.0965	4,775,029	0.0961	0.0961	4,589	
	Road & Bridge	4,535,608	0.4485	0.4485	4,775,029	0.4468	0.4468	21,335	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Daviess											
Sheridan Township of Daviess Co	Special Road and Bridge	4,535,608	0.3468	0.3468		**	**	**			2012
	Special Road and Bridge	**	**	**		4,775,029	0.3500	0.3500	16,713	A	2016
Union Township of Daviess Co	General Revenue	18,610,053	0.0500	0.0500		19,302,089	0.0496	0.0496	9,574		
	Road & Bridge	18,610,053	0.3800	0.3800		19,302,089	0.3773	0.3773	72,827		
Washington Township of Daviess Co	General Revenue	3,138,695	0.1000	0.1000		3,156,723	0.1000	0.1000	3,157		
	Road & Bridge	3,138,695	0.5000	0.5000		3,156,723	0.5000	0.5000	15,784		
	Special Road and Bridge	3,138,695	0.3500	0.3500		**	**	**			2012
	Special Road and Bridge	**	**	**		3,156,723	0.3588	0.3588	11,326	A	2016
KAW Fire Protection District	General Revenue	26,037,395	0.5010	0.5010		27,202,639	0.5010	0.5010	136,285		
Jameson Fire Protection District	General Revenue	5,560,067	0.3000	0.3000		5,721,276	0.3000	0.3000	17,164		
Coffey Fire Protection District	General Revenue	4,276,653	0.3000	0.3000		4,327,842	0.3000	0.3000	12,984		
Pattonsburg Rescue & Fire Prot Dist	General Revenue	12,632,161	0.3000	0.3000		13,138,063	0.3000	0.3000	39,414		
Gallatin Fire Protection District	General Revenue	26,881,463	0.2994	0.2994		28,084,450	0.2981	0.2981	83,720		
Daviess County Health Department	General Revenue	112,410,229	0.2419	0.2419		118,580,542	0.2403	0.2403	284,949		
Pattonsburg R-II School District	Operating Funds-Schools	13,020,223	4.4195	4.2876	E	13,213,631	4.2876	4.2876	566,548	E	
	Debt Service	13,020,223	0.6578	0.5623		13,213,631	0.5794	0.5623	74,300		
Winston R-VI School District	Operating Funds-Schools	20,890,674	3.0693	3.0693	E	21,541,146	3.0617	3.0617	659,525	E	
	Debt Service	20,890,674	0.0992	0.0900		21,541,146	0.0951	0.0900	19,387		
North Daviess R-III School District	Operating Funds-Schools	9,464,855	5.3430	5.3430	E	9,865,739	5.3736	5.3430	527,126	E	
Gallatin R-V School District	Operating Funds-Schools	39,310,915	3.6649	3.6649	E	40,882,298	3.5966	3.5966	1,470,373	E	
Tri-County R-VII School District	Operating Funds-Schools	15,835,504	4.1351	4.1351	E	16,871,443	4.1109	4.1109	693,568	E	
	Operating Funds-Temp	**	**	**		16,871,443	0.2500	0.2500	42,179	A	2017
Daviess County	General Revenue	112,410,229	0.1200	0.1200		118,580,542	0.1192	0.1192	141,348		
	Senate Bill 40	112,410,229	0.0800	0.0800		118,580,542	0.0795	0.0795	94,272		
	Senior Services	112,410,229	0.0500	0.0500		118,580,542	0.0497	0.0497	58,935		
De Kalb											
DeKalb-Clinton Ambulance Dist No 1	General Revenue	72,186,553	0.2462	0.2462		75,817,977	0.2462	0.2462	186,664		
Grindstone-Lost-Muddy-Creek Sub Dis	General Revenue	39,448,078	0.1305	0.1305		40,103,244	0.1305	0.1305	52,335		
Village of Amity	General Revenue	387,890	0.4844	0.4844		366,217	0.5000	0.5000	1,831		
City of Clarksdale	General Revenue	1,444,541	0.7111	0.7111		1,585,881	0.7108	0.7108	11,272		
	Lights	1,444,541	0.2221	0.2221		1,585,881	0.2220	0.2220	3,521		
	Streets	1,444,541	0.2444	0.2444		1,585,881	0.2443	0.2443	3,874		
	Debt Service	1,444,541	0.2132	0.2132		1,585,881	0.0000	0.0000	0		
City of Maysville	General Revenue	8,748,529	0.8091	0.8091		9,102,561	0.8091	0.8091	73,649		
	Streets	8,748,529	0.3997	0.3997		**	**	**			2012
City of Stewartsville	General Revenue	5,987,453	0.5247	0.5247		6,232,603	0.5247	0.5247	32,702		
	Lights	5,987,453	0.1262	0.1262		6,232,603	0.1262	0.1262	7,866		
City of Union Star	General Revenue	2,109,214	0.4565	0.4565		2,197,479	0.4565	0.4565	10,031		
	Lights	2,109,214	0.2037	0.2037		2,197,479	0.2037	0.2037	4,476		
	Streets	2,109,214	0.3511	0.3511		2,197,479	0.3511	0.3511	7,715		
	Debt Service	2,109,214	0.3187	0.3187		**	**	**			
Village of Weatherby	General Revenue	473,888	0.4862	0.4862		496,321	0.4861	0.4861	2,413		
	General Revenue-Temp	473,888	0.3000	0.3000		496,321	0.3000	0.3000	1,489		2014
City of Osborn	General Revenue	3,599,086	0.7484	0.7484		3,617,539	0.7484	0.7484	27,074		
Adams Township of DeKalb Co	General Revenue	7,598,812	0.1000	0.1000		8,035,172	0.0993	0.0993	7,979		
	Road & Bridge	7,598,812	0.3934	0.3934		8,035,172	0.3905	0.3905	31,377		
	Special Road and Bridge	7,598,812	0.1421	0.1421		8,035,172	0.1411	0.1411	11,338		2014
Camden Township of DeKalb Co	General Revenue	17,404,799	0.0996	0.0996		18,272,644	0.0996	0.0996	18,200		
	Road & Bridge	17,404,799	0.3536	0.3536		18,272,644	0.3536	0.3536	64,612		
Colfax Township of DeKalb Co	General Revenue	9,136,760	0.1000	0.1000		9,601,589	0.1000	0.1000	9,602		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
De Kalb											
Colfax Township of DeKalb Co	Road & Bridge	9,136,760	0.4213	0.4213		9,601,589	0.4213	0.4213	40,451		
	Special Road and Bridge	9,136,760	0.3603	0.3603	A	9,601,589	0.3603	0.3603	34,595		2015
Dallas Township of DeKalb Co	General Revenue	4,267,188	0.1000	0.1000		4,594,012	0.1000	0.1000	4,594		
	Road & Bridge	4,267,188	0.4288	0.4288		4,594,012	0.4288	0.4288	19,699		
	Special Road and Bridge	4,267,188	0.3500	0.3500		4,594,012	0.3500	0.3500	16,079		2013
Grand River Township of DeKalb Co	General Revenue	38,912,299	0.1000	0.1000		40,967,108	0.1000	0.1000	40,967		
	Road & Bridge	38,912,299	0.3780	0.3780		40,967,108	0.3780	0.3780	154,856		
Grant Township of DeKalb Co	General Revenue	5,529,267	0.1000	0.1000		5,854,366	0.1000	0.1000	5,854		
	Road & Bridge	5,529,267	0.5000	0.5000		5,854,366	0.5000	0.5000	29,272		
	Special Road and Bridge	5,529,267	0.3584	0.3584	A	5,854,366	0.3584	0.3584	20,982		2015
Polk Township of DeKalb Co	General Revenue	37,958,835	0.1000	0.1000		38,466,346	0.1000	0.1000	38,466		
	Road & Bridge	37,958,835	0.4165	0.4165		38,466,346	0.4165	0.4165	160,212		
Sherman Township of DeKalb Co	General Revenue	7,148,021	0.1000	0.1000		7,317,841	0.1000	0.1000	7,318		
	Road & Bridge	7,148,021	0.4021	0.4021		7,317,841	0.4024	0.4024	29,447		
	Special Road and Bridge	7,148,021	0.3646	0.3646	A	7,317,841	0.3646	0.3646	26,681		2015
Washington Township of DeKalb Co	General Revenue	19,031,357	0.0926	0.0926		20,048,235	0.0923	0.0923	18,505		
	Road & Bridge	19,031,357	0.3499	0.3499		20,048,235	0.3488	0.3488	69,928		
Osborn Fire Protection District	General Revenue	11,266,033	0.2473	0.2473		11,510,714	0.2473	0.2473	28,466		
Stewartsville Fire Protection Dist	General Revenue	18,859,195	0.2797	0.2797		19,607,346	0.2797	0.2797	54,842		
Central DeKalb Co Fire Prot Dist	General Revenue	32,489,184	0.2555	0.2555		34,736,102	0.2542	0.2542	88,299		
Clarksdale Fire Protection District	General Revenue	9,979,201	0.4301	0.4301		10,493,900	0.4301	0.4301	45,134		
Union Star Fire Protection District	General Revenue	26,881,401	0.2848	0.2848		27,492,571	0.2848	0.2848	78,299		
Osborn R-O School District	Operating Funds-Schools	9,346,648	4.7395	4.7395	E	9,525,662	4.6347	4.6347	441,486	E	
	Debt Service	9,346,648	0.7729	0.4600		9,525,662	0.4795	0.4600	43,818		
Maysville R-I School District	Operating Funds-Schools	42,667,462	3.5383	3.5383	E	44,280,488	3.5407	3.5407	1,567,839	E	
	Operating Funds-Temp	42,667,462	0.3752	0.3752		44,368,638	0.3752	0.3752	166,471		2014
Union Star R-II School District	Operating Funds-Schools	26,399,645	5.0741	5.0175	E	26,658,543	5.0437	5.0175	1,337,592	E	
Stewartsville C-2 School District	Operating Funds-Schools	14,068,761	4.0601	4.0601	E	14,511,855	4.0632	4.0632	589,646	E	
	Debt Service	14,068,761	0.6968	0.5015		14,511,855	0.5085	0.5015	72,777		
DeKalb County	General Revenue	147,366,877	0.3736	0.0000		153,157,179	0.3736	0.0000	0		
	Senate Bill 40	147,366,877	0.0900	0.0900		153,157,179	0.0900	0.0900	137,841		
	Senior Services	147,366,877	0.0300	0.0300		153,157,179	0.0300	0.0300	45,947		
Dent											
Salem Memorial Hospital District	General Revenue	240,074,938	0.1908	0.1908		247,515,476	0.1908	0.1908	472,260		
City of Salem	General Revenue	46,594,563	0.6243	0.6243		46,445,743	0.6334	0.6334	294,187		
	Library	46,594,563	0.2819	0.2819		46,445,743	0.2860	0.2860	132,835		
Dent County Fire Protection Dist	General Revenue	94,439,205	0.2274	0.2274		93,953,704	0.2306	0.2306	216,657		
Dent County Health Center	General Revenue	154,600,642	0.0935	0.0932		154,176,259	0.0945	0.0945	145,697		
Salem R-80 School District	Operating Funds-Schools	65,778,151	2.7500	2.7500	E	65,720,735	2.7500	2.7500	1,807,320	E	
	Debt Service	**	**	**		65,720,735	0.6082	0.4500	295,743		
Oak Hill R-I School District	Operating Funds-Schools	13,373,020	3.0548	3.0548	E	13,493,250	3.0591	3.0591	412,772	E	
Green Forest R-II School District	Operating Funds-Schools	18,641,540	2.7500	2.7500	E	18,886,330	2.7500	2.7500	519,374	E	
Dent-Phelps R-III School District	Operating Funds-Schools	29,407,680	2.7500	2.7500	E	29,473,170	2.7500	2.7500	810,512	E	
North Wood R-IV School District	Operating Funds-Schools	18,204,983	2.7500	2.7500	E	17,991,540	2.7509	2.7500	494,767	E	
Dent County	General Revenue	154,600,642	0.0351	0.0350		154,176,259	0.0355	0.0350	53,962		
	Road & Bridge	154,600,642	0.2557	0.2550		154,176,259	0.2584	0.2550	393,149		
	Senate Bill 40	154,600,642	0.1504	0.1500		154,176,259	0.1520	0.1500	231,264		
	Senior Services	154,600,642	0.0467	0.0467		154,176,259	0.0473	0.0467	72,000		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Douglas										
Ava Ambulance District	General Revenue	99,104,500	0.1146	0.0000		99,036,218	0.1156	0.0000	0	
Douglas County Library	General Revenue	131,319,844	0.0834	0.0834		131,608,814	0.0841	0.0841	110,683	
Douglas County Health Department	General Revenue	131,319,844	0.2072	0.2072		131,608,814	0.2089	0.2089	274,931	
Skyline R-II School District	Operating Funds-Schools	8,897,621	2.8971	2.8971	E	8,813,888	2.9967	2.9967	264,126	E
Plainview R-VIII School District	Operating Funds-Schools	5,936,388	2.8481	2.8481	E	6,150,515	2.9123	2.9123	179,121	E
Ava R-I School District	Operating Funds-Schools	90,546,816	2.7500	2.7500	E	90,559,278	2.7500	2.7500	2,490,380	E
Douglas County	General Revenue	131,319,844	0.3024	0.1300		131,608,814	0.3048	0.1550	203,994	
	Road & Bridge	131,319,844	0.2188	0.2188		131,608,814	0.2206	0.2206	290,329	
	Senate Bill 40	131,319,844	0.0834	0.0834		131,608,814	0.0841	0.0841	110,683	
Dunklin										
City of Arbyrd	General Revenue	3,895,432	1.0000	1.0000		3,991,556	1.0000	1.0000	39,916	
City of Campbell	General Revenue	9,455,073	0.0000	0.0000		9,907,133	0.0000	0.0000	0	
City of Cardwell	General Revenue	2,882,264	0.5821	0.5821		2,943,745	0.5821	0.5821	17,136	
	Streets	2,882,264	0.1772	0.1772		2,943,745	0.1772	0.1772	5,216	
City of Clarkton	General Revenue	5,150,866	0.6569	0.6569		5,364,782	0.6569	0.6569	35,241	
City of Holcomb	General Revenue	3,316,336	0.7114	0.7114		3,391,627	0.7114	0.7114	24,128	
City of Hornersville	General Revenue	3,594,820	0.8233	0.8233		3,696,183	0.8233	0.8233	30,431	
City of Kennett	General Revenue	92,005,505	0.5679	0.5679		92,782,199	0.5685	0.0000	0	
	Parks & Recreation	92,005,505	0.1500	0.1500		92,782,199	0.1500	0.0000	0	
	Special Park	92,005,505	0.1000	0.1000		92,782,199	0.1000	0.0000	0	
City of Malden	General Revenue	28,886,278	0.7539	0.7539		29,354,291	0.7539	0.7539	221,302	
City of Senath	General Revenue	9,323,285	0.6546	0.6546		9,612,174	0.6551	0.6546	62,921	
	Health	9,323,285	0.1149	0.1149		9,612,174	0.1150	0.1149	11,044	
Buffalo Township of Dunklin Co	General Revenue	9,891,794	0.1000	0.1000		10,143,455	0.1000	0.1000	10,143	
	Road & Bridge	9,891,794	0.3086	0.3086		10,143,455	0.3086	0.3086	31,303	
Clay Township of Dunklin Co	General Revenue	17,862,980	0.1000	0.1000		18,136,241	0.1000	0.1000	18,136	
	Road & Bridge	17,862,980	0.3272	0.3272		18,136,241	0.3274	0.3274	59,378	
Cotton Hill Township of Dunklin Co	General Revenue	46,091,899	0.1000	0.1000		47,665,115	0.1000	0.1000	47,665	
	Road & Bridge	46,091,899	0.3020	0.3020		47,665,115	0.3020	0.3020	143,949	
Freeborn Township of Dunklin Co	General Revenue	11,917,658	0.1000	0.1000		12,688,510	0.1000	0.1000	12,689	
	Road & Bridge	11,917,658	0.2610	0.2610		12,688,510	0.2610	0.2610	33,117	
Holcomb Township of Dunklin Co	General Revenue	11,743,030	0.1000	0.1000		12,038,585	0.1000	0.1000	12,039	
	Road & Bridge	11,743,030	0.2611	0.2611		12,038,585	0.2611	0.2611	31,433	
Independence Township of Dunklin Co	General Revenue	117,171,654	0.1000	0.1000		118,864,855	0.1000	0.1000	118,865	
	Road & Bridge	117,171,654	0.2585	0.2585		118,864,855	0.2586	0.2586	307,385	
Salem Township of Dunklin Co	General Revenue	27,966,043	0.1000	0.1000		28,721,937	0.1000	0.1000	28,722	
	Road & Bridge	27,966,043	0.3022	0.3022		28,721,937	0.3022	0.3022	86,798	
Union Township of Dunklin Co	General Revenue	58,663,417	0.1000	0.1000		57,944,220	0.1000	0.1000	57,944	
	Road & Bridge	58,663,417	0.3564	0.3564		57,944,220	0.3662	0.3662	212,192	
Dunklin County Health Department	General Revenue	301,308,475	0.1000	0.1000		306,202,918	0.1000	0.1000	306,203	
Malden R-I School District	Operating Funds-Schools	45,681,630	3.7500	2.7500	E	46,766,912	2.7528	2.7528	1,287,400	E
	Debt Service	45,681,630	0.7309	0.7200		46,766,912	0.7347	0.7200	336,722	
Campbell R-II School District	Operating Funds-Schools	50,288,995	3.4294	3.2722	E	49,644,770	3.4396	3.2722	1,624,476	E
	Debt Service	50,288,995	0.8804	0.7635		49,644,770	0.7735	0.7635	379,038	
Holcomb R-III School District	Operating Funds-Schools	21,365,300	3.2243	3.2243	E	22,151,120	3.1961	3.1961	707,972	E
	Debt Service	21,365,300	0.7786	0.7405		22,151,120	0.7591	0.7405	164,029	
Clarkton C-4 School District	Operating Funds-Schools	12,142,735	3.5221	3.4300	E	13,162,455	3.4340	3.4300	451,472	E
Senath-Hornersville C-8 School Dist	Operating Funds-Schools	46,563,945	3.4836	3.4836	E	48,508,935	3.5100	3.5100	1,702,664	E
Southland C-9 School District	Operating Funds-Schools	15,797,005	3.2740	3.2740	E	16,263,305	3.2506	3.2506	528,655	E
Kennett 39 School District	Operating Funds-Schools	93,228,026	3.5685	3.5000	E	94,392,135	3.4809	3.4809	3,285,696	E

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Dunklin										
Kennett 39 School District	Debt Service	93,228,026	0.7821	0.7000		94,392,135	1.0603	0.7000	660,745	
Dunklin County	General Revenue	301,308,475	0.0000	0.0000		306,202,918	0.0000	0.0000	0	
	Library	301,308,475	0.2500	0.2500		306,202,918	0.2500	0.2500	765,507	
	Johnson Grass	301,308,475	0.0000	0.0000		306,202,918	0.0000	0.0000	0	
	Ambulance	301,308,475	0.1376	0.1376		306,202,918	0.1380	0.1380	422,560	
	Senate Bill 40	301,308,475	0.1000	0.1000		306,202,918	0.1000	0.1000	306,203	
Franklin										
Gerald Ambulance District	General Revenue	111,022,944	0.2936	0.2368		108,194,811	0.3000	0.3000	324,584	
Meramec Ambulance District	General Revenue	532,502,467	0.2678	0.2078		518,200,039	0.2877	0.2284	1,183,569	
	Dispatch	532,502,467	0.0279	0.0279		518,200,039	0.0300	0.0300	155,460	
St. Clair Ambulance District	General Revenue	214,144,563	0.3282	0.2440		203,484,042	0.3498	0.2604	529,872	
Union Ambulance District	General Revenue	328,356,142	0.1682	0.1682		318,450,344	0.1768	0.1768	563,020	
Washington Area Ambulance District	General Revenue	472,446,155	0.1510	0.0000		433,038,870	0.1660	0.0000	0	
New Haven Ambulance District	General Revenue	89,560,147	0.3000	0.2252		88,260,808	0.3000	0.2141	188,966	
City of Berger	General Revenue	1,803,390	0.8765	0.8765		1,770,323	0.9025	0.9025	15,977	
City of Gerald	General Revenue	16,601,540	0.8213	0.7845		16,004,896	0.8179	0.7452	119,268	
	Parks & Recreation	16,601,540	0.2258	0.2157		16,004,896	0.2249	0.2050	32,810	
Village of Leslie	General Revenue	1,141,320	0.4878	0.4800		1,148,667	0.5151	0.4800	5,514	
City of New Haven	General Revenue	34,428,224	0.6450	0.6450		34,044,083	0.6717	0.6573	223,772	
	Parks & Recreation	34,428,224	0.1881	0.1800	B	34,044,083	0.1875	0.1800	61,279	
Village of Oak Grove	General Revenue	11,994,859	0.1703	0.1600		11,448,010	0.1683	0.1600	18,317	
City of Pacific	General Revenue	117,347,969	0.3954	0.3954		112,956,795	0.4222	0.4222	476,904	
Village of Parkway	General Revenue	5,676,540	0.3063	0.2800		5,642,092	0.2970	0.2770	15,629	
City of St. Clair	General Revenue	59,152,924	0.4978	0.4978		55,528,156	0.5353	0.5353	297,242	
	Parks & Recreation	59,152,924	0.1554	0.1554		55,528,156	0.1671	0.1671	92,788	
City of Sullivan	General Revenue	80,364,391	0.4031	0.4031		77,825,054	0.4203	0.4203	327,099	
	Library	78,531,833	0.1046	0.1046		75,998,946	0.1091	0.1091	82,915	
City of Union	General Revenue	168,842,955	0.5405	0.5405		166,528,520	0.5641	0.5641	939,387	
	Parks & Recreation	168,842,955	0.1302	0.1302		166,528,520	0.1359	0.1359	226,312	
City of Washington	General Revenue	336,326,783	0.6048	0.6048		302,021,097	0.6062	0.6062	1,830,852	
Franklin County Library District	General Revenue	1,617,505,710	0.0777	0.0777		1,559,279,036	0.0826	0.0826	1,287,964	
Washington Public Library	General Revenue	154,792,873	0.0945	0.0945		131,896,634	0.1000	0.1000	131,897	
Beaufort Leslie Fire Prot Dist	General Revenue	55,924,439	0.4654	0.4654		53,368,274	0.4654	0.4654	248,376	
Boles Fire Protection District	General Revenue	285,850,280	0.5805	0.5805		279,278,012	0.5911	0.5911	1,650,812	
	Debt Service	285,850,280	0.1620	0.1620		279,278,012	0.2113	0.2113	590,114	
Pacific Fire Protection District	General Revenue	237,419,580	0.6514	0.6514		230,783,385	0.6821	0.6821	1,574,173	
	Pension	237,419,580	0.0462	0.0462		230,783,385	0.0484	0.0484	111,699	
	Joint Dispatch	237,419,580	0.0462	0.0462		230,783,385	0.0484	0.0484	111,699	
	Debt Service	237,419,580	0.0665	0.0665		230,783,385	0.0695	0.0695	160,394	
St. Clair Fire Protection District	General Revenue	223,924,505	0.5684	0.4712		212,590,922	0.6069	0.4972	1,057,002	
Sullivan Fire Protection District	General Revenue	187,538,711	0.3768	0.1351		187,300,946	0.3907	0.1409	263,907	
Union Fire Protection District	General Revenue	317,578,436	0.2741	0.1300		307,949,544	0.2882	0.1379	424,662	
Gerald-Rosebud Fire Protection Dist	General Revenue	65,468,529	0.2452	0.2452		64,352,744	0.2546	0.2546	163,842	
New Haven-Berger Fire Prot Dist	General Revenue	95,000,878	0.2500	0.2500		94,014,772	0.2500	0.2500	235,037	
Gray Summit Sewer District	General Revenue	2,430,453	0.4022	0.4022		2,343,838	0.4179	0.4179	9,795	
Beauty View Sewer District	General Revenue	823,072	0.5837	0.5837		735,613	0.6604	0.6604	4,858	
Crestview Sewer District	General Revenue	1,116,284	0.4631	0.4631		1,071,957	0.4823	0.4823	5,170	
St. Clair Sewer District	General Revenue	9,615,135	0.3116	0.3116		9,172,088	0.3279	0.3279	30,075	
Sylvan Manor Sunset Acres Sew Dist	General Revenue	1,660,167	0.5362	0.5362		1,603,188	0.5584	0.5584	8,952	
Calvey Creek Sewer District	General Revenue	17,839,661	0.3655	0.3655		16,950,867	0.3896	0.3896	66,041	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Franklin										
East Central College	General Revenue	1,671,875,570	0.3559	0.3559		1,606,636,788	0.3700	0.3700	5,944,556	
	Debt Service	1,671,875,570	0.0917	0.0841		1,606,636,788	0.0943	0.0841	1,351,182	
Franklin Co R-II School District	Operating Funds-Schools	24,781,989	3.4699	3.4447	E	24,487,766	3.6447	3.6447	892,506	E
Meramec Valley R-III School Dist	Operating Funds-Schools	317,946,945	3.6200	3.6192	F	304,081,443	3.6200	3.6200	11,007,748	F
	Debt Service	317,946,945	0.9181	0.6900		304,081,443	0.7373	0.6900	2,098,162	
Union R-XI School District	Operating Funds-Schools	300,510,596	2.8360	2.7900	F	290,337,491	3.0119	2.7900	8,100,416	F
	Debt Service	300,510,596	0.9739	0.9600		290,337,491	0.9887	0.9600	2,787,240	
Lonedell R-XIV School District	Operating Funds-Schools	38,327,975	3.5955	3.4800	E	35,533,673	3.8797	3.4800	1,236,572	E
	Debt Service	38,327,975	0.2467	0.2100		35,533,673	0.2600	0.2100	74,621	
Spring Bluff R-XV School District	Operating Funds-Schools	24,282,954	3.1166	3.1166	E	23,396,742	3.4039	3.1166	729,183	E
	Debt Service	24,282,954	0.7919	0.7000		23,396,742	0.8824	0.7500	175,476	
Franklin County R-XVI School Dist	Operating Funds-Schools	11,206,793	3.1842	3.1842	E	10,818,937	3.8393	3.8393	415,371	BE
	Debt Service	11,206,793	0.1986	0.1300		10,818,937	0.1747	0.1300	14,065	
St. Clair R-XIII School District	Operating Funds-Schools	146,923,161	2.7500	2.7500	E	137,715,179	2.7500	2.7500	3,787,167	E
	Debt Service	146,923,161	0.6820	0.6200		137,715,179	0.7064	0.6200	853,834	
Sullivan C-2 School District	Operating Funds-Schools	156,947,528	2.9367	2.9367	E	156,342,659	3.0517	3.0517	4,771,109	E
	Debt Service	156,947,528	1.7795	1.0745		156,342,659	1.8339	1.0745	1,679,902	
New Haven School District	Operating Funds-Schools	35,235,080	4.0614	3.9448	E	34,748,671	4.1667	3.9448	1,370,766	E
	Debt Service	35,235,080	1.1280	0.5300		34,748,671	1.0157	0.5300	184,168	
Washington School District	Operating Funds-Schools	758,486,084	3.4943	3.4943	E	712,055,289	3.6888	3.6888	26,266,296	E
	Debt Service	758,486,084	0.4139	0.3317		712,055,289	0.6103	0.3317	2,361,887	
Franklin County	General Revenue	1,850,904,474	0.2761	0.1308		1,769,359,364	0.2953	0.1483	2,623,960	
	Road & Bridge	1,850,904,474	0.1986	0.1986		1,769,359,364	0.2124	0.2124	3,758,119	
	Senate Bill 40	1,850,904,474	0.0939	0.0939		1,769,359,364	0.1000	0.1000	1,769,359	
Gasconade										
Owensville Ambulance District	General Revenue	86,278,958	0.3239	0.1027		85,427,146	0.3239	0.0985	84,146	
Hermann Area Ambulance District	General Revenue	128,366,398	0.2869	0.1469		129,594,432	0.2869	0.1405	182,080	
Hermann Area Hospital District	General Revenue	121,202,783	0.7024	0.7024		122,357,661	0.7026	0.7026	859,685	
Morrison Levee Dist Gasconade Co	General Revenue	78,110	0.7169	0.7169		78,000	0.7179	0.7179	560	
Morrison Sp Rd Dist #4 Gasconade Co	Road & Bridge	5,511,671	0.2559	0.2559		5,625,716	0.2534	0.2534	14,256	
City of Bland	General Revenue	3,419,302	0.9250	0.9250		3,341,792	0.9465	0.9465	31,630	
	Parks & Recreation	3,419,302	0.2476	0.2476		3,341,792	0.2533	0.2533	8,465	
	Debt Service	3,419,302	1.7088	1.3000		3,341,792	1.2130	1.2130	40,536	
City of Gasconade	General Revenue	1,483,550	0.6290	0.6290		1,500,128	0.6290	0.6290	9,436	
	Debt Service	1,483,550	2.5479	2.3001		1,500,128	2.0194	2.0194	30,294	
City of Hermann	General Revenue	37,963,083	0.3560	0.3560		38,547,724	0.3579	0.3579	137,962	
	Parks & Recreation	37,963,083	0.0092	0.0092		38,547,724	0.0092	0.0092	3,546	
	Band	37,963,083	0.0100	0.0100		38,547,724	0.0101	0.0101	3,893	
	Debt Service	37,963,083	1.2459	0.0000		**	**	**		
City of Morrison	General Revenue	1,254,216	0.5393	0.5393		1,285,919	0.5351	0.5351	6,881	
City of Owensville	General Revenue	34,929,649	0.3276	0.3276		33,953,330	0.3374	0.3374	114,559	
	Parks & Recreation	34,929,649	0.3276	0.3276		33,953,330	0.3374	0.3374	114,559	
	Debt Service	34,929,649	0.3674	0.3674		33,953,330	0.7617	0.7617	258,623	
City of Rosebud	General Revenue	4,179,359	0.4249	0.4249		4,176,665	0.4277	0.4277	17,864	
Gasconade County Library District	General Revenue	213,496,968	0.0965	0.0965		214,694,634	0.0967	0.0967	207,610	
Bland Fire Protection District	General Revenue	20,325,884	0.2171	0.2171		20,504,778	0.2208	0.2208	45,275	
Gasconade County Health Depart	General Revenue	213,496,968	0.0965	0.0965		214,694,634	0.0967	0.0967	207,610	
Gasconade Co R-II School District	Operating Funds-Schools	148,504,743	3.3935	3.1800	F	146,312,592	3.4729	3.1800	4,652,740	F
	Debt Service	148,504,743	1.2919	0.6700		146,312,592	1.1676	0.6700	980,294	
Gasconade County R-I School Dist	Operating Funds-Schools	112,136,191	3.0009	3.0009	E	112,380,826	3.0465	3.0465	3,423,682	E

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Gasconade											
Gasconade County R-I School Dist	Debt Service	112,136,191	1.5949	0.7500		112,380,826	1.3961	0.7500	842,856		
Gasconade County	General Revenue	213,496,968	0.3636	0.1516		214,694,634	0.3645	0.1602	343,941		
	Common Road District	207,985,296	0.2664	0.2664		209,068,919	0.2672	0.2672	558,632		
	Mental Health	213,496,968	0.0800	0.0800		214,694,634	0.0800	0.0800	171,756		
	Senate Bill 40	213,496,968	0.0965	0.0965		214,694,634	0.0967	0.0967	207,610		
Gentry											
Grand River Regional Ambulance Dist	General Revenue	146,868,345	0.1800	0.1800		151,131,670	0.4535	0.4535	685,382	B	
City of Albany	General Revenue	17,196,286	0.6257	0.6257		17,294,288	0.6276	0.6276	108,539		
	Parks & Recreation	17,196,286	0.2772	0.2772		17,294,288	0.2780	0.2780	48,078		
	Library	17,196,286	0.4600	0.4600		17,294,288	0.4600	0.4600	79,554		
	Health	17,196,286	0.1746	0.1746		17,294,288	0.1751	0.1751	30,282		
Village of Darlington	General Revenue	237,120	0.5000	0.4998		230,931	0.5000	0.4998	1,154		
Village of Gentry	General Revenue	302,609	0.4999	0.4999		291,704	0.5000	0.5000	1,459		
City of King City	General Revenue	7,141,391	0.7043	0.7043		7,334,111	0.7043	0.7043	51,654		
	Parks & Recreation	7,141,391	0.1735	0.1735		7,334,111	0.1735	0.1735	12,725		
	Health	7,141,391	0.1735	0.1735		7,334,111	0.1735	0.1735	12,725		
	Police	7,141,391	0.1456	0.1456		7,334,111	0.1456	0.1456	10,678		2013
City of McFall	General Revenue	605,483	0.6991	0.6991		583,108	0.7261	0.7261	4,234		
City of Stanberry	General Revenue	10,630,254	0.6371	0.6371		11,116,374	0.6377	0.6377	70,889		
	Parks & Recreation	10,630,254	0.1687	0.1687		11,116,374	0.1688	0.1688	18,764		
	Streets	10,630,254	0.3760	0.3760		11,116,374	0.3763	0.3763	41,831		
Gentry County Library Dist	General Revenue	72,186,601	0.2000	0.2000		74,876,012	0.3027	0.3027	226,650	B	
	Debt Service	72,186,601	0.0000	0.0000		**	**	**			
Athens Township of Gentry Co	General Revenue	25,079,726	0.1000	0.1000		25,632,208	0.1000	0.1000	25,632		
	Road & Bridge	25,079,726	0.3825	0.3825		25,632,208	0.3825	0.3825	98,043		
	Special Road District	25,079,726	0.1971	0.1971		**	**	**			2012
	Special Road and Bridge	25,079,726	0.2571	0.2571	A	25,632,208	0.2571	0.2571	65,900		2015
	Special Road District	**	**	**		25,632,208	0.2019	0.2019	51,751	A	2016
Bogle Township of Gentry Co	General Revenue	4,979,867	0.1000	0.1000		5,256,686	0.1000	0.1000	5,257		
	Road & Bridge	4,979,867	0.5000	0.5000		5,256,686	0.5000	0.5000	26,283		
	Special Road and Bridge	4,979,867	0.3249	0.3249	A	5,256,686	0.3249	0.3249	17,079		2015
	Gravel	4,979,867	0.3553	0.3553	A	5,256,686	0.3553	0.3553	18,677		2015
	Gravel & Maintenance	4,979,867	0.4500	0.4500		5,256,686	0.4500	0.4500	23,655		2013
Cooper Township of Gentry Co	General Revenue	18,345,873	0.1000	0.1000		19,459,184	0.1000	0.1000	19,459		
	Road & Bridge	18,345,873	0.4834	0.4834		19,459,184	0.4834	0.4834	94,066		
	Special Road and Bridge	18,345,873	0.1539	0.1539	A	19,459,184	0.1539	0.1539	29,948		2015
Howard Township of Gentry Co	General Revenue	2,149,293	0.1000	0.1000		2,345,798	0.1000	0.1000	2,346		
	Road & Bridge	2,149,293	0.5000	0.5000		2,345,798	0.5000	0.5000	11,729		
	Special Road and Bridge	2,149,293	0.3640	0.3640	A	2,345,798	0.3640	0.3640	8,539		2015
	Gravel	2,149,293	0.3120	0.3120	A	2,345,798	0.3120	0.3120	7,319		2015
Huggins Township of Gentry Co	General Revenue	3,352,812	0.1000	0.1000		3,140,277	0.1000	0.1000	3,140		
	Road & Bridge	3,352,812	0.5000	0.5000		3,140,277	0.5000	0.5000	15,701		
	Special Road and Bridge	3,352,812	0.3404	0.3404	A	3,140,277	0.3404	0.3404	10,690		2015
Jackson Township of Gentry Co	General Revenue	22,204,965	0.1000	0.1000		22,441,915	0.1000	0.1000	22,442		
	Road & Bridge	22,204,965	0.4820	0.4820		22,441,915	0.4820	0.4820	108,170		
	Special Road District	22,204,965	0.2539	0.2539		22,441,915	0.2539	0.2539	56,980		2014
	Special Road and Bridge	22,204,965	0.1246	0.1246	A	22,441,915	0.1246	0.1246	27,963		2015
Miller Township of Gentry Co	General Revenue	8,859,452	0.1000	0.1000		9,439,972	0.0996	0.0996	9,402		
	Road & Bridge	8,859,452	0.5000	0.5000		9,439,972	0.4980	0.4980	47,011		
	Special Road District	8,859,452	0.2900	0.2900		**	**	**			2012

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Gentry											
Miller Township of Gentry Co	Special Road and Bridge	8,859,452	0.3537	0.3537		9,439,972	0.3523	0.3523	33,257		2014
	Special Road District	**	**	**		9,439,972	0.3500	0.3500	33,040	A	2016
Wilson Township of Gentry Co	General Revenue	4,352,025	0.0996	0.0996		4,454,014	0.0996	0.0996	4,436		
	Road & Bridge	4,352,025	0.4982	0.4982		4,454,014	0.4982	0.4982	22,190		
	Special Road and Bridge	4,352,025	0.2889	0.2889		**	**	**			2012
	Gravel	4,352,025	0.3063	0.3063	A	4,454,014	0.3063	0.3063	13,643		2013
	Gravel & Maintenance	4,352,025	0.2989	0.2989		4,454,014	0.2989	0.2989	13,313		2013
	Gravel and Maintenance	4,352,025	0.3573	0.3573	A	4,454,014	0.3573	0.3573	15,914		2015
	Special Road and Bridge	**	**	**		4,454,014	0.2926	0.2926	13,032	A	2016
Albany Community Fire Prot Dist	General Revenue	37,753,611	0.1669	0.1669		38,735,420	0.1669	0.1669	64,649		
	Fire	37,753,611	0.1500	0.1500		38,735,420	0.1500	0.1500	58,103		
Stanberry Fire Protection Dist	General Revenue	24,245,277	0.4000	0.4000		25,493,243	0.4000	0.4000	101,973		
McFall Fire Protection District	General Revenue	3,844,105	0.2976	0.2976		3,934,696	0.2976	0.2976	11,710		
King City Fire Protection District	General Revenue	45,310,546	0.3000	0.3000		46,337,503	0.3000	0.3000	139,013		
King City R-I School District	Operating Funds-Schools	44,972,363	4.3600	4.1858		45,588,019	4.3533	4.1988	1,914,150		
	Debt Service	44,972,363	0.7051	0.5100		45,588,019	0.7803	0.5100	232,499		
Stanberry R-II School District	Operating Funds-Schools	23,864,428	4.1000	4.1000	E	25,228,936	4.1000	4.1000	1,034,386	E	
	Operating Funds-Temp	23,864,428	1.3300	1.3300		25,228,936	1.3300	1.3300	335,545		2026
Albany R-III School District	Operating Funds-Schools	36,661,162	4.4893	4.4893	E	37,282,179	4.4758	4.4758	1,668,676	E	
Gentry County	General Revenue	89,324,013	0.3484	0.3484		92,170,300	0.3484	0.3484	321,121		
	Senior Services	89,324,013	0.0500	0.0500		92,170,300	0.0500	0.0500	46,085		
	General Revenue-Temp	89,324,013	0.1921	0.1921		92,170,300	0.1921	0.1921	177,059		2014
Greene											
City of Ash Grove	General Revenue	13,275,196	0.5527	0.5527		13,650,926	0.5527	0.5527	75,449		
City of Battlefield	General Revenue	49,528,848	0.3424	0.3424		49,747,318	0.3450	0.3450	171,628		
City of Fair Grove	General Revenue	14,539,996	0.5321	0.5321		14,337,214	0.5492	0.5492	78,740		
	Debt Service	14,539,996	0.2112	0.2112		14,337,214	0.2038	0.2038	29,219		
City of Republic	General Revenue	160,891,997	0.4202	0.4309	C	157,326,492	0.4338	0.4338	682,482		
	Parks & Recreation	160,891,997	0.1131	0.1160	C	157,326,492	0.1168	0.1168	183,757		
	Lights	160,891,997	0.0646	0.0662	C	157,326,492	0.0667	0.0667	104,937		
City of Springfield	Parks & Recreation	2,657,426,556	0.1829	0.1829		2,688,519,509	0.1852	0.1852	4,979,138		
	Health	2,657,426,556	0.1247	0.1247		2,688,519,509	0.1262	0.1262	3,392,912		
	Art Museum	2,657,426,556	0.0383	0.0383		2,688,519,509	0.0388	0.0388	1,043,146		
	General Revenue-Temp	2,657,426,556	0.2624	0.2624		2,688,519,509	0.2642	0.2642	7,103,069		2025
City of Strafford	General Revenue	26,594,242	0.3503	0.3503		26,632,373	0.3561	0.3561	94,838		
City of Walnut Grove	General Revenue	5,247,518	0.5952	0.5952		5,095,875	0.6129	0.6129	31,233		
City of Willard	General Revenue	44,442,452	0.4014	0.4014		43,904,001	0.4092	0.4092	179,655		
	Parks & Recreation	44,442,452	0.1228	0.1228		43,904,001	0.1252	0.1252	54,968		
Springfield Greene County Library	General Revenue	4,313,780,016	0.2433	0.2433		4,380,788,801	0.2469	0.2469	10,816,168		
Battlefield Fire Protection Dist	General Revenue	512,054,722	0.6113	0.6113	B	510,472,768	0.6113	0.6113	3,120,520		
Strafford Fire Protection District	General Revenue	140,942,906	0.7432	0.7432		147,169,968	0.7432	0.7432	1,093,767		
Fair Grove Fire Protection District	General Revenue	62,884,711	0.3249	0.3000		74,957,921	0.8000	0.8000	599,663	B	
Brookline Fire Protection District	General Revenue	105,368,690	0.2486	0.2486		107,797,548	0.2540	0.2540	273,806		
Logan-Rogersville Fire Prot Dist	General Revenue	361,878,533	0.3657	0.3657		377,104,165	0.3657	0.3657	1,379,070		
Willard Fire Protection District	General Revenue	138,336,426	0.7796	0.7796	B	140,911,557	0.7796	0.7796	1,098,546		
Walnut Grove Fire Protection Dist	General Revenue	33,722,656	0.3000	0.3000		34,510,965	0.3000	0.3000	103,533		
West Republic Fire Protection Dist	General Revenue	24,191,339	0.2708	0.2708		25,864,853	0.2708	0.2708	70,042		
Ebenezer Fire Protection District	General Revenue	101,475,539	0.8579	0.8579		104,893,061	0.8579	0.8579	899,878		
Bois D'Arc Fire Protection District	General Revenue	22,945,544	0.3193	0.3193		24,472,352	0.3193	0.3193	78,140		
Ash Grove Fire Protection District	General Revenue	24,253,314	0.3544	0.3544		25,600,186	0.3542	0.3542	90,676		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Greene											
Pleasant View Fire Protection Dist	General Revenue	29,364,660	0.8207	0.8207	B	30,477,900	0.8207	0.8207	250,132		
C and E Community Improvement Dist	General Revenue	18,962,010	2.3480	2.3480		19,653,270	2.3039	2.3039	452,792		
Ozarks Technical Community College	General Revenue	5,647,368,600	0.0939	0.0939		5,830,302,318	0.0986	0.0986	5,748,678		
	General Revenue-Temp	5,647,368,600	0.0469	0.0469		5,830,302,318	0.0493	0.0493	2,874,339		2019
Willard R-II School District	Operating Funds-Schools	325,223,420	3.2660	3.1630	E	328,070,280	3.2212	3.1630	10,376,863	E	
	Debt Service	325,223,420	1.6219	0.8770		328,070,280	1.7932	0.8770	2,877,176		
Republic R-III School District	Operating Funds-Schools	287,651,236	3.4400	3.4400	E	317,184,024	3.4400	3.4400	10,911,130	E	
	Debt Service	287,651,236	2.1352	0.8400		317,184,024	1.2507	0.8400	2,664,346		
Ash Grove R-IV School District	Operating Funds-Schools	53,884,560	3.1155	3.1155	E	54,319,413	3.1194	3.1194	1,694,440	E	
	Debt Service	53,884,560	0.7983	0.5000		54,319,413	0.5378	0.5000	271,597		
Walnut Grove R-V School District	Operating Funds-Schools	17,069,140	4.0530	3.8559	E	17,307,430	3.9101	3.8559	667,357	E	
Strafford R-VI School District	Operating Funds-Schools	162,144,582	2.7500	2.7500	F	168,018,097	2.7500	2.7500	4,620,498	F	
	Debt Service	162,144,582	0.7226	0.7000		168,018,097	0.7927	0.7000	1,176,127		
Logan-Rogersville R-VIII School Dis	Operating Funds-Schools	212,072,152	3.0554	3.0554	E	222,125,103	3.0739	3.0100	6,685,966	E	
	Debt Service	212,072,152	1.0750	0.8846		222,125,103	1.0048	0.9300	2,065,763		
Springfield R-XII School District	Operating Funds-Schools	3,205,529,000	3.1899	3.1899	E	3,244,609,095	3.3995	3.3995	110,300,486	BE	
	Debt Service	3,205,529,000	0.6409	0.5100		3,244,609,095	0.5382	0.5100	16,547,506		
Fair Grove R-X School District	Operating Funds-Schools	63,252,725	2.8910	2.7500	F	63,149,199	2.9637	2.7500	1,736,603	F	
	Debt Service	63,252,725	1.2025	0.9000		63,149,199	1.2992	0.9000	568,343		
Greene County	General Revenue	4,313,780,016	0.2513	0.1206		4,380,788,801	0.2551	0.1370	6,001,681		
	Road & Bridge	4,313,780,016	0.2513	0.1206		4,380,788,801	0.2551	0.1370	6,001,681		
	Senate Bill 40	4,313,780,016	0.0466	0.0466		4,380,788,801	0.0473	0.0473	2,072,113		
	Senior Services	4,313,780,016	0.0496	0.0496		4,380,788,801	0.0500	0.0500	2,190,394		
Grundy											
Grundy County Nursing Home District	General Revenue	114,603,492	0.1498	0.1498		120,537,859	0.1490	0.1490	179,601		
Spickard Special Road District	Special Road and Bridge	1,016,391	0.3389	0.3389		1,714,407	0.2285	0.2285	3,917		2013
Village of Brimson	General Revenue	306,997	0.2037	0.2000		284,794	0.2163	0.2000	570		
City of Galt	General Revenue	867,677	1.0000	1.0000		907,227	1.0000	1.0000	9,072		
City of Laredo	General Revenue	897,455	0.7000	0.7000		942,148	0.6784	0.6784	6,392		
	Streets	897,455	0.2999	0.2999		942,148	0.2906	0.2906	2,738		
City of Spickard	General Revenue	1,214,094	0.9648	0.9648		1,275,639	0.9341	0.9341	11,916		
City of Tindall	General Revenue	526,320	0.4500	0.4500		540,532	0.4455	0.4455	2,408		
City of Trenton	General Revenue	54,653,201	0.8794	0.8794		56,371,795	0.8794	0.8794	495,734		
	Parks & Recreation	54,653,201	0.1624	0.1624		56,371,795	0.1624	0.1624	91,548		
Grundy Co Jewett Norris Library	General Revenue	114,603,492	0.1997	0.1997		120,537,859	0.1987	0.1987	239,509		
Franklin Township of Grundy Co	General Revenue	4,885,245	0.0955	0.0955		5,223,826	0.0930	0.0930	4,858		
	Road & Bridge	4,885,245	0.4211	0.4211		4,379,466	0.4748	0.4748	20,794		
	Special Road and Bridge	4,885,245	0.3500	0.3500		4,379,466	0.3500	0.3500	15,328		2014
Harrison Township of Grundy Co	General Revenue	2,046,552	0.1000	0.1000		2,032,608	0.1000	0.1000	2,033		
	Road & Bridge	2,046,552	0.5000	0.5000		2,032,608	0.5000	0.5000	10,163		
	Special Road and Bridge	2,046,552	0.3500	0.3500		**	**	**			2012
	Special Road and Bridge	**	**	**		2,032,608	0.3588	0.3588	7,293	A	2016
Jackson Township of Grundy Co	General Revenue	3,997,454	0.0972	0.0972		4,489,525	0.0927	0.0927	4,162		
	Road & Bridge	3,997,454	0.3992	0.3992		4,489,525	0.3808	0.3808	17,096		
	Special Road and Bridge	3,997,454	0.3479	0.3479		4,489,525	0.3318	0.3318	14,896		2014
	Debt Service	3,997,454	0.6331	0.6331		4,489,525	0.1632	0.1632	7,327		
Jefferson Township of Grundy Co	General Revenue	6,768,604	0.0938	0.0938		7,399,584	0.0905	0.0905	6,697		
	Road & Bridge	6,768,604	0.4762	0.4762		7,399,584	0.4594	0.4594	33,994		
	Special Road and Bridge	6,768,604	0.3500	0.3500		7,399,584	0.3377	0.3377	24,988		2014
Liberty Township of Grundy Co	General Revenue	3,660,325	0.1000	0.1000		3,854,231	0.1000	0.1000	3,854		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Grundy											
Liberty Township of Grundy Co	Road & Bridge	3,660,325	0.5000	0.5000		3,854,231	0.5000	0.5000	19,271		
	Special Road and Bridge	3,660,325	0.3482	0.3482		**	**	**			2012
	Special Road and Bridge	**	**	**		3,854,231	0.3519	0.3500	13,490	A	2016
Lincoln Township of Grundy Co	General Revenue	8,061,801	0.0961	0.0961		8,572,632	0.0940	0.0940	8,058		
	Road & Bridge	8,061,801	0.2914	0.2914		8,572,632	0.2851	0.2851	24,441		
	Special Road and Bridge	8,061,801	0.3307	0.3307		**	**	**			2012
	Special Road and Bridge	**	**	**		8,572,632	0.3500	0.3500	30,004	A	2016
Madison Township of Grundy Co	General Revenue	6,435,332	0.1000	0.1000		6,864,153	0.0994	0.0994	6,823		
	Road & Bridge	6,435,332	0.5000	0.5000		6,864,153	0.4968	0.4968	34,101		
	Special Road and Bridge	6,435,332	0.3627	0.3627		6,864,153	0.3604	0.3500	24,025		2014
Marion Township of Grundy Co	General Revenue	4,993,678	0.0976	0.0976		5,359,049	0.0943	0.0943	5,054		
	Road & Bridge	4,993,678	0.4880	0.4880		5,359,049	0.4714	0.4714	25,263		
	Special Road and Bridge	4,993,678	0.3492	0.3492		5,359,049	0.3373	0.3373	18,076		2014
	Debt Service	4,993,678	0.1015	0.1015		5,359,049	0.0189	0.0189	1,013		
Myers Township of Grundy County	General Revenue	1,928,334	0.1000	0.1000		1,873,031	0.1000	0.1000	1,873		
	Road & Bridge	1,928,334	0.4999	0.4999		1,873,031	0.5000	0.5000	9,365		
	Special Road and Bridge	1,928,334	0.3500	0.3500		1,873,031	0.3500	0.3500	6,556		2014
Taylor Township of Grundy Co	General Revenue	1,891,694	0.1000	0.1000		1,935,908	0.1000	0.1000	1,936		
	Road & Bridge	1,891,694	0.4718	0.4718		1,935,908	0.4718	0.4718	9,134		
	Special Road and Bridge	1,891,694	0.3494	0.3494		**	**	**			2012
	Special Road and Bridge	**	**	**		1,935,908	0.3503	0.3503	6,781	A	2016
Trenton Township of Grundy Co	General Revenue	63,964,889	0.0633	0.0628		66,518,713	0.0628	0.0628	41,774		
	Road & Bridge	63,964,889	0.2833	0.2811		66,518,713	0.2811	0.2811	186,984		
Wilson Township of Grundy Co	General Revenue	4,507,765	0.0980	0.0980		4,764,516	0.0966	0.0966	4,603		
	Road & Bridge	4,507,765	0.4900	0.4900		4,764,516	0.4832	0.4832	23,022		
	Special Road and Bridge	4,507,765	0.3500	0.3500		4,764,516	0.3451	0.3451	16,442		2014
Washington Township of Grundy Co	General Revenue	1,461,765	0.0963	0.0963		1,437,632	0.0993	0.0993	1,428		
	Road & Bridge	1,461,765	0.4818	0.4818		1,437,632	0.4967	0.4967	7,141		
Grundy County Rural Fire Prot Dist	General Revenue	28,493,645	0.3000	0.3000		36,505,705	0.2576	0.2576	94,039		
Laredo Fire Protection District	General Revenue	10,434,886	0.2758	0.2758		11,128,621	0.2715	0.2715	30,214		
Spickard Fire Protection District	General Revenue	12,127,079	0.3000	0.3000		13,914,917	0.2771	0.2771	38,558		
Grundy County Health Department	General Revenue	114,603,492	0.2996	0.2996		120,537,859	0.2980	0.2980	359,203		
North Central Missouri College	General Revenue	84,099,432	0.4000	0.4000		86,597,622	0.4000	0.4000	346,390		
Grundy Co R-V School District	Operating Funds-Schools	11,926,905	5.8693	5.8693	E	12,342,243	5.8985	5.8985	728,007	E	
Spickard R-II School District	Operating Funds-Schools	3,873,868	4.3874	4.3874	E	3,932,578	4.4167	4.4167	173,690	E	
Pleasant View R-VI School District	Operating Funds-Schools	8,095,591	4.3763	4.3763	E	8,365,510	4.3312	4.3312	362,327	E	
Laredo R-VII School District	Operating Funds-Schools	5,397,278	4.8060	4.8060	E	5,563,990	4.6012	4.6012	256,010	E	
	Operating Funds-Temp	5,397,278	1.4000	1.4000		5,563,990	1.4000	1.4000	77,896		2013
Trenton R-IX School District	Operating Funds-Schools	73,707,908	3.4577	3.4577	E	75,556,001	3.3600	3.3600	2,538,682	E	
	Debt Service	73,707,908	0.9000	0.9000		75,552,721	0.9000	0.9000	679,974		
Grundy County	General Revenue	114,603,492	0.3899	0.1700		120,537,859	0.3879	0.2109	254,214		
	Developmentally Disabled	114,603,492	0.0999	0.0999		120,537,859	0.0994	0.0994	119,815		
	Senior Services	114,603,492	0.0499	0.0499		120,537,859	0.0496	0.0496	59,787		
Harrison											
North Harrison Co Ambulance Dist	General Revenue	30,015,844	0.4960	0.4960		30,961,493	0.4960	0.4960	153,569		
Noel Adams Ambulance District	General Revenue	75,413,781	0.2815	0.0000		76,949,823	0.2815	0.0000	0		
Harrison County Hospital District	General Revenue	99,789,068	0.4500	0.4500		102,126,999	0.4500	0.4500	459,571		
Panther Creek Watershed Sub Dist	General Revenue	1,566,010	0.2400	0.2400		1,608,200	0.2399	0.2399	3,858		
West Fork of Big Creek Sub Dist	General Revenue	11,799,300	0.4000	0.4000		12,097,400	0.4000	0.4000	48,390		
East Fork of Big Creek Subdistrict	General Revenue	4,804,240	0.4000	0.4000		4,913,580	0.4000	0.4000	19,654		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Harrison											
City of Bethany	General Revenue	28,695,766	0.5515	0.5515		29,219,032	0.5530	0.5530	161,581		
	Parks & Recreation	28,695,766	0.0000	0.0000		29,219,032	0.0000	0.0000	0		
	Road	28,695,766	0.3118	0.3118		29,219,032	0.3127	0.3127	91,368		
Village of Blythedale	General Revenue	749,926	0.9393	0.9393		738,825	0.9568	0.9568	7,069		
City of Cainsville	General Revenue	1,572,762	0.5169	0.5169		1,608,537	0.5146	0.5146	8,278		
	Fire	1,572,762	0.0000	0.0000		1,608,537	0.0000	0.0000	0		
	General Revenue-Temp	1,572,762	0.0031	0.0031	A	1,608,537	0.0031	0.0000	0		2015
	Gravel	1,572,762	0.5169	0.5169		1,608,537	0.5146	0.5146	8,278		
	General Revenue-Temporary	**	**	**		1,608,537	0.3000	0.3000	4,826	A	2016
	Debt Service	1,572,762	0.2439	0.2439		1,608,537	0.2324	0.2324	3,738		
City of Gilman City	General Revenue	1,647,443	0.5159	0.5159		1,709,999	0.5159	0.5159	8,822		
	Parks & Recreation	1,647,443	0.0500	0.0500		1,709,999	0.0500	0.0500	855		
	Streets	1,647,443	0.1868	0.1868		1,709,999	0.1868	0.1868	3,194		
Village of Mount Moriah	General Revenue	460,826	0.4878	0.4878		480,197	0.4761	0.4761	2,286		
City of New Hampton	General Revenue	1,068,458	0.6800	0.6800		1,083,153	0.6800	0.6800	7,365		
	Lights	1,068,458	0.1500	0.1500		1,083,153	0.1500	0.1500	1,625		
	Streets	1,068,458	0.3000	0.3000		1,083,153	0.3000	0.3000	3,249		
City of Ridgeway	General Revenue	2,047,579	0.9706	0.9706		1,983,804	1.0000	1.0000	19,838		
	Parks & Recreation	2,047,579	0.0486	0.0486		1,983,804	0.0500	0.0500	992		
Adams Township of Harrison Co	General Revenue	2,764,694	0.0999	0.0999		2,834,693	0.0999	0.0999	2,832		
	Road & Bridge	2,764,694	0.4997	0.4997		2,834,693	0.4997	0.4997	14,165		
	Special Road and Bridge	2,764,694	0.3519	0.3519	A	2,834,693	0.3519	0.3519	9,975		2015
Bethany Township of Harrison County	General Revenue	34,681,607	0.1000	0.1000		35,482,409	0.1000	0.1000	35,482		
	Road & Bridge	34,681,607	0.3458	0.3458		35,482,409	0.3458	0.3458	122,698		
Butler Township of Harrison Co	General Revenue	2,107,634	0.1000	0.1000		2,155,352	0.0999	0.0999	2,153		
	Road & Bridge	2,107,634	0.4384	0.4384		2,155,352	0.4378	0.4378	9,436		
	Special Road and Bridge	2,107,634	0.3502	0.3502	A	2,155,352	0.3497	0.3497	7,537		2015
Clay Township of Harrison Co	General Revenue	2,692,457	0.0994	0.0994		2,564,799	0.1000	0.1000	2,565		
	Road & Bridge	2,692,457	0.4972	0.4972		2,564,799	0.5000	0.5000	12,824		
	Special Road and Bridge	2,692,457	0.3599	0.3599	A	2,564,799	0.3599	0.3599	9,231		2015
Colfax Township of Harrison Co	General Revenue	6,192,770	0.0999	0.0999		6,321,270	0.0999	0.0999	6,315		
	Road & Bridge	6,192,770	0.4714	0.4714		6,321,270	0.4714	0.4714	29,798		
	Special Road and Bridge	6,192,770	0.3549	0.3549	A	6,321,270	0.3549	0.3549	22,434		2015
Cypress Township of Harrison Co	General Revenue	2,558,769	0.1000	0.1000		2,746,905	0.1000	0.1000	2,747		
	Road & Bridge	2,558,769	0.4142	0.4142		2,746,905	0.4159	0.4159	11,424		
	Special Road and Bridge	2,558,769	0.3655	0.3655	A	2,746,905	0.3655	0.3655	10,040		2015
Dallas Township of Harrison Co	General Revenue	2,226,800	0.1000	0.1000		2,260,765	0.1000	0.1000	2,261		
	Road & Bridge	2,226,800	0.4356	0.4356		2,260,765	0.4356	0.4356	9,848		
	Special Road and Bridge	2,226,800	0.3599	0.3599	A	2,260,765	0.3599	0.3599	8,136		2015
Fox Creek Township of Harrison Co	General Revenue	2,018,934	0.1000	0.1000		1,971,843	0.1000	0.1000	1,972		
	Road & Bridge	2,018,934	0.4630	0.4630		1,971,843	0.4770	0.4770	9,406		
	Special Road and Bridge	2,018,934	0.3609	0.3609	A	1,971,843	0.3609	0.3609	7,116		2015
Grant Township of Harrison Co	General Revenue	3,666,748	0.0991	0.0991		3,677,920	0.0993	0.0993	3,652		
	Road & Bridge	3,666,748	0.4954	0.4954		3,677,920	0.4962	0.4962	18,250		
	Special Road and Bridge	3,666,748	0.3500	0.3500	A	3,677,920	0.3500	0.3500	12,873		2015
Hamilton Township of Harrison Co	General Revenue	2,773,727	0.0988	0.0988		2,824,519	0.0990	0.0990	2,796		
	Road & Bridge	2,773,727	0.4942	0.4942		2,824,519	0.4951	0.4951	13,984		
	Special Road and Bridge	2,773,727	0.3598	0.3598	A	2,824,519	0.3598	0.3598	10,163		2015
Jefferson Township of Harrison Co	General Revenue	3,935,002	0.0999	0.0999		4,101,081	0.0998	0.0998	4,093		
	Road & Bridge	3,935,002	0.4732	0.4732		4,101,081	0.4725	0.4725	19,378		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Harrison										
Jefferson Township of Harrison Co	Special Road and Bridge	3,935,002	0.3500	0.3500	A	4,101,081	0.3495	0.3495	14,333	2015
Lincoln Township of Harrison Co	General Revenue	2,147,119	0.0998	0.0998		2,232,265	0.1000	0.1000	2,232	
	Road & Bridge	2,147,119	0.4992	0.4992		2,232,265	0.5000	0.5000	11,161	
	Special Road and Bridge	2,147,119	0.3601	0.3601	A	2,232,265	0.3601	0.3601	8,038	2015
Madison Township of Harrison Co	General Revenue	4,697,149	0.0971	0.0971		4,946,844	0.0969	0.0969	4,793	
	Road & Bridge	4,697,149	0.4854	0.4854		4,946,844	0.4842	0.4842	23,953	
	Special Road and Bridge	4,697,149	0.3544	0.3544	A	4,946,844	0.3535	0.3535	17,487	2015
Marion Township of Harrison Co	General Revenue	5,513,824	0.0982	0.0982		5,776,390	0.0974	0.0974	5,626	
	Road & Bridge	5,513,824	0.4515	0.4515		5,776,390	0.4477	0.4477	25,861	
	Special Road and Bridge	5,513,824	0.3500	0.3500	A	5,776,390	0.3471	0.3471	20,050	2015
Sherman Township of Harrison Co	General Revenue	4,459,460	0.0996	0.0996		4,065,999	0.1000	0.1000	4,066	
	Road & Bridge	4,459,460	0.4980	0.4980		4,065,999	0.5000	0.5000	20,330	
	Special Road and Bridge	4,459,460	0.3565	0.3565	A	4,065,999	0.3565	0.3565	14,495	2015
Sugar Creek Township of Harrison Co	General Revenue	3,758,147	0.1000	0.1000		3,916,863	0.1000	0.1000	3,917	
	Road & Bridge	3,758,147	0.3949	0.3949		3,916,863	0.3954	0.3954	15,487	
	Special Road and Bridge	3,758,147	0.3597	0.3597	A	3,916,863	0.3597	0.3597	14,089	2015
Trail Creek Township of Harrison Co	General Revenue	3,166,215	0.1000	0.1000		3,257,775	0.0999	0.0999	3,255	
	Road & Bridge	3,166,215	0.5000	0.5000		3,257,775	0.4994	0.4994	16,269	
	Special Road and Bridge	3,166,215	0.3774	0.3774	A	3,257,775	0.3770	0.3770	12,282	2015
Union Township of Harrison Co	General Revenue	4,093,435	0.1000	0.1000		4,357,988	0.1000	0.1000	4,358	
	Road & Bridge	4,093,435	0.4990	0.4990		4,357,988	0.4990	0.4990	21,746	
	Special Road and Bridge	4,093,435	0.3570	0.3570	A	4,357,988	0.3570	0.3570	15,558	2015
Washington Township of Harrison Co	General Revenue	1,928,467	0.1000	0.1000		1,937,558	0.1000	0.1000	1,938	
	Road & Bridge	1,928,467	0.4985	0.4985		1,937,558	0.5000	0.5000	9,688	
	Special Road and Bridge	1,928,467	0.3601	0.3601	A	1,937,558	0.3601	0.3601	6,977	2015
White Oak Township of Harrison Co	General Revenue	4,406,110	0.0999	0.0999		4,693,761	0.0971	0.0971	4,558	
	Road & Bridge	4,406,110	0.4684	0.4684		4,693,761	0.4554	0.4554	21,375	
	Special Road and Bridge	4,406,110	0.3500	0.3500	A	4,693,761	0.3403	0.3403	15,973	2015
Ridgeway Fire Protection District	General Revenue	7,499,956	0.2966	0.2966		7,640,473	0.2966	0.2966	22,662	
Gilman City Fire Protection Dist	General Revenue	10,746,329	0.2983	0.2983		11,086,657	0.2983	0.2983	33,071	
New Hampton Fire Protection Dist	General Revenue	9,738,327	0.3000	0.3000		10,054,951	0.2996	0.2996	30,125	
North Harrison Fire Protection Dist	Fire	16,950,464	0.2973	0.2973		17,407,375	0.2973	0.2973	51,752	
Cainsville Fire Protection District	General Revenue	7,275,473	0.3000	0.3000		7,288,503	0.3000	0.3000	21,866	
Harrison County Health Department	General Revenue	99,789,068	0.3040	0.3000		102,126,999	0.3000	0.3000	306,381	
Cainsville R-I School District	Operating Funds-Schools	5,329,969	6.0778	6.0000	E	5,350,877	6.0014	6.0000	321,053	E
South Harrison Co R-II School Dist	Operating Funds-Schools	58,818,443	3.6700	3.6700	E	59,706,586	3.6513	3.6513	2,180,067	E
North Harrison Co R-III School Dist	Operating Funds-Schools	16,104,564	4.4323	4.4323	E	16,495,655	4.4407	4.4407	732,523	E
Gilman City R-IV School District	Operating Funds-Schools	10,157,993	5.0961	5.0961	E	10,359,312	5.0867	5.0867	526,947	E
Ridgeway R-V School District	Operating Funds-Schools	6,981,955	6.1137	5.9480	E	6,985,315	6.0298	5.9480	415,487	E
Harrison County	General Revenue	99,789,068	0.3773	0.3773		102,126,999	0.3773	0.3773	385,325	
	Senior Services	99,789,068	0.0500	0.0500		102,126,999	0.0500	0.0500	51,063	
Henry										
Windsor Ambulance District	General Revenue	45,384,750	0.2891	0.2891		46,876,074	0.2885	0.2885	135,237	
Bethlehem Spec Rd Dist #2 Henry Co	Road & Bridge	2,873,699	0.6100	0.6100		2,554,765	0.6100	0.6100	15,584	
Deerfield Creek SRD, Henry Co	Road & Bridge	5,969,028	0.1822	0.1822		5,772,257	0.1896	0.1896	10,944	
Fields Creek Sp Rd Dist #1 Henry Co	Road & Bridge	21,017,946	0.3580	0.3580		23,645,779	0.3497	0.3497	82,689	
Honey Creek Sp Rd Dist #1 Henry Co	Road & Bridge	2,094,467	0.3973	0.3973		2,084,214	0.4003	0.4003	8,343	
Montrose Spec Rd Dist Henry Co	Road & Bridge	3,646,154	0.3144	0.3144		3,769,736	0.3122	0.3122	11,769	
Mt Hope Spec Rd Dist Henry Co	Road & Bridge	1,308,188	0.4685	0.4685		1,348,098	0.4650	0.4650	6,269	
Osage Spec Rd Dist #1 Henry Co	Road & Bridge	5,273,025	0.3419	0.3419		5,310,214	0.3419	0.3419	18,156	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied	2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Henry									
Shawnee Spec Rd Dist #1 Henry Co	Road & Bridge	5,207,026	0.4129	0.2906	5,579,190	0.2805	0.2805	15,650	
Wagner Spec Rd Dist Henry Co	Road & Bridge	864,070	0.4249	0.4249	972,580	0.3992	0.3992	3,883	
Windsor Spec Rd Dist Henry Co	Road & Bridge	30,992,690	0.2749	0.2749	31,729,206	0.2748	0.2748	87,192	
Clinton Country Club Spec Rd Dist	Road & Bridge	2,279,670	0.2609	0.2609	2,425,895	0.2609	0.2609	6,329	
	Special Road and Bridge	2,279,670	0.2836	0.2836	2,425,895	0.2836	0.2836	6,880	2013
City of Blairstown	General Revenue	486,030	1.0000	1.0000	502,420	0.9913	0.9913	4,980	
	Streets	486,030	0.5000	0.5000	**	**	**		2012
	Streets	**	**	**	502,420	0.5000	0.5000	2,512	A 2015
Village of Brownington	General Revenue	395,979	0.9279	0.9279	398,825	0.9531	0.9531	3,801	
City of Calhoun	General Revenue	1,940,012	0.6426	0.6426	1,933,819	0.6451	0.6451	12,475	
	Police	1,940,012	0.2386	0.2386	**	**	**		2012
	Fire	1,940,012	0.1909	0.1909	**	**	**		2012
	Police	**	**	**	1,933,819	0.2552	0.2552	4,935	A 2016
	Fire	**	**	**	1,933,819	0.2042	0.2042	3,949	A 2016
City of Clinton	General Revenue	119,006,319	0.5239	0.5239	122,480,077	0.5239	0.5239	641,673	
	Parks & Recreation	119,006,319	0.1466	0.1466	122,480,077	0.1466	0.1466	179,556	
City of Deepwater	General Revenue	2,507,914	0.8434	0.8434	2,523,127	0.8434	0.8434	21,280	
	Lights	2,507,914	0.1450	0.1450	2,523,127	0.1450	0.1450	3,659	
	Cemetery	2,507,914	0.0981	0.0981	2,523,127	0.0981	0.0981	2,475	
City of Montrose	General Revenue	3,106,975	0.9395	0.9395	3,213,194	0.9387	0.9387	30,162	
	Debt Service	3,106,975	0.4148	0.4148	3,213,194	0.3878	0.3878	12,461	
City of Urich	General Revenue	3,208,558	0.9357	0.9357	3,217,322	0.9357	0.9357	30,104	
	Parks & Recreation	3,208,558	0.2888	0.2888	3,217,322	0.2888	0.2888	9,292	
City of Windsor	General Revenue	22,636,798	0.6105	0.6105	22,658,601	0.6105	0.6105	138,331	
	Library	22,636,798	0.0000	0.0000	22,658,601	0.0000	0.0000	0	
	Park	22,636,798	0.2363	0.2363	22,658,601	0.2363	0.2363	53,542	
	Pool	22,636,798	0.1181	0.1181	22,658,601	0.1181	0.1181	26,760	
	Recreation	22,636,798	0.0590	0.0590	22,658,601	0.0590	0.0590	13,369	
Henry County Library District	General Revenue	306,746,055	0.1956	0.1956	315,907,575	0.1956	0.1956	617,915	
Bear Creek Township of Henry Co	General Revenue	3,548,260	0.1915	0.1915	3,724,259	0.1882	0.1882	7,009	
	Road & Bridge	3,548,260	0.3352	0.3352	3,724,259	0.3294	0.3294	12,268	
	Special Road and Bridge	3,548,260	0.2495	0.2495	3,724,259	0.2452	0.2452	9,132	2013
Bethlehem Township of Henry County	General Revenue	11,650,972	0.1206	0.1206	11,661,363	0.1222	0.1222	14,250	
	Road & Bridge	8,340,707	0.2686	0.2686	8,650,148	0.2686	0.2686	23,234	
Bogard Township of Henry Co	General Revenue	9,102,403	0.1722	0.1722	9,785,366	0.1716	0.1716	16,792	
	Road & Bridge	9,102,403	0.3646	0.3646	9,785,366	0.3633	0.3633	35,550	
	Special Road and Bridge	9,102,403	0.2402	0.2402	**	**	**		2012
	Special Road and Bridge	**	**	**	9,785,366	0.2500	0.2500	24,463	A 2016
Clinton Township of Henry Co	General Revenue	105,587,072	0.0508	0.0508	106,375,587	0.0508	0.0508	54,039	
	Road & Bridge	105,587,072	0.1017	0.1017	106,375,587	0.1017	0.1017	108,184	
Davis Township of Henry Co	General Revenue	12,973,341	0.1981	0.1981	12,768,374	0.2000	0.2000	25,537	
	Road & Bridge	12,973,341	0.4952	0.4952	12,768,374	0.5000	0.5000	63,842	
Deepwater Township of Henry Co	General Revenue	8,177,035	0.1668	0.1668	8,513,282	0.1642	0.1642	13,979	
	Road & Bridge	2,358,623	0.3469	0.3469	2,422,868	0.3441	0.3441	8,337	
Deer Creek Township of Henry Co	General Revenue	8,100,631	0.1481	0.1481	8,523,294	0.1481	0.1481	12,623	
	Road & Bridge	4,686,559	0.4591	0.4591	4,881,418	0.4591	0.4591	22,411	
Fairview Township of Henry Co	General Revenue	7,290,085	0.1560	0.1560	7,499,616	0.1557	0.1557	11,677	
	Road & Bridge	7,290,085	0.3328	0.3328	7,499,616	0.3322	0.3322	24,914	
Fields Creek Township of Henry Co	General Revenue	39,135,054	0.1640	0.1640	41,823,291	0.1630	0.1630	68,172	
	Road & Bridge	14,136,292	0.3019	0.3019	14,077,686	0.3045	0.3045	42,867	

APPENDIX VII
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Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Henry										
Honey Creek Township of Henry Co	General Revenue	3,557,834	0.1521	0.1521		3,652,177	0.1513	0.1513	5,526	
	Road & Bridge	1,463,367	0.1443	0.1443		1,567,963	0.1380	0.1380	2,164	
Leesville Township of Henry Co	General Revenue	15,808,453	0.1316	0.1316		16,284,351	0.1316	0.1316	21,430	
	Road & Bridge	15,808,453	0.2636	0.2636		16,284,351	0.2636	0.2636	42,926	
Osage Township of Henry Co	General Revenue	10,222,552	0.1308	0.1308		11,246,682	0.1304	0.1304	14,666	
	Road & Bridge	4,949,527	0.2680	0.2680		5,936,468	0.2625	0.2625	15,583	
Shawnee Township of Henry Co	General Revenue	8,529,417	0.1587	0.1587		9,101,661	0.1541	0.1541	14,026	
	Road & Bridge	3,322,391	0.4251	0.4251		3,522,471	0.4164	0.4164	14,668	
Springfield Township of Henry Co	General Revenue	4,097,745	0.1890	0.1890		4,272,085	0.1888	0.1888	8,066	
	Road & Bridge	4,097,745	0.4724	0.4724		4,272,085	0.4718	0.4718	20,156	
Tebo Township of Henry Co	General Revenue	8,752,143	0.1751	0.1751		9,262,076	0.1701	0.1701	15,755	
	Road & Bridge	8,752,143	0.3813	0.3813		9,262,076	0.3704	0.3704	34,307	
	Special Road and Bridge	8,752,143	0.1800	0.1800	A	9,262,076	0.1748	0.1748	16,190	2015
Walker Township of Henry Co	General Revenue	6,206,424	0.1724	0.1724		6,352,664	0.1715	0.1715	10,895	
	Road & Bridge	6,206,424	0.4309	0.4309		6,352,664	0.4286	0.4286	27,228	
White Oak Township of Henry Co	General Revenue	7,494,880	0.1896	0.1896		7,633,821	0.1896	0.1896	14,474	
	Road & Bridge	7,494,880	0.3999	0.3999		7,633,821	0.3999	0.3999	30,528	
Windsor Township of Henry Co	General Revenue	30,992,690	0.1450	0.1450		31,729,206	0.1450	0.1450	46,007	
Big Creek Township of Henry Co	General Revenue	5,519,064	0.1579	0.1579		5,698,420	0.1569	0.1569	8,941	
	Road & Bridge	5,519,064	0.2567	0.2567		5,698,420	0.2551	0.2551	14,537	
Tightwad Fire Protection District	General Revenue	15,750,980	0.3000	0.3000		16,237,503	0.3000	0.3000	48,713	
Henry County Health Center	General Revenue	306,746,055	0.0976	0.0976		315,907,575	0.0976	0.0976	308,326	
Henry County R-I School District	Operating Funds-Schools	42,096,473	3.2675	2.7500	F	42,463,131	3.2060	2.7500	1,167,736	F
	Debt Service	42,096,473	0.7797	0.5000		42,463,131	0.5098	0.5000	212,316	
Shawnee R-III School District	Operating Funds-Schools	9,310,086	4.1513	4.1513	E	9,464,092	4.1445	4.1445	392,239	E
	Debt Service	9,310,086	0.5645	0.3067		9,464,092	0.5433	0.3067	29,026	
Calhoun R-VIII School District	Operating Funds-Schools	9,625,792	4.1039	4.1039	E	9,944,384	4.0753	4.0753	405,263	E
Leesville R-IX School District	Operating Funds-Schools	15,254,730	3.4307	3.4307	E	15,716,430	3.4107	3.4107	536,040	E
Davis R-XII School District	Operating Funds-Schools	17,231,791	3.5220	3.5220	E	16,892,656	3.5600	3.5600	601,379	E
	Debt Service	17,231,791	0.0572	0.0000		16,892,656	0.2023	0.1500	25,339	
Montrose R-XIV School District	Operating Funds-Schools	10,661,557	4.5523	4.5523	E	10,670,956	4.5568	4.5568	486,254	E
Clinton School District	Operating Funds-Schools	159,800,120	3.5217	3.5217	E	162,056,933	3.5262	3.5262	5,714,452	E
	Operating Funds-Temp	159,800,120	0.8500	0.8500		162,056,933	0.8500	0.0000	0	2027
	Debt Service	**	**	**		162,056,933	1.0353	0.8500	1,377,484	
Henry County	General Revenue	306,746,055	0.2487	0.0608		315,907,575	0.2487	0.0694	219,240	
	Senior Services	306,746,055	0.0488	0.0488		315,907,575	0.0488	0.0488	154,163	
Hickory										
City of Cross Timbers	General Revenue	799,856	0.5217	0.4961		833,575	0.4933	0.4161	3,469	
City of Hermitage	General Revenue	5,013,489	0.4864	0.4864		5,142,526	0.4864	0.4864	25,013	
City of Weaubleau	General Revenue	2,440,863	0.3763	0.3763		2,520,180	0.3756	0.3756	9,466	
City of Wheatland	General Revenue	3,539,548	0.3438	0.3438		3,513,895	0.3463	0.3463	12,169	
Hickory County Library District	General Revenue	108,900,827	0.1295	0.1295		113,646,727	0.1295	0.1295	147,173	
Hickory County Health Department	General Revenue	108,900,827	0.1509	0.1509		113,646,727	0.1509	0.1509	171,493	
Hickory Co. R-I School District	Operating Funds-Schools	39,376,915	2.8987	2.8987	E	40,048,012	2.9010	2.9010	1,161,793	E
	Debt Service	39,376,915	1.3936	0.7685		40,048,012	1.2086	0.7689	307,929	
Wheatland R-II School District	Operating Funds-Schools	33,113,400	2.9405	2.9405	E	34,752,206	2.9441	2.9441	1,023,140	E
	Debt Service	33,113,400	0.6254	0.4138		34,752,206	0.4136	0.4136	143,735	
Weaubleau R-III School District	Operating Funds-Schools	21,879,883	2.7500	2.7500	E	22,288,776	2.7500	2.7500	612,941	E
	Debt Service	21,879,883	1.3609	0.8900		22,288,776	1.1031	0.8900	198,370	
Hermitage R-IV School District	Operating Funds-Schools	38,599,702	2.7500	2.7500	E	40,224,712	2.7500	2.7500	1,106,180	E

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Hickory											
Hermitage R-IV School District	Debt Service	38,599,702	0.7086	0.5500		40,224,712	0.5855	0.4500	181,011		
Hickory County	General Revenue	108,900,827	0.3145	0.1733		113,646,727	0.3145	0.1979	224,907		
	Road & Bridge	108,900,827	0.2405	0.2405		113,646,727	0.2405	0.2405	273,320		
Holt											
Corning Special Road Dist Holt Co	Special Road and Bridge	2,719,563	0.3414	0.3414		3,019,463	0.3344	0.3344	10,097		2013
South Union Twsp Indpt Sp Rd Holt	Special Road and Bridge	1,932,459	0.3488	0.3488		**	**	**			2012
	Special Road and Bridge	**	**	**		2,090,293	0.3500	0.3500	7,316	A	2016
Village of Bigelow	General Revenue	381,925	0.7936	0.7936		401,003	0.7844	0.7844	3,145		
Village of Corning	General Revenue	133,331	0.5000	0.4000		147,729	0.3801	0.3801	562		
	Lights	133,331	0.2500	0.2000		147,729	0.1907	0.1907	282		
City of Craig	General Revenue	1,382,602	1.0000	1.0000		1,314,708	1.0000	1.0000	13,147		
	Motor Fuel	1,382,602	0.3999	0.3999		1,314,708	0.4000	0.4000	5,259		
	Debt Service	1,382,602	1.3125	1.3125		1,314,708	1.1826	1.1826	15,548		
City of Forest City	General Revenue	2,503,881	1.0000	1.0000		3,142,585	0.9403	0.9403	29,550		
Village of Fortescue	General Revenue	*	*	*		309,102	0.6991	0.6991	2,161		
City of Maitland	General Revenue	2,114,049	0.9629	0.9629		2,128,275	0.9633	0.9633	20,502		
	Lights	2,114,049	0.3500	0.3500		2,128,275	0.3500	0.3500	7,449		
	Health	2,114,049	0.1500	0.1500		2,128,275	0.1500	0.1500	3,192		
	General Revenue-Temp	2,114,049	0.2383	0.2383		**	**	**			2012
	General Revenue-Temp	**	**	**		2,128,275	0.2442	0.2400	5,108	A	2016
City of Mound City	General Revenue	11,830,732	0.7574	0.7574		12,515,599	0.7535	0.7535	94,305		
	Parks & Recreation	11,830,732	0.2705	0.2705		12,515,599	0.2691	0.2691	33,679		
	Library	11,830,732	0.4080	0.4080		12,515,599	0.4059	0.4059	50,801		
	Health	11,830,732	0.1623	0.1623		12,515,599	0.1615	0.1615	20,213		
	Street Lights	11,830,732	0.2069	0.2069		**	**	**			2012
	Street Lights	**	**	**		12,515,599	0.3000	0.2500	31,289	A	2016
City of Oregon	General Revenue	7,026,756	1.0000	1.0000		7,245,010	1.0000	1.0000	72,450		
	Library	7,026,756	0.3895	0.3895		7,245,010	0.3895	0.3895	28,219		
	Health	7,026,756	0.1723	0.1723		7,245,010	0.1723	0.1723	12,483		
	Debt Service	7,026,756	0.6681	0.6681		7,245,010	0.6475	0.6475	46,911		
Village of Big Lake	General Revenue	4,587,258	0.3067	0.3067		5,226,508	0.2933	0.2933	15,329		
	Health	4,587,258	0.1361	0.1361		5,226,508	0.1301	0.1301	6,800		
	General Revenue-Temp	**	**	**		5,226,508	0.3000	0.3000	15,680	A	2016
Mound City Rural Fire Prot Dist	General Revenue	35,620,736	0.2172	0.2172		38,000,356	0.2151	0.2151	81,739		
Southern Fire Protection District	General Revenue	36,244,567	0.2258	0.2258		40,233,529	0.2187	0.2187	87,991		
Northwest Holt Co Fire Prot Dist	General Revenue	18,069,360	0.4553	0.4553		20,143,276	0.4236	0.4236	85,327		
Maitland Volunteer Fire Prot Dist	General Revenue	6,253,260	0.2839	0.2839		5,997,917	0.2989	0.2989	17,928		
Craig R-III School District	Operating Funds-Schools	22,928,765	4.9030	4.9030	E	24,586,132	4.7557	4.7557	1,169,243	E	
Mound City R-2 School District	Operating Funds-Schools	28,053,377	3.7356	3.7356	E	29,453,861	3.7345	3.7345	1,099,954	E	
South Holt Co R-I School District	Operating Funds-Schools	28,844,395	3.9368	3.9368	E	30,841,560	3.9368	3.9368	1,214,171	E	
Holt County	General Revenue	109,907,279	0.4291	0.3351		118,831,005	0.4185	0.3413	405,570		
	Johnson Grass	109,907,279	0.0394	0.0394		118,831,005	0.0384	0.0384	45,631		
	Road & Bridge	109,907,279	0.4291	0.4291		118,831,005	0.4185	0.4185	497,308		
	Senior Services	109,907,279	0.0492	0.0492		118,831,005	0.0480	0.0480	57,039		
Howard											
Howard County Ambulance District	General Revenue	111,284,312	0.2984	0.2984		113,258,451	0.2984	0.2984	337,963		
Moniteau Creek Watershed Sub Dist	General Revenue	13,433,315	0.3200	0.3200		12,845,410	0.3200	0.3200	41,105		
Armstrong Spec Rd Dist Howard Co	General Revenue	8,196,610	0.3422	0.3422		**	**	**			2012
	Special Road and Bridge	**	**	**		8,182,024	0.3628	0.3628	29,684	A	2016

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Howard											
Glasgow Spec Rd Dist #60 Howard Co	General Revenue	20,594,292	0.2271	0.2271		**	**	**			2012
	Special Road and Bridge	20,594,292	0.1234	0.1234	A	**	**	**			2012
	Special Road and Bridge	**	**	**		20,980,759	0.3542	0.3542	74,314	A	2016
City of Armstrong	General Revenue	1,533,088	0.8800	0.8800		1,591,892	0.8800	0.8800	14,009		
City of Fayette	General Revenue	16,651,800	0.5555	0.5555		16,905,841	0.5559	0.5559	93,980		
City of Franklin	General Revenue	482,021	1.0000	1.0000		483,503	0.9999	0.9999	4,835		
City of New Franklin	General Revenue	7,105,759	0.6211	0.6211		7,132,493	0.6211	0.6211	44,300		
City of Glasgow	General Revenue	10,483,969	0.5600	0.5600		10,613,470	0.5613	0.5613	59,573		
	Parks & Recreation	10,483,969	0.2634	0.2634		10,613,470	0.2640	0.2640	28,020		
	Library	10,483,969	0.2500	0.2500		10,613,470	0.2500	0.2500	26,534		
Howard County Library	General Revenue	101,331,590	0.1000	0.1000		103,188,934	0.1000	0.1000	103,189		
Howard Co Fire Protection District	General Revenue	63,657,488	0.2973	0.2973		64,589,825	0.2979	0.2979	192,413		
	Debt Service	63,657,488	0.2407	0.1439		64,589,825	0.2126	0.1373	88,682		
Armstrong Fire Protection District	General Revenue	14,094,229	0.2918	0.2918		14,586,978	0.2918	0.2918	42,565		
Glasgow Fire Protection District	General Revenue	29,842,627	0.2731	0.2731		30,567,224	0.2731	0.2731	83,479		
New Franklin R-I School District	Operating Funds-Schools	25,190,536	3.3691	3.3691	E	25,368,970	3.4177	3.4177	867,035	E	
	Debt Service	25,190,536	0.6672	0.5929		25,368,970	0.7680	0.6029	152,950		
Fayette R-III School District	Operating Funds-Schools	46,864,673	3.4771	3.4771	E	47,710,818	3.4986	3.4986	1,669,211	E	
	Debt Service	46,864,673	0.8166	0.7528		47,710,818	0.8199	0.7528	359,167		
Howard Co R-II School District	Operating Funds-Schools	23,202,362	4.0427	4.0427	E	23,618,452	4.0086	3.9814	940,345	E	
Howard County	General Revenue	111,284,312	0.4068	0.2719		113,258,451	0.4068	0.2790	315,991		
	Road & Bridge	82,493,410	0.2998	0.2998		84,095,668	0.2998	0.2998	252,119		
	Senate Bill 40	111,284,312	0.1000	0.1000		113,258,451	0.1000	0.1000	113,258		
Howell											
South Howell Co Ambulance District	General Revenue	311,162,081	0.1993	0.1993		320,395,944	0.1993	0.1993	638,549		
Willow Springs Ambulance District	General Revenue	75,615,405	0.2730	0.2076		74,735,614	0.2108	0.2108	157,543		
Mountain-View Summersville Amb Dis	General Revenue	73,208,319	0.1892	0.1892		76,078,665	0.1892	0.1892	143,941		
City of Mountain View	General Revenue	23,786,726	0.0000	0.0000		25,417,847	0.0000	0.0000	0		
	Library	23,786,726	0.0000	0.0000		25,417,847	0.0000	0.0000	0		
City of West Plains	General Revenue	143,603,434	0.2971	0.2971		148,909,958	0.2971	0.2971	442,411		
	Library	143,603,434	0.2000	0.2000		148,909,958	0.2000	0.2000	297,820		
City of Willow Springs	General Revenue	18,821,855	0.4783	0.4783		18,516,420	0.4865	0.4865	90,082		
	Library	18,821,855	0.1527	0.1527		18,516,420	0.1553	0.1553	28,756		
Howell County Rural Fire Dist #1	General Revenue	97,413,948	0.2661	0.2661		100,711,146	0.2661	0.2661	267,992		
Pomona Fire Protection District	General Revenue	23,484,605	0.2974	0.2974		22,871,892	0.3000	0.2974	68,021		
Brandsville Fire Protection Dist	General Revenue	9,129,101	0.2931	0.2931		9,417,848	0.2931	0.2931	27,604		
Pumpkin Center FPD	General Revenue	**	**	**		3,733,380	0.3050	0.3000	11,200	A	
Howell County Health Department	General Revenue	426,359,346	0.1000	0.1000		436,275,668	0.1000	0.1000	436,276		
Howell Valley R-I School District	Operating Funds-Schools	23,701,890	3.9167	3.9167	E	23,619,910	3.9926	3.9926	943,049	E	
Mountain View-Birch Tree R-III SD	Operating Funds-Schools	63,569,411	2.7014	2.7014	E	65,523,231	2.7378	2.7378	1,793,895	E	
	Operating Funds-Temp	63,569,411	0.8607	0.8607		65,523,231	0.8607	0.8607	563,958		2028
Willow Springs R-IV School District	Operating Funds-Schools	67,987,030	2.7500	2.7500	E	67,438,962	2.7500	2.7500	1,854,571	E	
Richards R-V School District	Operating Funds-Schools	38,859,510	2.7500	2.7500	F	38,481,820	2.7500	2.7500	1,058,250	F	
West Plains R-VII School District	Operating Funds-Schools	146,964,050	3.6408	3.6408	E	153,212,896	3.6471	3.6471	5,587,828	E	
Glenwood R-VIII School District	Operating Funds-Schools	25,585,280	3.0278	3.0278	E	26,235,840	3.0290	3.0290	794,684	E	
Junction Hill C-12 School District	Operating Funds-Schools	17,021,250	2.8532	2.8532	E	17,209,190	2.8908	2.8908	497,483	E	
Fairview R-XI School District	Operating Funds-Schools	42,362,310	3.8277	3.4500	E	43,400,180	3.4509	3.4500	1,497,306	E	
Howell County	General Revenue	430,264,726	0.2798	0.0000		440,305,218	0.2562	0.0000	0		
	Road & Bridge	430,264,726	0.0987	0.0987		440,305,218	0.0987	0.0987	434,581		
	Senate Bill 40	426,359,346	0.0575	0.0575		436,275,668	0.0575	0.0575	250,859		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Iron										
Iron County Ambulance District	General Revenue	190,131,812	0.1347	0.0000		211,553,910	0.1267	0.0870	184,052	
Road District #1	Road & Bridge	190,131,812	0.2711	0.2711		211,553,910	0.2551	0.2551	539,674	
City of Annapolis	General Revenue	10,174,884	0.5500	0.5500		11,897,217	0.5388	0.5388	64,102	
City of Arcadia	General Revenue	4,952,813	0.4784	0.4784		5,409,754	0.4513	0.4513	24,414	
Village of Des Arc	General Revenue	561,404	0.4822	0.4822		731,136	0.3859	0.3859	2,821	
City of Ironton	General Revenue	13,680,894	0.5386	0.5386		14,695,444	0.5172	0.5172	76,005	
	Parks & Recreation	13,680,894	0.1540	0.1540		14,695,444	0.1479	0.1479	21,735	
City of Pilot Knob	General Revenue	6,226,925	0.4022	0.4022		6,327,002	0.4022	0.4022	25,447	
City of Viburnum	General Revenue	8,262,687	1.0000	1.0000		8,742,042	0.9790	0.9790	85,585	
	Parks & Recreation	8,262,687	0.2300	0.2300		8,742,042	0.2252	0.2252	19,687	
	Solid Waste Landfill	8,262,687	0.1000	0.1000		8,742,042	0.0979	0.0979	8,558	
	Health	8,262,687	0.2000	0.2000		8,742,042	0.1958	0.1958	17,117	
Iron County Library District	General Revenue	190,131,812	0.0899	0.0899		211,553,910	0.0846	0.0846	178,975	
Quad County Fire Protection Dist	General Revenue	96,868,597	0.2954	0.2954		105,501,961	0.2820	0.2820	297,516	
Southern Iron County Fire Prot Dist	General Revenue	31,106,149	0.2499	0.2499		35,074,741	0.2376	0.2376	83,338	
Pilot Knob Fire Protection District	General Revenue	48,657,992	0.2977	0.2977		55,211,444	0.2754	0.2754	152,052	
Iron County Health Department	General Revenue	190,131,812	0.0899	0.0899		211,553,910	0.0846	0.0846	178,975	
South Iron Co R-I School District	Operating Funds-Schools	29,259,080	3.1519	3.1519	E	32,810,866	3.2000	3.2000	1,049,948	E
Arcadia Valley R-II School District	Operating Funds-Schools	44,029,963	2.7500	2.7500	F	48,924,865	2.7500	2.7500	1,345,434	F
	Debt Service	44,029,963	0.9523	0.6200		48,924,865	0.8990	0.6200	303,334	
Belleview R-III School District	Operating Funds-Schools	9,155,940	2.7500	2.7500	E	11,069,010	2.7500	2.7500	304,398	E
Iron Co C-4 School District	Operating Funds-Schools	92,064,029	2.7500	2.7500	E	100,067,714	2.7500	2.7500	2,751,862	E
Iron County	General Revenue	190,131,812	0.3815	0.2950		211,553,910	0.3589	0.2777	587,485	
	Senate Bill 40	190,131,812	0.0899	0.0899		211,553,910	0.0846	0.0846	178,975	
Jackson										
Public Water Sup Dist 17 Jackson Co	General Revenue	81,890,043	0.0570	0.0570		82,102,220	0.0592	0.0575	47,209	
City of Blue Springs	General Revenue	726,531,839	0.6035	0.5989		730,038,585	0.5989	0.5989	4,372,201	
	Debt Service	726,531,839	0.3698	0.1500		730,038,585	0.4232	0.1500	1,095,058	
City of Buckner	General Revenue	23,518,113	0.6310	0.6310		23,520,811	0.6310	0.6310	148,416	
City of Grain Valley	General Revenue	160,931,114	0.5718	0.5685		164,909,838	0.5685	0.5685	937,512	
	Parks & Recreation	160,931,114	0.1260	0.1255		164,909,838	0.1255	0.1255	206,962	
	Health	160,931,114	0.0522	0.0500		164,909,838	0.0500	0.0500	82,455	
	Debt Service	160,931,114	1.2694	0.9925		164,909,838	1.1643	0.9925	1,636,730	
City of Grandview	General Revenue	260,383,084	1.0000	1.0000		248,311,744	1.0000	1.0000	2,483,117	
	Parks & Recreation	260,383,084	0.1200	0.1200		248,311,744	0.1200	0.1200	297,974	
	Debt Service	260,383,084	0.4250	0.3800		248,311,744	0.3800	0.3800	943,585	
City of Greenwood	General Revenue	64,619,791	0.4550	0.4537		66,355,979	0.4537	0.4537	301,057	
	GR-Fire Temp	64,619,791	0.7503	0.6158	A	66,355,979	0.6158	0.6158	408,620	2015
	GR-Hydrant Temp	64,619,791	0.0208	0.0197	A	66,355,979	0.0197	0.0197	13,072	2015
	Debt Service	64,619,791	0.5061	0.5055		66,355,979	0.5033	0.5033	333,970	
City of Independence	General Revenue	1,024,179,276	0.4950	0.4950		1,019,916,734	0.4998	0.5050	5,150,580	C
	Indep. Sq. Spec. Benefit	4,453,964	0.5641	0.5596		4,760,669	0.5324	0.5324	25,346	
	Public Health-Recreation	1,024,179,276	0.2331	0.2331		1,019,916,734	0.2354	0.2379	2,426,382	C
City of Kansas City	General Revenue	6,791,875,883	0.7079	0.7079		6,819,610,262	0.7134	0.7134	48,651,100	
	Museum	6,791,875,883	0.0196	0.0196		6,819,610,262	0.0198	0.0198	1,350,283	
	Health	6,791,875,883	0.5000	0.5000		6,819,610,262	0.5000	0.5000	34,098,051	
	Health-Temp	6,791,875,883	0.2200	0.2200		6,819,610,262	0.2200	0.2200	15,003,143	2013
	Debt Service	6,791,875,883	0.9264	0.1400		6,819,610,262	1.0703	0.1400	9,547,454	
City of Lake Lotawana	General Revenue	67,209,044	0.4600	0.4600		68,231,925	0.4600	0.4600	313,867	
City of Lake Tapawingo	General Revenue	15,808,455	0.3494	0.3494		15,727,876	0.3519	0.3519	55,346	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Jackson										
City of Lake Tapawingo	Debt Service	15,808,455	1.0121	1.0121		15,727,876	0.4005	0.4005	62,990	
City of Levasy	General Revenue	816,651	0.8287	0.8286		767,534	0.8817	0.8286	6,360	
City of Lone Jack	General Revenue	16,700,335	0.7645	0.7641		17,174,575	0.7641	0.7641	131,231	
	Debt Service	16,655,211	1.0447	0.9194		17,174,575	1.0131	1.0131	173,996	
City of Oak Grove	General Revenue	85,152,420	0.6647	0.6646		86,058,196	0.6650	0.6647	572,029	
	Debt Service	85,152,420	1.1455	0.1985		86,058,196	1.1515	0.1985	170,826	
City of Raytown	General Revenue	293,943,325	0.3762	0.3694		290,901,723	0.3694	0.3694	1,074,591	
	Parks & Recreation	293,943,325	0.1878	0.1845		290,901,723	0.1845	0.1845	536,714	
Village of Sibley	General Revenue	3,472,858	0.4035	0.4035		3,491,514	0.4035	0.4035	14,088	
City of Sugar Creek	General Revenue	43,015,950	1.0000	1.0000		43,707,447	1.0000	1.0000	437,074	
	Health	43,015,950	0.1300	0.1300		43,707,447	0.1300	0.1300	56,820	
City of Lee's Summit	General Revenue	1,638,685,805	0.9213	0.9213		1,692,175,370	0.9213	0.9213	15,590,012	
	Parks & Recreation	1,638,685,805	0.1631	0.1630		1,692,175,370	0.1630	0.1630	2,758,246	
	Debt Service	1,638,685,805	0.5125	0.4697		1,692,175,370	0.5488	0.4697	7,948,148	
Village of River Bend	General Revenue	2,140,937	0.3480	0.3480		2,238,083	0.5088	0.5080	11,369	B
Mid Continent Public Library	General Revenue	11,548,804,561	0.3200	0.3200		11,588,901,133	0.3200	0.3200	37,084,484	
Kansas City Public Library	General Revenue	3,004,194,305	0.5000	0.5000		3,040,705,819	0.5000	0.5000	15,203,529	
Central Jackson Co Fire Prot Dist	General Revenue	940,693,845	1.0981	0.9346		949,584,915	1.0981	0.9296	8,827,341	
	Dispatch	940,693,845	0.0200	0.0200		949,584,915	0.0200	0.0200	189,917	
	Ambulance	**	**	**		949,584,915	0.0507	0.0507	481,440	A
	Debt Service	940,693,845	0.2001	0.1200		949,584,915	0.1756	0.1200	1,139,502	
Lone Jack Community Fire Prot Dist	General Revenue	74,248,392	0.8482	0.8482		76,647,696	0.8482	0.8482	650,126	
	Ambulance	74,248,392	0.3000	0.3000		76,647,696	0.3000	0.3000	229,943	
Prairie Township Fire Prot Dist	General Revenue	110,353,865	0.7400	0.7400		113,627,726	0.7400	0.7400	840,845	
	Ambulance	110,353,865	0.3000	0.3000		113,627,726	0.3000	0.3000	340,883	
Raytown Fire Protection District	General Revenue	300,737,746	0.7800	0.7800		298,983,817	0.7800	0.7800	2,332,074	
	Pension	300,737,746	0.0500	0.0500		298,983,817	0.0500	0.0500	149,492	
	Debt Service	300,737,746	0.1800	0.1800		298,983,817	0.1900	0.1900	568,069	
Lotawana Fire Protection District	General Revenue	81,898,459	0.5004	0.5004		83,033,891	0.5004	0.5004	415,502	
	Ambulance	81,898,459	0.2376	0.2376		83,033,891	0.2376	0.2376	197,289	
	Debt Service	81,898,459	0.1500	0.1500		83,033,891	0.1086	0.1086	90,175	
Fort Osage Fire Protection District	General Revenue	163,612,457	0.8630	0.8630		166,916,510	0.8630	0.8630	1,440,489	
	Ambulance	163,612,457	0.4994	0.4994		166,916,510	0.4994	0.4994	833,581	
	Dispatch	163,612,457	0.0300	0.0300		166,916,510	0.0300	0.0300	50,075	
	Debt Service	163,612,457	0.4761	0.2600		166,916,510	0.4075	0.2800	467,366	
Inter City Fire Protection District	General Revenue	9,348,058	0.6092	0.3584		11,976,060	0.5761	0.3130	37,485	
	Ambulance	9,348,058	0.3215	0.3215	A	11,976,060	0.3040	0.3040	36,407	
	Ambulance/EMS	9,348,058	0.4287	0.4287	A	11,976,060	0.4054	0.4054	48,551	
	Debt Service	9,348,058	0.2053	0.2053		11,976,060	0.2440	0.2440	29,222	
Jackson County Health Department	General Revenue	9,147,789,739	0.2302	0.1529		9,220,719,310	0.2317	0.1529	14,098,480	
Metropolitan Community College Dist	General Revenue	12,502,957,462	0.2349	0.2349		12,548,307,598	0.2369	0.2369	29,726,941	
Fort Osage R-I School District	Operating Funds-Schools	256,546,753	4.5500	4.5500	E	256,860,548	4.5500	4.5500	11,687,155	E
	Debt Service	256,546,753	1.2742	0.9500		256,860,548	1.7003	1.0500	2,697,036	
Blue Springs R-IV School District	Operating Funds-Schools	1,217,172,701	5.1340	4.6997		1,221,944,128	5.1340	4.7006	57,438,706	
	Debt Service	1,217,172,701	1.8521	1.0289		1,221,944,128	1.8824	1.0280	12,561,586	
Grain Valley R-V School District	Operating Funds-Schools	250,342,810	3.9400	3.9400	E	255,377,668	3.9296	3.9296	10,035,321	E
	Debt Service	251,764,082	2.5001	1.5933		255,377,668	2.5546	1.5933	4,068,932	
Oak Grove R-VI School District	Operating Funds-Schools	122,166,136	3.7902	3.7902	E	120,890,015	3.8461	3.8461	4,649,551	E
	Debt Service	122,166,136	1.2661	1.2661		120,890,015	1.3195	1.2900	1,559,481	
Lee's Summit R-VII School District	Operating Funds-Schools	1,632,904,530	5.1897	4.9879	F	1,682,183,866	5.1847	4.9927	83,986,394	F

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Jackson											
Lee's Summit R-VII School District	Debt Service	1,632,904,530	1.9815	1.0700		1,682,183,866	1.7963	1.0700	17,999,367		
Hickman Mills C-1 School District	Operating Funds-Schools	365,846,712	5.4717	5.4717	E	337,909,341	5.4717	5.4717	18,489,385	E	
	Debt Service	365,846,712	1.3857	0.8500		337,909,341	1.4392	0.8500	2,872,229		
Raytown C-2 School District	Operating Funds-Schools	607,304,457	5.1500	5.1500	E	616,390,610	5.1500	5.1500	31,744,116	E	
	Debt Service	607,304,457	1.5475	1.1700		616,390,610	1.4748	1.1700	7,211,770		
Grandview C-4 School District	Operating Funds-Schools	418,761,659	5.0936	5.0936	E	401,220,285	5.0936	5.0936	20,436,556	E	
	Debt Service	418,761,659	1.2445	0.8000		401,220,285	1.1259	0.8000	3,209,762		
Lone Jack C-6 School District	Operating Funds-Schools	48,669,612	4.1231	4.1231	E	49,422,709	4.1277	4.1266	2,039,478	E	
	Debt Service	48,669,612	1.4450	1.3875		49,422,709	1.4054	1.3875	685,740		
Independence 30 School District	Operating Funds-Schools	926,241,650	4.4300	4.4300	E	926,434,885	4.4300	4.4300	41,041,065	E	
	Debt Service	926,241,650	2.6190	1.2400		926,434,885	2.2120	1.2700	11,765,723		
Kansas City 33 School District	Operating Funds-Schools	2,690,140,533	3.3731	3.0653	G	2,721,421,670	3.3747	3.0680	83,493,217	G	
	Article X, Section 11 g	2,690,140,533	1.8847	1.8847	A	**	**	**			2012
	Article X, Section 11 g	**	**	**		2,721,421,670	1.8820	1.8820	51,217,156	A	2013
Center 58 School District	Operating Funds-Schools	380,833,950	5.9330	5.8051	E	372,073,623	5.9330	5.9330	22,075,128	E	
	Debt Service	380,833,950	1.2505	0.8600		372,073,623	1.1204	0.9000	3,348,663		
Jackson County	General Revenue	9,147,789,739	0.2693	0.1481		9,220,719,310	0.2710	0.1481	13,655,885		
	Parks & Recreation	9,147,789,739	0.1439	0.0897		9,220,719,310	0.1448	0.0897	8,270,985		
	Road & Bridge	9,147,789,739	0.2030	0.1391		9,220,719,310	0.2043	0.1391	12,826,021		
	Developmentally Disabled	9,147,789,739	0.0765	0.0748		9,220,719,310	0.0753	0.0748	6,897,098		
	Mental Health	9,147,789,739	0.1246	0.1218		9,220,719,310	0.1226	0.1218	11,230,836		
Jasper											
Carl Junction Sp Rd Dist Jasper Co	Road & Bridge	61,469,294	0.3050	0.3050		64,134,134	0.3017	0.3017	193,493		
Carthage Sp Rd Dist Jasper Co	Road & Bridge	301,666,764	0.2400	0.2397		313,131,637	0.2397	0.2397	750,577		
La Russell Spec Rd Dist Jasper Co	Road & Bridge	9,009,157	0.3500	0.3500		7,821,218	0.3500	0.3500	27,374		
Joplin Road Dist Newton & Jasper Co	Road & Bridge	1,067,190,052	0.2161	0.2161		1,128,324,912	0.2194	0.2194	2,475,545		
City of Alba	General Revenue	3,580,876	0.6347	0.6347		3,614,172	0.6347	0.6347	22,939		
	Parks & Recreation	3,580,876	0.1674	0.1674		3,614,172	0.1674	0.1674	6,050		
City of Asbury	General Revenue	6,357,521	0.6370	0.6370		1,894,132	1.0000	0.5000	9,471		
Village of Avilla	General Revenue	912,311	0.1821	0.1821		899,127	0.1854	0.1854	1,667		
City of Carl Junction	General Revenue	78,131,809	0.4811	0.4811		80,382,125	0.4811	0.4811	386,718		
	Debt Service	78,131,809	0.4047	0.4047		80,382,125	0.4043	0.4043	324,985		
City of Carterville	General Revenue	9,316,737	0.6386	0.6386		9,569,479	0.6361	0.6361	60,871		
	Debt Service	**	**	**		9,569,479	0.7145	0.7145	68,374		
City of Carthage	General Revenue	115,253,144	0.3491	0.3491		117,018,643	0.3491	0.3491	408,512		
	Parks & Recreation	115,253,144	0.1506	0.1506		117,018,643	0.1506	0.1506	176,230		
	Library	115,253,144	0.1743	0.1743		117,018,643	0.1743	0.1743	203,963		
	Health	115,253,144	0.0794	0.0794		117,018,643	0.0794	0.0794	92,913		
City of Duenweg	General Revenue	8,067,091	0.7500	0.7500		8,617,650	0.7303	0.7303	62,935		
City of Jasper	General Revenue	6,730,487	0.7634	0.7634		6,932,865	0.7569	0.7569	52,475		
City of La Russell	General Revenue	770,144	0.0000	0.0000		777,084	0.0000	0.0000	0		
City of Neck City	General Revenue	1,091,453	0.2436	0.2436		1,071,454	0.2500	0.2500	2,679		
City of Oronogo	General Revenue	19,729,639	0.2728	0.2728		20,044,164	0.2728	0.2728	54,680		
	Streets	19,729,639	0.1302	0.1302		20,044,164	0.1302	0.1302	26,098		
City of Purcell	General Revenue	2,287,341	0.3298	0.3298		2,425,224	0.3218	0.3218	7,804		
Village of Reeds	General Revenue	726,042	0.1726	0.1700		764,969	0.1656	0.1656	1,267		
City of Sarcoxie	General Revenue	9,570,176	0.5708	0.5708		9,939,522	0.5678	0.5678	56,437		
	Parks & Recreation	9,570,176	0.1091	0.1091		9,939,522	0.1085	0.1085	10,784		
	Health	9,570,176	0.0000	0.0000		9,939,522	0.0000	0.0000	0		
City of Waco	General Revenue	564,991	0.2500	0.2500		600,494	0.2459	0.2459	1,477		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Jasper										
City of Webb City	General Revenue	90,652,557	0.3796	0.3796		95,908,057	0.3779	0.3779	362,437	
	Parks & Recreation	90,652,557	0.0861	0.0861		95,908,057	0.0857	0.0857	82,193	
	Library	90,652,557	0.2556	0.2556		95,908,057	0.2544	0.2544	243,990	
City of Joplin	Parks & Recreation	516,403,003	0.0540	0.0540		557,039,568	0.0563	0.0563	313,613	
	Library	461,116,701	0.2545	0.2545		492,455,245	0.2545	0.2545	1,253,299	
	Health	516,403,003	0.0540	0.0540		557,039,568	0.0563	0.0563	313,613	
	Garbage	516,403,003	0.0540	0.0540		557,039,568	0.0563	0.0563	313,613	
Carthage Fire Protection District	General Revenue	140,834,431	0.2714	0.2700		146,205,216	0.2700	0.2700	394,754	
Duenweg Fire Protection District	General Revenue	83,037,158	0.3000	0.3000		94,754,650	0.2964	0.2964	280,853	
Carl Junction Fire Protection Dist	General Revenue	202,085,873	0.2509	0.2509		211,492,728	0.2508	0.2508	530,424	
Oronogo Fire Protection District	General Revenue	43,985,432	0.2656	0.2656		45,430,021	0.2653	0.2653	120,526	
Central Jasper Co Fire Prot Dist	General Revenue	26,452,052	0.2859	0.2859		27,060,757	0.2859	0.2859	77,367	
Tri-Cities Fire Protection District	Fire	27,212,764	0.3154	0.3154		27,883,696	0.3154	0.3154	87,945	
Asbury Fire Protection District	General Revenue	14,843,269	0.2769	0.2769		20,035,710	0.2769	0.2769	55,479	
Carl Junction R-I School District	Operating Funds-Schools	218,517,041	3.0001	3.0000	E	235,088,304	3.0053	3.0000	7,052,649	E
	Debt Service	218,517,041	1.0204	0.8200		235,088,304	0.9066	0.8200	1,927,724	
Avilla R-XIII School District	Operating Funds-Schools	19,515,730	3.5260	3.5260	E	18,640,920	3.5800	3.5800	667,345	E
Jasper County R-V School District	Operating Funds-Schools	35,656,685	3.4837	3.2100	F	36,608,299	3.4727	3.2100	1,175,126	F
Sarcoxie R-II School District	Operating Funds-Schools	33,802,481	2.7500	2.7500	F	34,574,130	2.7500	2.7500	950,789	F
	Debt Service	33,802,481	1.1937	0.5500		34,574,130	0.6000	0.5500	190,158	
Carthage R-IX School District	Operating Funds-Schools	282,575,519	2.8686	2.7500	F	292,657,296	2.8727	2.7500	8,048,076	F
	Debt Service	282,575,519	1.4439	0.8300		292,657,296	1.5642	0.8300	2,429,056	
Webb City R-VII School District	Operating Funds-Schools	213,992,277	2.7500	2.7500	E	231,859,828	2.7500	2.7500	6,376,145	E
	Debt Service	213,992,277	1.2032	0.6800		231,859,828	0.8572	0.6800	1,576,647	
Joplin R-VIII School District	Operating Funds-Schools	810,210,615	2.9072	2.7500	E	855,999,436	2.9926	2.7500	23,539,984	E
	Debt Service	810,210,615	1.3309	0.9100		855,999,436	1.4290	0.9100	7,789,595	
Jasper County	General Revenue	1,478,251,254	0.3020	0.0753		1,572,267,077	0.3035	0.1000	1,572,267	
	Common Road District	354,476,914	0.2036	0.2036		384,078,906	0.2027	0.2027	778,528	
	Mental Health	1,478,251,254	0.0823	0.0823		1,572,267,077	0.0827	0.0827	1,300,265	
	Senate Bill 40	1,478,251,254	0.0823	0.0823		1,572,267,077	0.0827	0.0827	1,300,265	
Jefferson										
Big River Ambulance District	General Revenue	276,639,175	0.4077	0.3089		276,868,643	0.4087	0.3192	883,765	
Joachim-Plattin Ambulance District	General Revenue	795,094,358	0.3249	0.1595		797,933,406	0.3254	0.1652	1,318,186	
North Jefferson Co. Ambulance Dist.	General Revenue	334,286,681	0.4947	0.4947		329,555,101	0.4947	0.4947	1,630,309	
	Pension	334,286,681	0.0494	0.0494		329,555,101	0.0500	0.0500	164,778	
Valle Ambulance District	General Revenue	365,804,794	0.4519	0.4519		367,239,223	0.4521	0.4521	1,660,289	
Rock Township Ambulance District	General Revenue	1,114,680,719	0.2100	0.2100		1,110,030,624	0.2100	0.2100	2,331,064	
Festus Spec Rd Dist Jefferson Co	Road & Bridge	494,022,223	0.1768	0.1768		487,104,462	0.1804	0.1804	878,736	
Hillsboro Spec Rd Dist Jefferson Co	Road & Bridge	24,524,300	0.1971	0.1971		24,512,013	0.1987	0.1987	48,705	
City of Arnold	General Revenue	344,389,482	0.4013	0.3973		269,623,057	0.3991	0.3973	1,071,212	
Village of Cedar Hill Lakes	General Revenue	2,014,768	0.4699	0.4699		2,043,527	0.4705	0.4705	9,615	
City of Crystal City	General Revenue	74,677,379	0.5057	0.5057		74,719,931	0.5101	0.5101	381,146	
	Parks & Recreation	74,677,379	0.1335	0.1335		74,719,931	0.1347	0.1347	100,648	
	Library	74,677,379	0.1335	0.1335		74,719,931	0.1347	0.1347	100,648	
City of De Soto	General Revenue	65,830,194	0.4375	0.4375		65,371,024	0.4429	0.4429	289,528	
	Parks & Recreation	65,830,194	0.1116	0.1116		65,371,024	0.1130	0.1130	73,869	
	Library	65,830,194	0.1862	0.1862		65,371,024	0.1885	0.1885	123,224	
City of Festus	General Revenue	159,360,798	0.1503	0.1500		157,238,628	0.1527	0.1527	240,103	
	Parks & Recreation	159,360,798	0.1102	0.1100		157,238,628	0.1120	0.1120	176,107	
	Library	159,360,798	0.1102	0.1100		157,238,628	0.1120	0.1120	176,107	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Jefferson											
City of Festus	Health	159,360,798	0.0802	0.0800		157,238,628	0.0814	0.0814	127,992		
City of Herculaneum	General Revenue	69,672,741	0.6838	0.6838		69,378,531	0.6926	0.6926	480,516		
City of Hillsboro	General Revenue	32,822,188	0.4588	0.4588		32,962,624	0.4635	0.4635	152,782		
	Parks & Recreation	32,822,188	0.0823	0.0823		32,962,624	0.0831	0.0831	27,392		
City of Kimmswick	General Revenue	2,172,487	0.4858	0.0000		2,171,470	0.0000	0.0000	0		
City of Olympian Village	General Revenue	4,287,887	0.2471	0.2471		4,255,569	0.2490	0.2490	10,596		
	Road	4,287,887	0.1284	0.1284		4,255,569	0.1294	0.1294	5,507		
Village of Parkdale	General Revenue	1,471,701	0.0967	0.0967		1,483,192	0.0967	0.0967	1,434		
City of Pevely	General Revenue	96,085,144	0.8246	0.8246		91,074,884	0.8812	0.8812	802,552		
Village of Scotsdale	General Revenue	2,762,511	0.3343	0.3343		2,779,379	0.3343	0.3343	9,291		
City of Byrnes Mill	General Revenue	35,299,342	0.4140	0.4096		35,534,131	0.4099	0.4096	145,548		
Village of Lake Tekakwitha	General Revenue	1,724,390	0.5000	0.5000		1,764,900	0.5000	0.5000	8,824		
Village of Peaceful Village	General Revenue	542,481	0.0000	0.0000		695,664	0.0000	0.0000	0		
Northwest Library Subdistrict	General Revenue	574,476,706	0.1900	0.1900		577,440,134	0.1910	0.1910	1,102,911		
Windsor-Fox Library Subdistrict	General Revenue	1,090,863,592	0.1748	0.1748		1,087,641,811	0.1764	0.1764	1,918,600		
Antonia Fire Protection District	General Revenue	190,018,027	1.0796	1.0133	B	190,900,881	1.0796	1.0108	1,929,626		
	Pension	190,018,027	0.0455	0.0455		190,900,881	0.0457	0.0457	87,242		
	Dispatch	190,018,027	0.0272	0.0272		190,900,881	0.0273	0.0273	52,116		
	Debt Service	190,018,027	0.1621	0.0000		190,900,881	0.1296	0.0000	0		
Cedar Hill Fire Protection District	General Revenue	159,707,145	0.8264	0.8264		160,219,175	0.8271	0.8271	1,325,173		
	Pension	159,707,145	0.0471	0.0471		160,219,175	0.0471	0.0471	75,463		
Dunklin Fire Protection District	General Revenue	158,416,616	0.6675	0.6675		153,680,047	0.6675	0.6675	1,025,814		
	Pension	158,416,616	0.0489	0.0489		153,680,047	0.0500	0.0500	76,840		
Goldman Fire Protection District	General Revenue	57,982,915	0.8903	0.8903		58,371,233	0.8903	0.8903	519,679		
	Dispatch	57,982,915	0.0476	0.0476		58,371,233	0.0476	0.0476	27,785		
Hematite Fire Protection District	General Revenue	66,281,559	0.4853	0.4853		67,509,821	0.4853	0.4853	327,625		
High Ridge Fire Protection District	General Revenue	399,746,129	0.7819	0.6196		403,429,063	0.7846	0.6171	2,489,561		
	Pension	399,746,129	0.0755	0.0755		403,429,063	0.0758	0.0758	305,799		
	Dispatch	399,746,129	0.0471	0.0471		403,429,063	0.0473	0.0473	190,822		
	Debt Service	399,746,129	0.0939	0.0939		403,429,063	0.0956	0.0956	385,678		
Hillsboro Fire Protection District	General Revenue	121,971,780	0.6424	0.6424		122,577,098	0.6429	0.6429	788,048		
Jefferson R7 Fire Prot Dist	General Revenue	177,632,203	0.3203	0.3203	B	187,277,500	0.4260	0.4260	797,802	B	
	Fire-Temporary	177,632,203	0.0500	0.0500		187,277,500	0.0500	0.0500	93,639		2014
Rock Community Fire Prot Dist	General Revenue	713,478,281	0.7826	0.5676		709,395,683	0.7911	0.5650	4,008,086		
	Pension	713,478,281	0.0933	0.0933		709,395,683	0.0943	0.0943	668,960		
	Communications	713,478,281	0.0460	0.0460		709,395,683	0.0465	0.0465	329,869		
	Debt Service	**	**	**		709,395,683	0.2253	0.2253	1,598,268		
De Soto Rural Fire Protection Dist	General Revenue	190,471,681	0.6603	0.6603		191,839,698	0.6603	0.6603	1,266,718		
Mapaville Fire Protection District	General Revenue	51,285,634	0.5136	0.5136		50,813,402	0.5136	0.5136	260,978		
Saline Valley Fire Protection Dist	General Revenue	225,150,412	1.2100	1.2100		223,861,450	1.2100	1.2100	2,708,724		
	Pension	225,150,412	0.0900	0.0900		223,861,450	0.0900	0.0900	201,475		
	Dispatch	225,150,412	0.0400	0.0400		223,861,450	0.0400	0.0400	89,545		
Jefferson County Health Department	General Revenue	2,971,071,571	0.0747	0.0747		2,978,480,492	0.0750	0.0750	2,233,860		
Jefferson College	General Revenue	2,910,507,578	0.3386	0.3386		2,914,955,984	0.3402	0.3402	9,916,680		
Northwest R-I School District	Operating Funds-Schools	542,273,249	3.9639	3.9639	E	544,368,149	3.9688	3.9688	21,604,883	E	
	Debt Service	542,273,249	0.5395	0.5395		544,368,149	0.5996	0.5996	3,264,031		
Grandview R-II School District	Operating Funds-Schools	49,849,323	3.2758	3.2758	E	49,956,878	3.2560	3.2560	1,626,596	E	
	Debt Service	49,849,323	1.5401	1.5120		49,956,878	1.5368	1.5120	755,348		
Hillsboro R-III School District	Operating Funds-Schools	242,282,008	3.7610	3.7610	E	242,561,447	3.7580	3.7580	9,115,459	E	
	Debt Service	242,282,008	0.9994	0.9493		242,561,447	1.0298	0.9493	2,302,636		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Jefferson											
Dunklin R-V School District	Operating Funds-Schools	158,188,741	3.7522	3.7522	E	151,907,051	3.9308	3.9308	5,971,162	E	
	Debt Service	159,528,411	0.8409	0.6700		151,907,051	1.0137	0.6700	1,017,777		
Festus R-VI School District	Operating Funds-Schools	239,451,715	2.7500	2.7500	E	240,837,422	2.7500	2.7500	6,623,029	E	
	Debt Service	239,451,715	1.0249	0.9900		240,837,422	1.0320	0.9900	2,384,290		
Jefferson Co R-VII School District	Operating Funds-Schools	175,712,567	3.8203	3.8203	E	183,458,243	3.8246	3.8203	7,008,655	E	
	Debt Service	175,712,567	0.7764	0.7764		183,458,243	0.8483	0.7764	1,424,370		
Sunrise R-IX School District	Operating Funds-Schools	33,792,453	3.0280	3.0280	E	33,822,738	3.3946	3.3280	1,125,621	BE	
	Debt Service	33,792,453	1.0325	0.9300		33,822,738	0.6770	0.6300	213,083		
Windsor C-1 School District	Operating Funds-Schools	206,958,198	3.5386	3.5386	E	208,005,740	3.5257	3.5257	7,333,658	E	
	Debt Service	206,958,198	1.4884	1.2523		208,005,740	1.5947	1.2652	2,631,689		
Fox C-6 School District	Operating Funds-Schools	842,613,225	4.2873	4.2873	E	838,077,001	4.3199	4.3199	36,204,088	E	
	Debt Service	842,613,225	0.3411	0.3300		838,077,001	0.3584	0.3300	2,765,654		
Crystal City 47 School District	Operating Funds-Schools	56,836,417	4.0558	3.9416	E	57,476,408	3.9424	3.9416	2,265,490	E	
	Debt Service	56,836,417	0.9519	0.8000		57,476,408	1.2318	0.8000	459,811		
DeSoto 73 School District	Operating Funds-Schools	181,670,194	3.4552	3.4552	E	180,592,863	3.4752	3.4752	6,275,963	E	
	Debt Service	181,670,194	0.7802	0.6907		180,592,863	0.8951	0.8707	1,572,422		
Jefferson County	General Revenue	2,971,071,571	0.1870	0.0315		2,978,480,492	0.1878	0.0290	863,759		
	Parks & Recreation	2,971,071,571	0.0281	0.0279		2,978,480,492	0.0280	0.0280	833,975		
	Road & Bridge	2,452,520,923	0.2129	0.2115		2,466,909,831	0.2118	0.2118	5,224,915		
	Developmentally Disabled	2,971,071,571	0.0935	0.0935		2,978,480,492	0.0939	0.0939	2,796,793		
	Mental Health	2,971,071,571	0.0935	0.0935		2,978,480,492	0.0939	0.0939	2,796,793		
Johnson											
Johnson County Ambulance District	General Revenue	534,429,372	0.3000	0.3000		562,953,947	0.3000	0.3000	1,688,862		
Western Missouri Medical Center	General Revenue	540,364,599	0.1508	0.1497		569,403,012	0.1497	0.1497	852,396		
South Fork of Blackwater Watershed	General Revenue	38,802,599	0.1000	0.1000		39,241,065	0.1000	0.1000	39,241		
City of Centerview	General Revenue	1,254,512	0.9000	0.9000		1,290,935	0.9000	0.9000	11,618		
City of Chilhowee	General Revenue	1,398,728	0.9999	0.9999		1,466,556	0.9970	0.9970	14,622		
City of Holden	General Revenue	17,291,854	0.7412	0.7376		17,222,220	0.7592	0.7376	127,031		
	Debt Service	17,291,854	0.1921	0.1186		17,222,220	0.2080	0.1186	20,426		
City of Kingsville	General Revenue	5,263,065	0.7500	0.7500		4,854,099	0.7500	0.7500	36,406		
City of Knob Noster	General Revenue	21,018,361	0.6796	0.6796		21,957,824	0.6796	0.6796	149,225		
	Fire	21,018,361	0.3000	0.3000		**	**	**			2012
	Fire	**	**	**		21,957,824	0.3043	0.3000	65,873	A	2016
City of Leeton	General Revenue	3,165,436	0.8957	0.8957		3,326,207	0.8957	0.8957	29,793		
City of Warrensburg	General Revenue	192,151,970	0.3594	0.3594		200,108,283	0.3594	0.3594	719,189		
	Parks & Recreation	192,151,970	0.1952	0.1952		200,108,283	0.1952	0.1952	390,611		
Trails Consolidated Library	General Revenue	893,618,216	0.2636	0.2636		940,193,529	0.2636	0.2636	2,478,350		
Fire District #2 of Johnson County	General Revenue	108,915,138	0.3671	0.3669		115,489,542	0.3638	0.3638	420,151		
Johnson County Fire Prot Dist	General Revenue	193,911,562	0.3590	0.3590		206,028,063	0.3590	0.3590	739,641		
	Debt Service	193,911,562	0.2425	0.1800		206,028,063	0.2076	0.1800	370,851		
Johnson County Community Health	General Revenue	540,364,599	0.1000	0.1000		569,403,012	0.1000	0.1000	569,403		
Kingsville R-I School District	Operating Funds-Schools	22,404,044	3.7500	3.7500	E	22,718,548	3.7500	3.7500	851,946	E	
	Debt Service	22,404,044	1.3276	1.0662		22,718,548	1.2418	1.0662	242,225		
Holden R-III School District	Operating Funds-Schools	87,343,884	3.7500	3.7500	E	90,914,789	3.7500	3.7500	3,409,305	E	
	Debt Service	87,343,884	0.9404	0.8400		90,914,789	0.8930	0.8400	763,684		
Chilhowee R-IV School District	Operating Funds-Schools	8,725,672	5.6106	5.5552	E	9,195,177	5.4887	5.4887	504,696	E	
Johnson Co R-VII School District	Operating Funds-Schools	34,905,557	3.5499	3.5499	E	37,183,161	3.5540	3.5540	1,321,490	E	
	Debt Service	34,905,557	1.7820	0.8000		37,183,161	1.0827	1.0000	371,832		
Knob Noster R-VIII School District	Operating Funds-Schools	54,914,259	2.7500	2.7500	E	57,958,551	3.5804	3.5000	2,028,549	BE	
Leeton R-X School District	Operating Funds-Schools	15,066,023	4.1100	4.1100	E	15,582,544	4.1100	4.1100	640,443	E	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Johnson										
Leeton R-X School District	Debt Service	15,066,023	1.0754	0.8600		15,582,544	1.1794	0.8600	134,010	
Warrensburg R-VI School District	Operating Funds-Schools	256,330,120	3.7208	3.7208	E	265,785,548	3.7170	3.7170	9,879,249	E
	Debt Service	256,330,120	0.7676	0.7200		265,785,548	0.7483	0.7200	1,913,656	
Johnson County	General Revenue	540,364,599	0.3301	0.1300		569,403,012	0.3301	0.1300	740,224	
	Road & Bridge	540,364,599	0.2434	0.2434		569,403,012	0.2434	0.2415	1,375,108	
	Senate Bill 40	540,364,599	0.1200	0.1200		569,403,012	0.1200	0.1200	683,284	
Knox										
Knox County Ambulance District	General Revenue	70,817,071	0.3442	0.3442		75,109,661	0.3442	0.3442	258,527	
	Dispatch	70,817,071	0.0295	0.0295		75,109,661	0.0295	0.0295	22,157	
Knox County Nursing Home District	General Revenue	69,627,825	0.2971	0.2971		73,884,719	0.2971	0.2971	219,512	
City of Baring	General Revenue	912,881	0.8913	0.8913		954,738	0.8911	0.8911	8,508	
City of Edina	General Revenue	10,260,090	0.7500	0.7500		10,572,781	0.7500	0.7500	79,296	
	Lights	10,260,090	0.1427	0.1427		10,572,781	0.1434	0.1434	15,161	
City of Hurdland	General Revenue	892,404	0.8018	0.8018		872,019	0.8283	0.8283	7,223	
	Fire	892,404	0.2966	0.2966		872,019	0.3064	0.3064	2,672	
	Debt Service	892,404	0.5889	0.5889		**	**	**		
City of Knox City	General Revenue	1,319,737	0.9928	0.9900		1,310,590	1.0000	0.9900	12,975	
	Streets	1,319,737	0.2500	0.2500	A	1,310,590	0.2500	0.2500	3,276	2015
Village of Newark	General Revenue	560,135	0.5315	0.5315		594,617	0.5315	0.5315	3,160	
Village of Novelty	General Revenue	673,263	1.0000	1.0000		676,859	1.0000	1.0000	6,769	
	Streets	673,263	0.2577	0.2500	A	676,859	0.2577	0.2577	1,744	2015
Knox County Library	General Revenue	70,817,071	0.0983	0.0983		75,109,661	0.0983	0.0983	73,833	
Knox County Health Department	General Revenue	70,817,071	0.0983	0.0983		75,109,661	0.0983	0.0983	73,833	
Knox Co R-I School District	Operating Funds-Schools	60,247,887	3.6524	3.6045	E	63,697,449	3.6298	3.6045	2,295,975	E
	Debt Service	60,247,887	0.2539	0.2000		63,697,449	0.2319	0.2000	127,395	
Knox County	General Revenue	70,817,071	0.4281	0.2635		75,109,661	0.4281	0.2634	197,839	
	Road & Bridge	70,817,071	0.3105	0.3105		75,109,661	0.3105	0.3105	233,215	
	Special Road and Bridge	70,817,071	0.3500	0.3500		75,109,661	0.3500	0.3500	262,884	2013
Laclede										
Lebanon Spec Rd Dist #1 Laclede Co	Special Road and Bridge	248,890,304	0.1953	0.1953		258,653,953	0.1947	0.1947	503,599	2013
	Rd & Bridge (County)	248,890,304	0.3277	0.3277		258,653,953	0.3267	0.3267	845,022	
Phillipsburg Spec Rd #3 Laclede Co	Road & Bridge	14,255,474	0.2765	0.2765		16,817,387	0.2438	0.2438	41,001	
	Special Road and Bridge	14,255,474	0.2300	0.2300		16,817,387	0.2028	0.2028	34,106	2013
Laclede County Road District	Road & Bridge	113,397,694	0.2450	0.0000		117,235,802	0.0000	0.0000	0	
Conway Spec Road Dist #2 Laclede Co	Road & Bridge	10,983,009	0.2420	0.2420		11,767,801	0.2337	0.2337	27,501	
	Special Road and Bridge	10,983,009	0.3591	0.3591	A	11,767,801	0.3468	0.3468	40,811	2015
City of Conway	General Revenue	4,549,903	0.0000	0.0000		4,135,973	0.0000	0.0000	0	
City of Lebanon	General Revenue	190,755,642	0.2595	0.2551		197,396,405	0.2548	0.2548	502,966	
	Parks & Recreation	190,755,642	0.2595	0.2551		197,396,405	0.2548	0.2548	502,966	
Village of Phillipsburg	General Revenue	1,263,107	0.4663	0.4663		1,239,074	0.4773	0.4773	5,914	
Village of Evergreen	Building Maint.	1,173,267	0.2511	0.2511		1,029,448	0.2511	0.2511	2,585	2013
	Fire Equipment Maint.	1,173,267	0.2511	0.2511		1,029,448	0.2511	0.2511	2,585	2013
	Fire Truck #1 Maint.	1,173,267	0.2511	0.2511		1,029,448	0.2511	0.2511	2,585	2013
	Fire Truck #2 Maint.	1,173,267	0.2511	0.2511		1,029,448	0.2511	0.2511	2,585	2013
	Police Vehicle #2 Maint.	1,173,267	0.2511	0.2511		1,029,448	0.2511	0.2511	2,585	2013
	Police Vehilce #1 Maint.	1,173,267	0.2511	0.2511		1,029,448	0.2511	0.2511	2,585	2013
Lebanon-Laclede County Library	General Revenue	387,976,367	0.1350	0.1350		404,918,962	0.1343	0.1343	543,806	
Lebanon Rural Fire Protection Dist	General Revenue	103,683,463	0.1870	0.1870		109,362,567	0.1855	0.1855	202,868	
Bennett Spring Fire Protection Dist	General Revenue	9,740,363	0.3000	0.3000		9,901,393	0.3000	0.3000	29,704	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Laclede											
Competition Fire Protection Dist	General Revenue	9,465,072	0.3000	0.3000		10,014,671	0.2997	0.2997	30,014		
Nebo-Falcon Fire Protection Dist	General Revenue	10,907,069	0.3000	0.3000		11,075,863	0.3000	0.3000	33,228		
Lebanon Special Business District	General Revenue	3,818,940	0.6758	0.6758		3,865,530	0.6758	0.6758	26,123		
Laclede County Health Department	General Revenue	387,976,367	0.1000	0.1000		404,918,962	0.0995	0.0995	402,894		
Laclede Co. R-I School District	Operating Funds-Schools	32,832,285	2.7500	2.7500	F	34,898,764	2.7500	2.7500	959,716	F	
Gasconade C-4 School District	Operating Funds-Schools	8,386,675	3.4688	3.4688	E	8,647,186	3.4927	3.4927	302,020	E	
Lebanon R-III School District	Operating Funds-Schools	287,085,368	2.7500	2.7500	F	298,887,009	2.7500	2.7500	8,219,393	F	
	Debt Service	287,085,368	0.5233	0.4700		298,887,009	0.5140	0.4700	1,404,769		
Laclede Co C-5 School District	Operating Funds-Schools	27,378,813	3.2719	3.2719	E	28,655,085	3.3000	3.3000	945,618	E	
Laclede County	General Revenue	387,976,367	0.3012	0.1001		404,918,962	0.2997	0.1400	566,887		
	Senate Bill 40	387,976,367	0.0672	0.0672		404,918,962	0.0669	0.0669	270,891		
	Senate Bill 40-LEEP	387,976,367	0.0663	0.0655		404,918,962	0.0652	0.0652	264,007		
Lafayette											
Little Sni A Bar Watershed Sub Dist	General Revenue	6,779,950	0.0861	0.0861		6,548,414	0.0892	0.0892	5,841		
Tabo Creek Watershed Sub District	General Revenue	15,688,229	0.0775	0.0775		15,707,660	0.0776	0.0776	12,189		
Wellington Napoleon Sub District	General Revenue	4,452,702	0.0838	0.0838		4,353,058	0.0900	0.0900	3,918		
Alma Spec Road Dist Lafayette Co	Special Road and Bridge	12,359,422	0.2717	0.2717		**	**	**			2012
	Special Road and Bridge	**	**	**		13,427,830	0.3001	0.3000	40,283	A	2016
Corder Spec Rd Dist Lafayette Co	Special Road and Bridge	9,800,214	0.2757	0.2757		**	**	**			2012
	Special Road and Bridge	**	**	**		10,513,009	0.3533	0.3533	37,142	A	2016
Concordia Spec Rd Dist Lafayette Co	Special Road and Bridge	41,902,578	0.3300	0.3300		**	**	**			2012
	Special Road and Bridge	**	**	**		43,196,886	0.3328	0.3300	142,550	A	2016
Dover Spec Rd Dist Lafayette Co	Special Road and Bridge	9,238,170	0.3507	0.3507	A	10,611,213	0.3355	0.3355	35,601		2015
Higginsville Road Dist Lafayette Co	Special Road and Bridge	55,029,930	0.3630	0.3630	A	57,905,788	0.3630	0.3630	210,198		2015
Mayview Spec Rd Dist Lafayette Co	Special Road and Bridge	12,255,908	0.3498	0.3498		13,099,907	0.3498	0.3498	45,823		2013
Odessa Spec Rd Dist Lafayette Co	Special Road and Bridge	99,574,360	0.2553	0.2400		102,041,920	0.2428	0.2428	247,758		2014
Waverly Spec Rd Dist Lafayette Co	Special Road and Bridge	17,092,567	0.2800	0.2800		18,669,449	0.2781	0.2781	51,920		2014
Wellington Napoleon Rd Lafayette Co	Special Road and Bridge	25,134,057	0.3500	0.3500		27,573,745	0.3469	0.3469	95,653		2013
City of Alma	General Revenue	3,982,588	0.5234	0.5234		4,207,279	0.5240	0.5234	22,021		
	General Revenue-Temp	3,982,588	0.3000	0.3000		4,207,279	0.3000	0.3000	12,622		2013
	Streets	**	**	**		4,207,279	0.3563	0.3500	14,725	A	2016
Village of Aullville	General Revenue	573,944	0.4530	0.4530		635,399	0.4530	0.4530	2,878		
City of Bates City	General Revenue	4,342,818	0.2926	0.2926		4,358,190	0.2971	0.2971	12,948		
City of Concordia	General Revenue	26,124,212	0.5525	0.5525		26,411,508	0.5525	0.5525	145,924		
City of Corder	General Revenue	2,695,205	0.5982	0.5982		2,710,491	0.6069	0.6069	16,450		
	Parks & Recreation	2,695,205	0.1473	0.1473		2,710,491	0.1494	0.1494	4,049		
Village of Dover	General Revenue	706,056	0.2970	0.2970		716,350	0.2971	0.2971	2,128		
City of Higginsville	General Revenue	39,436,786	0.4534	0.4534		41,140,168	0.4534	0.4534	186,530		
	Parks & Recreation	39,436,786	0.3610	0.3610		41,140,168	0.3610	0.3610	148,516		
	Library	31,842,821	0.1877	0.1877		32,852,454	0.1893	0.1893	62,190		
City of Lexington	General Revenue	39,987,761	0.5620	0.5620		40,685,236	0.5686	0.5686	231,336		
	Parks & Recreation	39,987,761	0.2855	0.2855		40,685,236	0.2888	0.2888	117,499		
	Health	39,987,761	0.1523	0.1523		40,685,236	0.1541	0.1541	62,696		
City of Mayview	General Revenue	1,287,778	0.6903	0.6903		1,377,743	0.6936	0.6936	9,556		
City of Napoleon	General Revenue	2,137,851	0.8118	0.8118		2,276,967	0.8115	0.8115	18,478		
City of Odessa	General Revenue	48,571,813	0.5760	0.5760		49,672,326	0.5775	0.5775	286,858		
	Parks & Recreation	48,571,813	0.1521	0.1521		49,672,326	0.1525	0.1525	75,750		
City of Waverly	General Revenue	7,358,124	0.5371	0.5371		7,547,655	0.5379	0.5379	40,599		
	Streets	7,358,124	0.2168	0.2168		7,547,655	0.2171	0.2171	16,386		
City of Wellington	General Revenue	6,087,586	0.5092	0.5092		6,299,785	0.5092	0.5092	32,079		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Lafayette											
City of Lake Lafayette	General Revenue	1,763,649	1.0000	1.0000		1,799,612	1.0000	1.0000	17,996		
	Streets	1,763,649	0.7388	0.0000		1,799,612	0.0000	0.0000	0		
Corder Fire Protection District	General Revenue	16,436,285	0.3060	0.3060		18,060,668	0.3027	0.3027	54,670		
Sni Valley Fire Protection District	General Revenue	168,267,344	0.5023	0.5023		168,050,188	0.5083	0.5083	854,199		
	Dispatch	168,267,344	0.0300	0.0300		168,050,188	0.0300	0.0300	50,415		
	Fire and Ambulance	168,267,344	0.1500	0.1500		168,050,188	0.1500	0.1500	252,075		
	Debt Service	168,267,344	0.1454	0.1454		168,050,188	0.1451	0.1451	243,841		
Concordia Fire Protection District	General Revenue	51,284,054	0.2748	0.2748		53,135,332	0.2748	0.2748	146,016		
Alma Fire Protection District	General Revenue	15,625,757	0.4297	0.4297		17,364,192	0.4289	0.4289	74,475		
Wellington-Napoleon Fire Prot Dist	General Revenue	27,162,237	0.2642	0.2642		29,799,046	0.2625	0.2625	78,222		
	Ambulance	27,162,237	0.3492	0.3492		29,799,046	0.3470	0.3470	103,403		
Odessa Fire Protection District	General Revenue	95,181,890	0.4700	0.4700		97,808,182	0.4700	0.4700	459,698		
Mayview Fire Protection Dist	General Revenue	**	**	**		10,969,924	0.3000	0.3000	32,910	A	2016
Wellington-Napoleon R-IX Reg Rec Ds	Parks & Recreation	24,725,203	0.2000	0.2000		25,907,150	0.2000	0.2000	51,814		
Lafayette County Health Department	General Revenue	385,096,438	0.0732	0.0732		403,642,971	0.0732	0.0732	295,467		
Concordia R-II School District	Operating Funds-Schools	45,076,590	3.9660	3.9605	E	45,812,229	3.9933	3.9651	1,816,501	E	
	Debt Service	45,076,590	0.5470	0.4100		45,812,229	0.6145	0.4100	187,830		
Lafayette Co C-1 School District	Operating Funds-Schools	64,091,914	3.8862	3.8862	E	68,167,667	3.8862	3.8862	2,649,132	E	
	Debt Service	64,091,914	1.5826	1.0000		68,167,667	1.2980	1.0000	681,677		
Odessa R-VII School District	Operating Funds-Schools	121,313,472	3.8011	3.7889	E	124,057,643	3.8619	3.7889	4,700,420	E	
	Debt Service	121,313,472	2.0509	1.1512		124,057,643	1.5776	1.1512	1,428,152		
Santa Fe R-X School District	Operating Funds-Schools	29,378,139	4.4010	4.3510	E	31,464,192	4.3847	4.3847	1,379,610	E	
	Debt Service	29,378,139	0.8006	0.6000		31,464,192	0.6405	0.5000	157,321		
Wellington-Napoleon R-IX Sch Dist	Operating Funds-Schools	24,726,370	3.7039	3.7039	E	25,917,878	3.7488	3.7488	971,609	E	
	Debt Service	24,726,370	1.1990	0.8351		25,917,878	1.0785	0.8351	216,440		
Lexington R-V School District	Operating Funds-Schools	52,740,089	4.4125	4.2701	BE	53,455,122	4.3545	4.3545	2,327,703	E	
	Debt Service	52,740,089	1.8492	0.9300		53,455,122	1.8339	0.9300	497,133		
Lafayette County	General Revenue	385,096,438	0.2928	0.1900		403,642,971	0.2928	0.1850	746,739		
	Johnson Grass	385,096,438	0.0101	0.0101		403,642,971	0.0101	0.0101	40,768		
	Road & Bridge	385,096,438	0.2196	0.2196		403,642,971	0.2196	0.2196	886,400		
	Common Road District	438,550	0.3000	0.3000		**	**	**			2012
	Senate Bill 40	385,096,438	0.0642	0.0642		403,642,971	0.0642	0.0642	259,139		
	2-W Common Rd Dist	32,279,429	0.3300	0.3300		**	**	**			2012
	I-E Common Road Dist	13,595,300	0.3740	0.3740	A	14,857,131	0.3717	0.3717	55,224		2015
	2-W Common Road District	**	**	**		32,854,446	0.3413	0.3413	112,132	A	2016
Lawrence											
Mt Vernon Ambulance District	General Revenue	151,406,494	0.1424	0.1424		148,835,076	0.1459	0.1459	217,150		
Lawrence County Nursing Home Dist	General Revenue	418,253,009	0.1093	0.1093		419,784,433	0.1098	0.1098	460,923		
Aurora Spec Road Dist Lawrence Co	Special Road and Bridge	101,446,803	0.1700	0.1700		**	**	**			2012
	Special Road and Bridge	**	**	**		102,050,235	0.1738	0.1738	177,363	A	2016
Buck Prairie Sp Rd Dist Lawrence Co	Special Road and Bridge	36,080,952	0.3100	0.3100		36,739,770	0.3100	0.3100	113,893		2013
Freistatt Spec Rd Dist Lawrence Co	Special Road and Bridge	8,151,304	0.3538	0.3500		8,085,856	0.3538	0.3500	28,300		2014
Green Benefit Spec Rd Lawrence Co	Special Road and Bridge	7,014,262	0.2200	0.2200		**	**	**			2012
	Special Road and Bridge	**	**	**		7,293,411	0.2200	0.2200	16,046	A	2016
Midway Benefit Spec Rd Lawrence Co	Special Road and Bridge	2,209,017	0.2400	0.2400		2,342,475	0.2342	0.2342	5,486		2013
Miller Benefit Spec Rd Lawrence Co	Special Road and Bridge	20,057,951	0.1900	0.1900		19,176,691	0.1900	0.1900	36,436		2013
Mt Pleasant Benefit SRD Lawrence Co	Special Road and Bridge	4,189,959	0.2000	0.2000		4,269,748	0.2000	0.2000	8,539		2013
Mt Vernon Benefit Sp Rd Lawrence Co	Special Road and Bridge	97,095,386	0.1600	0.1600		94,477,696	0.1600	0.1600	151,164		2013
Pierce Benefit SRD Lawrence Co	Special Road and Bridge	24,601,825	0.1885	0.1885		**	**	**			2012
	Special Road and Bridge	**	**	**		25,876,334	0.1900	0.1900	49,165	A	2016

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Lawrence											
Red Oak Benefit Sp Rd Lawrence Co	Special Road and Bridge	4,700,582	0.2000	0.2000		4,877,562	0.1974	0.1974	9,628		2013
Verona Benefit SRD Lawrence Co	Special Road and Bridge	27,795,222	0.1900	0.1900		28,443,185	0.1900	0.1900	54,042		2013
Vineyard Benefit Sp Rd Lawrence Co	Special Road and Bridge	3,995,184	0.2200	0.2200		**	**	**			2012
	Special Road and Bridge	**	**	**		4,294,081	0.2200	0.2200	9,447	A	2016
City of Aurora	General Revenue	73,501,739	0.3721	0.3721		73,420,711	0.3777	0.3777	277,310		
	Parks & Recreation	73,501,739	0.1448	0.1448		73,420,711	0.1470	0.1470	107,928		
Village of Freistatt	General Revenue	1,148,590	0.2589	0.2589		1,172,355	0.2581	0.2581	3,026		
City of Marionville	General Revenue	15,801,121	0.6008	0.5978		15,916,459	0.6012	0.6012	95,690		
City of Miller	General Revenue	4,417,225	1.0000	1.0000		4,568,342	1.0000	1.0000	45,683		
City of Pierce City	General Revenue	9,381,842	0.4700	0.4700		9,811,505	0.4670	0.4670	45,820		
	Parks & Recreation	9,381,842	0.1200	0.1200		9,811,505	0.1192	0.1192	11,695		
	Fire	9,381,842	0.1200	0.1200		**	**	**			
City of Stotts City	General Revenue	936,784	0.5084	0.5084		967,484	0.5084	0.5084	4,919		
City of Verona	General Revenue	7,940,500	0.8337	0.7581		8,022,964	0.7711	0.7711	61,865		
Aurora Rural Fire Protection Dist	General Revenue	**	**	**		59,581,665	0.3067	0.3067	182,737	A	
Pierce City Fire Protection Dist	General Revenue	**	**	**		29,347,824	0.3063	0.3000	88,043	A	
Miller R-II School District	Operating Funds-Schools	43,227,188	3.5157	3.3300	E	42,564,190	3.4230	3.4230	1,456,972	E	
	Operating Funds-Temp	43,227,188	0.4629	0.0000		42,564,190	0.0000	0.0000	0		2026
	Debt Service	43,227,188	0.6655	0.6600		42,564,190	0.6709	0.6600	280,924		
Pierce City R-VI School District	Operating Funds-Schools	36,647,027	2.7500	2.7500	F	37,316,291	2.7500	2.7500	1,026,198	F	
	Debt Service	36,647,027	1.2766	0.7900		37,316,291	1.1742	0.7900	294,799		
Marionville R-IX School District	Operating Funds-Schools	36,466,536	2.9971	2.7500	F	36,572,877	3.0220	2.7500	1,005,754	F	
	Debt Service	36,466,536	1.0397	0.9800		36,572,877	1.0580	0.9800	358,414		
Mt. Vernon R-V School District	Operating Funds-Schools	104,908,219	2.7500	2.7500	E	102,256,839	2.7500	2.7500	2,812,063	E	
	Debt Service	104,908,219	1.0718	0.5700		102,256,839	0.7736	0.5700	582,864		
Aurora R-VIII School District	Operating Funds-Schools	108,785,818	2.1419	2.1419	F	108,695,539	2.3453	2.3453	2,549,236	F	
	Operating Funds-Temp	108,785,818	0.4011	0.4011		108,695,539	0.4047	0.4047	439,891		2024
	Debt Service	108,785,818	1.2135	1.0500		108,695,539	1.0979	1.0500	1,141,303		
Verona R-VII School District	Operating Funds-Schools	24,605,198	3.4524	3.0000	E	24,675,982	3.0449	3.0000	740,279	E	
	Debt Service	24,605,198	1.4197	0.9500		24,675,982	1.4729	0.9500	234,422		
Lawrence County	General Revenue	418,253,009	0.2886	0.1318		419,784,433	0.2900	0.1503	630,936		
	Road & Bridge	418,253,009	0.0703	0.0703		419,784,433	0.0706	0.0706	296,368		
	Developmentally Disabled	418,253,009	0.0897	0.0893		419,784,433	0.0897	0.0897	376,547		
	Senior Services	418,253,009	0.0493	0.0491		419,784,433	0.0493	0.0493	206,954		
	Common I Road District	31,689,794	0.2000	0.2000		32,645,719	0.2000	0.2000	65,291		2013
	Common II Road District	11,419,459	0.2100	0.2100		11,663,980	0.2100	0.2100	24,494		2013
Lewis											
Lewis County Ambulance District	General Revenue	113,638,515	0.2430	0.1280		118,890,206	0.2417	0.1436	170,726		
Lewis County Nursing Home	General Revenue	113,638,515	0.1458	0.1458		118,890,206	0.1450	0.1450	172,391		
Buck & Doe Run Creeks Sub District	General Revenue	4,036,620	0.2391	0.2391		4,113,160	0.2391	0.2391	9,835		
Durgens Creek Watershed Sub Dist	General Revenue	2,748,420	0.3820	0.3820		2,761,400	0.3912	0.3912	10,803		
Troublesome Watershed Sub District	General Revenue	9,961,873	0.3770	0.3770		10,022,570	0.3777	0.3777	37,855		
Grassey Creek Watershed Sub Dist	General Revenue	6,544,020	0.4000	0.4000		6,940,140	0.3894	0.3894	27,025		
Canton Spec Rd Dist Lewis Co	Road & Bridge	28,943,741	0.2415	0.2415		31,932,049	0.2388	0.2388	76,254		
Dickerson Spec Road Dist Lewis Co	Road & Bridge	880,431	0.3263	0.3263		869,708	0.3303	0.3303	2,873		
La Grange Spec Rd Dist Lewis Co	Road & Bridge	17,684,280	0.3500	0.3200		18,181,767	0.3200	0.3200	58,182		
City of Canton	General Revenue	17,844,434	0.6855	0.6855		20,154,097	0.6730	0.6730	135,637		
	Parks & Recreation	17,844,434	0.1909	0.1909		20,154,097	0.1874	0.1874	37,769		
	Library	17,844,434	0.2386	0.2386		20,154,097	0.2343	0.2343	47,221		
	Levee	17,844,434	0.1909	0.1909		20,154,097	0.1874	0.1874	37,769		

APPENDIX VII
2013 PROPERTY TAX RATES
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Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Lewis										
City of Ewing	General Revenue	3,343,866	0.5958	0.5958		3,155,152	0.6329	0.6329	19,969	
City of La Belle	General Revenue	3,915,751	0.7674	0.7674		4,565,311	0.7552	0.7552	34,477	
	Streets	3,915,751	0.0976	0.0976		**	**	**		2012
	Streets-Temp	3,915,751	0.3630	0.3630	A	4,565,311	0.3572	0.3572	16,307	2015
	Streets	**	**	**		4,565,311	0.1000	0.1000	4,565	A 2016
City of La Grange	General Revenue	10,541,979	0.5500	0.4900		10,795,106	0.4876	0.4876	52,637	
	Streets	10,541,979	0.3000	0.2700		10,795,106	0.2687	0.2687	29,006	
	Cemetery	10,541,979	0.1500	0.1300		10,795,106	0.1294	0.1294	13,969	
City of Lewistown	General Revenue	3,970,450	0.6728	0.6728		4,137,445	0.6595	0.6595	27,286	
	Debt Service	3,970,450	0.2594	0.2594		4,137,445	0.2436	0.2436	10,079	
Village of Monticello	General Revenue	969,466	0.6168	0.6168		936,461	0.6386	0.6386	5,980	
Lewis County Library	General Revenue	95,687,233	0.0974	0.0974		98,654,163	0.0971	0.0971	95,793	
Canton R-V Fire Protection District	General Revenue	45,648,980	0.2412	0.2412		48,238,453	0.2412	0.2412	116,351	
	Debt Service	45,648,980	0.1006	0.1006		48,238,453	0.0952	0.0952	45,923	
Ewing-Maywood R-4 Fire Prot Dist	General Revenue	25,415,408	0.4352	0.4352		25,234,807	0.4400	0.4400	111,033	
Western Lewis County FPD	General Revenue	26,062,942	0.4266	0.4266		27,282,059	0.4266	0.4266	116,385	
	Debt Service	26,062,942	0.1348	0.1348		27,282,059	0.1259	0.1259	34,348	
Lewis County Health Department	General Revenue	113,638,515	0.2573	0.2573	B	118,890,206	0.2559	0.2559	304,240	
Canton R-V School District	Operating Funds-Schools	34,348,500	3.2907	3.2907	E	35,993,620	3.2957	3.2957	1,186,242	E
	Debt Service	34,348,500	0.6928	0.5500		35,993,620	0.7057	0.5500	197,965	
Lewis Co C-1 School District	Operating Funds-Schools	70,046,876	3.4605	3.4605	E	72,089,262	3.4596	3.4596	2,494,000	E
Lewis County	General Revenue	113,638,515	0.4055	0.2940		118,890,206	0.4033	0.2950	350,726	
	Road & Bridge	66,130,063	0.2719	0.2719		67,906,673	0.2719	0.2719	184,638	
	Common Road District	66,130,063	0.2013	0.2013		**	**	**		2012
	Common Road District	**	**	**		67,906,673	0.2108	0.2108	143,147	A 2016
Lincoln										
Lincoln County Ambulance	General Revenue	659,775,963	0.2858	0.1437		674,986,334	0.2863	0.1371	925,406	
Clarence Cannon Memorial Sub Dist	General Revenue	9,233,001	0.2018	0.2018		9,205,421	0.2047	0.2047	18,843	
City of Elsberry	General Revenue	15,108,009	0.5180	0.5180		14,839,279	0.5275	0.5275	78,277	
	Cemetery	15,108,009	0.1554	0.1554		14,839,279	0.1582	0.1582	23,476	
City of Foley	General Revenue	934,027	0.7012	0.7012		974,403	0.6939	0.6939	6,761	
City of Hawk Point	General Revenue	4,557,892	0.3711	0.3711		4,644,317	0.3711	0.3711	17,235	
City of Moscow Mills	General Revenue	23,159,128	0.2569	0.2569		22,825,595	0.2624	0.2624	59,894	
	GR-Waterworks	23,159,128	0.5029	0.5029		22,825,595	0.5136	0.5136	117,232	
City of Old Monroe	General Revenue	3,558,054	0.3985	0.3985		3,627,096	0.4010	0.4010	14,545	
Village of Silex	General Revenue	1,918,628	0.2898	0.2898		1,916,044	0.2914	0.2914	5,583	
	Debt Service	1,918,628	0.7673	0.7673		1,916,044	0.8351	0.8351	16,001	
City of Troy	General Revenue	165,806,205	0.3372	0.1872		165,697,985	0.1889	0.1889	313,003	
City of Winfield	General Revenue	12,365,299	0.3801	0.3801		12,474,398	0.3804	0.3804	47,453	
Village of Truxton	General Revenue	301,495	0.4998	0.4998		326,285	0.5000	0.5000	1,631	
Village of Chain of Rocks	General Revenue	838,604	0.5000	0.5000		877,145	0.5000	0.5000	4,386	
Village of Fountain 'N Lakes	General Revenue	427,816	0.5000	0.5000		437,066	0.5000	0.5000	2,185	
Winfield-Foley Fire Protection Dist	General Revenue	90,030,380	0.2555	0.2555		92,039,329	0.2558	0.2558	235,437	
Lincoln County Fire Protection Dist	General Revenue	389,611,592	0.5500	0.5500		396,413,021	0.5500	0.5500	2,180,272	
Elsberry Fire Protection District	General Revenue	48,068,478	0.3000	0.3000		48,856,558	0.3000	0.3000	146,570	
Hawk Point Fire Protection District	General Revenue	39,751,827	0.2704	0.2704		41,071,808	0.2704	0.2704	111,058	
Old Monroe Fire Protection District	General Revenue	31,837,418	0.2831	0.2831		32,691,114	0.3000	0.3000	98,073	
Lincoln County Health Department	General Revenue	659,775,963	0.2000	0.2000		674,986,334	0.2000	0.2000	1,349,973	
Silex R-I School District	Operating Funds-Schools	29,128,559	3.4660	3.4660	E	29,892,545	3.5044	3.4985	1,045,791	E
	Debt Service	29,128,559	0.8106	0.7399		29,892,545	0.7770	0.7100	212,237	

APPENDIX VII
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Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Lincoln										
Elsberry R-II School District	Operating Funds-Schools	43,040,949	2.8685	2.8685	E	43,739,595	2.9023	2.8740	1,257,076	E
	Debt Service	43,040,949	1.2781	1.2500		43,739,595	1.4628	1.2500	546,745	
Troy R-III School District	Operating Funds-Schools	414,233,112	3.6284	3.5000	E	420,127,612	3.5488	3.5000	14,704,466	E
	Debt Service	414,233,112	1.5138	1.1100		420,127,612	1.3249	1.2600	5,293,608	
Winfield R-IV School District	Operating Funds-Schools	93,129,210	3.3141	3.3141	E	94,051,552	3.3086	3.3086	3,111,790	E
	Debt Service	93,129,210	0.9605	0.9500		94,051,552	1.2535	0.9500	893,490	
Lincoln County	General Revenue	659,775,963	0.3469	0.2150		674,986,334	0.3475	0.2150	1,451,221	
	Road & Bridge	659,775,963	0.2653	0.2653		674,986,334	0.2657	0.2657	1,793,439	
	Hospital	659,775,963	0.1734	0.1734		674,986,334	0.1737	0.1737	1,172,451	
	Senate Bill 40	659,775,963	0.1000	0.1000		674,986,334	0.1000	0.1000	674,986	
	Debt Service	659,775,963	0.1271	0.1271		674,986,334	0.1204	0.1204	812,684	
Linn										
Linn County Ambulance District	General Revenue	140,401,844	0.2875	0.0894		142,795,713	0.2875	0.0947	135,228	
East Yellow Creek Watershed	General Revenue	9,865,580	0.3672	0.3672		9,946,200	0.3672	0.3672	36,522	
Marceline Spec Rd Dist Linn Co	General Revenue	22,196,925	0.1000	0.1000		21,904,783	0.1000	0.1000	21,905	
	Road & Bridge	22,196,925	0.3610	0.3610		21,904,783	0.3661	0.3661	80,193	
Purdin Special Road Dist Linn Co	General Revenue	1,688,873	0.0000	0.0000		1,851,252	0.0000	0.0000	0	
	Road & Bridge	1,688,873	0.5000	0.5000		1,851,252	0.4908	0.4908	9,086	
	Special Road and Bridge	1,688,873	0.3538	0.3538		1,851,252	0.3473	0.3473	6,429	2014
City of Brookfield	General Revenue	36,586,465	0.8782	0.8782		36,646,023	0.8782	0.8782	321,825	
	Parks & Recreation	36,586,465	0.2000	0.2000		36,646,023	0.2000	0.2000	73,292	
	Library	36,586,465	0.3712	0.3712		36,646,023	0.3712	0.3712	136,030	
	Cemetery	36,586,465	0.1000	0.1000		36,646,023	0.1000	0.1000	36,646	
City of Browning	General Revenue	825,104	1.0000	1.0000		852,126	1.0000	1.0000	8,521	
City of Bucklin	General Revenue	3,024,768	0.9923	0.9923		2,914,898	1.0000	1.0000	29,149	
	Streets	3,024,768	0.4961	0.4961		2,914,898	0.5000	0.5000	14,574	
	Special Road and Bridge	3,024,768	0.6005	0.6005		2,914,898	0.6005	0.6005	17,504	2014
City of Laclede	General Revenue	2,118,359	0.8908	0.8908		2,213,261	0.8958	0.8958	19,826	
	Cemetery	2,118,359	0.0996	0.0996		2,213,261	0.1000	0.1000	2,213	
City of Linneus	General Revenue	1,395,983	0.5999	0.5999		1,379,708	0.6000	0.6000	8,278	
	Streets	1,395,983	0.4000	0.4000		1,379,708	0.4000	0.4000	5,519	
City of Marceline	General Revenue	21,278,810	0.4883	0.4883		20,949,986	0.4964	0.4964	103,996	
	Library	21,278,810	0.2100	0.2100		20,949,986	0.2100	0.2100	43,995	
City of Meadville	General Revenue	2,823,709	0.3959	0.3959		2,815,028	0.3990	0.3990	11,232	
City of Purdin	General Revenue	580,599	1.0000	1.0000		616,444	1.0000	1.0000	6,164	
Baker Township of Linn Co	General Revenue	3,631,710	0.0943	0.0943		3,656,584	0.0958	0.0958	3,503	
	Road & Bridge	3,631,710	0.4711	0.4711		3,656,584	0.4784	0.4784	17,493	
	Special Road and Bridge	3,631,710	0.3500	0.3500		3,656,584	0.3500	0.3500	12,798	2014
North Benton Township of Linn Co	General Revenue	1,836,259	0.1000	0.1000		1,946,049	0.1000	0.1000	1,946	
	Road & Bridge	1,836,259	0.5000	0.5000		1,946,049	0.4999	0.4999	9,728	
	Special Road and Bridge	1,836,259	0.3501	0.3501		1,946,049	0.3500	0.3500	6,811	2014
Brookfield Township of Linn Co	General Revenue	49,066,414	0.1000	0.1000		49,493,823	0.1000	0.1000	49,494	
	Road & Bridge	49,066,414	0.3988	0.3988		49,493,823	0.3988	0.3988	197,381	
Bucklin Township of Linn Co	General Revenue	9,211,139	0.0972	0.0972		9,621,678	0.0959	0.0959	9,227	
	Road & Bridge	9,211,139	0.4670	0.4670		9,621,678	0.4606	0.4606	44,317	
	Special Road and Bridge	9,211,139	0.3500	0.3500		9,621,678	0.3452	0.3452	33,214	2014
Clay Township of Linn Co	General Revenue	4,510,694	0.0990	0.0990		4,639,002	0.0990	0.0990	4,593	
	Road & Bridge	4,510,694	0.4945	0.4945		4,639,002	0.4945	0.4945	22,940	
	Special Road and Bridge	4,510,694	0.3516	0.3516		4,639,002	0.3516	0.3516	16,311	2014
Enterprise Township of Linn Co	General Revenue	1,909,989	0.0972	0.0972		1,868,424	0.0994	0.0994	1,857	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Linn											
Enterprise Township of Linn Co	Road & Bridge	1,909,989	0.4862	0.4862		1,868,424	0.4972	0.4972	9,290		
	Special Road and Bridge	1,909,989	0.3500	0.3500		1,868,424	0.3500	0.3500	6,539		2014
Grantsville Township of Linn Co	General Revenue	3,332,053	0.1000	0.1000		3,518,800	0.1000	0.1000	3,519		
	Road & Bridge	3,332,053	0.5000	0.5000		3,518,800	0.5000	0.5000	17,594		
	Special Road and Bridge	3,332,053	0.3578	0.3578		3,518,800	0.3578	0.3578	12,590		2014
Jackson Township of Linn Co	General Revenue	3,059,942	0.1000	0.1000		3,191,950	0.1000	0.1000	3,192		
	Road & Bridge	3,059,942	0.5000	0.5000		3,191,950	0.5000	0.5000	15,960		
	Special Road and Bridge	3,059,942	0.3518	0.3518		3,191,950	0.3518	0.3518	11,229		2014
Jefferson Township of Linn Co	General Revenue	10,673,211	0.0968	0.0968		11,205,495	0.0959	0.0959	10,746		
	Road & Bridge	10,673,211	0.3775	0.3775		11,205,495	0.3741	0.3741	41,920		
	Special Road and Bridge	10,673,211	0.3500	0.3500		11,205,495	0.3468	0.3468	38,861		2014
Locust Creek Township of Linn Co	General Revenue	6,162,797	0.1000	0.1000		6,219,147	0.1000	0.1000	6,219		
	Road & Bridge	6,162,797	0.5000	0.5000		6,219,147	0.5000	0.5000	31,096		
	Special Road and Bridge	6,162,797	0.3516	0.3516		6,219,147	0.3516	0.3516	21,867		2014
Marceline Township of Linn Co	General Revenue	5,102,540	0.0997	0.0997		5,208,399	0.0997	0.0997	5,193		
	Road & Bridge	5,102,540	0.4984	0.4984		5,208,399	0.4984	0.4984	25,959		
	Special Road and Bridge	5,102,540	0.3500	0.3500		5,208,399	0.3500	0.3500	18,229		2014
North Salem Township of Linn Co	General Revenue	2,285,284	0.1000	0.1000		2,302,973	0.1000	0.1000	2,303		
	Road & Bridge	2,285,284	0.5000	0.5000		2,302,973	0.5000	0.5000	11,515		
	Special Road and Bridge	2,285,284	0.3545	0.3545		2,302,973	0.3545	0.3545	8,164		2014
Parson Creek Township of Linn Co	General Revenue	8,503,787	0.1000	0.1000		8,720,994	0.1000	0.1000	8,721		
	Road & Bridge	8,503,787	0.4792	0.4792		8,720,994	0.4792	0.4792	41,791		
	Special Road and Bridge	8,503,787	0.3565	0.3565		8,720,994	0.3565	0.3565	31,090		2014
Yellow Creek Township of Linn Co	General Revenue	7,230,227	0.0802	0.0802		7,446,360	0.0795	0.0795	5,920		
	Road & Bridge	7,230,227	0.3661	0.3661		7,446,360	0.3629	0.3629	27,023		
	Special Road and Bridge	7,230,227	0.3500	0.3500		7,446,360	0.3469	0.3469	25,831		2014
Laclede Community Fire Prot Dist	General Revenue	10,673,211	0.2473	0.2473		11,205,495	0.2451	0.2451	27,465		
Linneus Fire Protection District	General Revenue	8,984,459	0.3000	0.3000		9,356,464	0.3000	0.3000	28,069		
Linn County Health Department	General Revenue	140,401,844	0.2380	0.2380		142,795,713	0.2380	0.2380	339,854		
Linn Co R-I School District	Operating Funds-Schools	18,080,266	3.9054	3.9054	E	18,563,842	3.9226	3.9226	728,185	E	
Bucklin R-II School District	Operating Funds-Schools	10,336,784	4.3496	4.3496	E	10,482,570	4.3772	4.3772	458,843	E	
Meadville R-IV School District	Operating Funds-Schools	15,428,354	4.5385	3.8638		15,862,377	4.4182	3.8638	612,891		
	Debt Service	15,428,354	1.6094	1.0500		15,862,377	1.1710	1.0500	166,555		
Marceline R-V School District	Operating Funds-Schools	37,049,790	4.0013	4.0000	E	37,159,496	4.0001	4.0001	1,486,417	E	
	Debt Service	37,049,790	0.9110	0.8000		37,159,496	0.8829	0.8000	297,276		
Brookfield R-III School District	Operating Funds-Schools	56,853,743	4.1251	4.0905	BE	56,992,108	4.0914	4.0914	2,331,775	E	
	Operating Funds-Temp	56,853,743	0.4287	0.0000	A	56,992,108	0.0000	0.0000	0		2018
	Debt Service	56,853,743	0.7017	0.6600		56,992,108	0.6718	0.6600	376,148		
Linn County	General Revenue	140,401,844	0.2998	0.0725		142,795,713	0.2998	0.0725	103,527		
	Senate Bill 40	140,401,844	0.1983	0.1983		142,795,713	0.1983	0.1983	283,164		
	Senior Services	140,401,844	0.0499	0.0499		142,795,713	0.0499	0.0499	71,255		
Livingston											
Livingston County Ambulance Dist	General Revenue	166,328,057	0.1316	0.1200		167,989,919	0.1204	0.1200	201,588		
Livingston County Nursing Home Dist	General Revenue	166,328,057	0.1500	0.1500		167,989,919	0.1500	0.1500	251,985		
City of Chillicothe	General Revenue	91,167,014	0.6760	0.6760		91,739,670	0.6798	0.6798	623,646		
	Parks & Recreation	91,167,014	0.1900	0.1900		91,739,670	0.1911	0.1911	175,315		
	Temp Gen Indus Imp	91,167,014	0.0000	0.0000		91,739,670	0.0000	0.0000	0		
City of Chula	General Revenue	1,131,185	0.9753	0.9753		1,120,475	0.9961	0.9961	11,161		
Village of Ludlow	General Revenue	620,641	0.9705	0.9705		590,424	1.0000	1.0000	5,904		
Village of Mooresville	General Revenue	610,117	0.5055	0.5055		598,866	0.5150	0.5150	3,084		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Livingston											
City of Wheeling	General Revenue	1,118,337	0.6773	0.6773		1,081,767	0.7056	0.7056	7,633		
Livingston County Memorial Library	General Revenue	166,328,057	0.2700	0.2700		167,989,919	0.2700	0.2700	453,573		
	Debt Service	166,328,057	0.1502	0.1502		167,989,919	0.1567	0.1567	263,240		
Blue Mound Township Livingston Co	General Revenue	5,651,401	0.1000	0.1000		5,713,171	0.1000	0.1000	5,713		
	Road & Bridge	5,651,401	0.5000	0.5000		5,713,171	0.5000	0.5000	28,566		
	Special Road and Bridge	5,651,401	0.3482	0.3482		5,713,171	0.3482	0.3482	19,893		2014
Chillicothe Township, Livingston Co	General Revenue	107,724,556	0.1000	0.1000		107,485,529	0.1000	0.1000	107,486		
	Road & Bridge	107,724,556	0.2802	0.2802		107,485,529	0.2844	0.2844	305,689		
Cream Ridge Township, Livingston Co	General Revenue	6,332,574	0.0980	0.0980		6,663,641	0.0961	0.0961	6,404		
	Road & Bridge	6,332,574	0.4167	0.4167		6,663,641	0.4086	0.4086	27,228		
	Special Road and Bridge	6,332,574	0.2422	0.2422		6,663,641	0.2375	0.2375	15,826		2013
Grand River Township, Livingston Co	General Revenue	4,061,871	0.0954	0.0954		4,260,534	0.0954	0.0954	4,065		
	Road & Bridge	4,061,871	0.5000	0.5000		4,260,534	0.5000	0.5000	21,303		
	Special Road and Bridge	4,061,871	0.3470	0.3470		**	**	**			2012
	Special Road and Bridge	**	**	**		4,260,534	0.3503	0.3503	14,925	A	2016
Green Township of Livingston Co	General Revenue	4,076,397	0.0962	0.0962		4,126,848	0.0962	0.0962	3,970		
	Road & Bridge	4,076,397	0.4808	0.4808		4,126,848	0.4808	0.4808	19,842		
Jackson Township of Livingston Co	General Revenue	7,756,773	0.0983	0.0983		8,239,885	0.0970	0.0970	7,993		
	Road & Bridge	7,756,773	0.2964	0.2964		8,239,885	0.2925	0.2925	24,102		
	Special Road and Bridge	7,756,773	0.3400	0.3400		8,239,885	0.3355	0.3355	27,645		2014
Medicine Township of Livingston Co	General Revenue	2,148,935	0.1000	0.1000		2,248,544	0.1000	0.1000	2,249		
	Road & Bridge	2,148,935	0.4252	0.4252		2,248,544	0.4305	0.4305	9,680		
	Special Road and Bridge	2,148,935	0.3045	0.3045		2,248,544	0.3045	0.3045	6,847		2014
Monroe Township of Livingston Co	General Revenue	4,190,757	0.0976	0.0976		4,281,260	0.0976	0.0976	4,179		
	Road & Bridge	4,190,757	0.4557	0.4557		4,281,260	0.4557	0.4557	19,510		
	Special Road and Bridge	4,190,757	0.3436	0.3436		**	**	**			2012
	Special Road and Bridge	**	**	**		4,281,260	0.3519	0.3519	15,066	A	2016
Mooresville Township Livingston Co	General Revenue	3,570,576	0.0989	0.0989		3,519,616	0.1000	0.1000	3,520		
	Road & Bridge	3,570,576	0.4948	0.4948		3,519,616	0.5000	0.5000	17,598		
	Special Road and Bridge	3,570,576	0.3464	0.3464		**	**	**			2012
	Special Road and Bridge	**	**	**		3,519,616	0.3628	0.3628	12,769	A	2016
Rich Hill Township of Livingston Co	General Revenue	7,910,830	0.1000	0.1000		8,154,760	0.1000	0.1000	8,155		
	Road & Bridge	7,910,830	0.4564	0.4564		8,154,760	0.4564	0.4564	37,218		
	Special Road and Bridge	7,910,830	0.3367	0.3367		8,154,760	0.3367	0.3367	27,457		2014
Sampsel Township of Livingston Co	General Revenue	4,047,795	0.1000	0.1000		4,148,698	0.1000	0.1000	4,149		
	Road & Bridge	4,047,795	0.4708	0.4708		4,148,698	0.4733	0.4733	19,636		
	Special Road and Bridge	4,047,795	0.2500	0.2500		4,148,698	0.2500	0.2500	10,372		2013
Wheeling Township of Livingston Co	General Revenue	3,919,113	0.0967	0.0967		4,038,863	0.0967	0.0967	3,906		
	Road & Bridge	3,919,113	0.4838	0.4838		4,038,863	0.4838	0.4838	19,540		
	Special Road and Bridge	3,919,113	0.3386	0.3386		**	**	**			2012
	Special Road and Bridge	**	**	**		4,038,863	0.3548	0.3548	14,330	A	2016
Fairview Township of Livingston Co	General Revenue	4,936,480	0.1000	0.1000		5,108,570	0.1000	0.1000	5,109		
	Road & Bridge	4,936,480	0.4603	0.4603		5,108,570	0.4611	0.4611	23,556		
	Special Road and Bridge	4,936,480	0.3500	0.3500		**	**	**			2012
	Special Road and Bridge	**	**	**		5,108,570	0.3566	0.3566	18,217	A	2016
Green Township Fire District	General Revenue	4,076,397	0.5289	0.5289		4,126,848	0.5289	0.5289	21,827		
Mooresville Township Fire Prot Dist	General Revenue	3,570,573	0.2970	0.2970		3,519,616	0.3000	0.3000	10,559		
Livingston County Health Center	General Revenue	166,328,057	0.2500	0.2500		167,989,919	0.2500	0.2500	419,975		
Southwest Livingston Co R-I Sch Dis	Operating Funds-Schools	10,994,143	4.4700	4.4700	E	11,156,624	4.4700	4.4700	498,701	E	
Livingston Co R-III School Dist	Operating Funds-Schools	6,485,192	5.1951	4.5929		6,615,396	5.2285	4.7094	311,545		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Livingston											
Chillicothe R-II School District	Operating Funds-Schools	134,074,808	3.6300	3.6300	E	134,537,476	3.6300	3.6300	4,883,710	E	
	Capital Projects	134,074,808	0.1200	0.1200		134,537,476	0.1200	0.1200	161,445		2023
	Debt Service	134,074,808	0.5764	0.5400		134,537,476	0.9858	0.5400	726,502		
Livingston County	General Revenue	166,328,057	0.3342	0.0300		167,989,919	0.3354	0.0713	119,777		
	Developmentally Disabled	166,328,057	0.1000	0.1000		167,989,919	0.1000	0.1000	167,990		
	Senior Services	**	**	**		167,989,919	0.0510	0.0510	85,675	A	
McDonald											
City of Anderson	General Revenue	15,098,582	0.2247	0.2247		14,761,152	0.2309	0.2309	34,083		
	General Revenue-Temp	15,098,582	0.3449	0.3449		**	**	**			2012
	General Revenue-Temp	**	**	**		14,761,152	0.3658	0.3658	53,996	A	2017
City of Goodman	General Revenue	8,204,716	0.6332	0.6332		8,249,460	0.6332	0.6332	52,236		
City of Lanagan	General Revenue	1,326,126	0.7008	0.7008		1,335,725	0.7132	0.7132	9,526		
City of Pineville	General Revenue	6,344,350	0.4840	0.4840		6,402,923	0.4840	0.4840	30,990		
City of Southwest City	General Revenue	14,914,965	0.6500	0.6500		14,781,800	0.6500	0.6500	96,082		
	Debt Service	14,914,965	0.1699	0.1699		14,781,800	0.1592	0.1592	23,533		
McDonald County Library	General Revenue	230,337,601	0.1000	0.1000		237,841,200	0.1000	0.1000	237,841		
Goodman Area Fire Protection Dist	General Revenue	27,284,757	0.3000	0.3000		27,576,290	0.3000	0.3000	82,729		
McDonald Co R-I School District	Operating Funds-Schools	198,681,943	2.8500	2.7500	F	205,851,720	2.8500	2.7500	5,660,922	F	
	Debt Service	198,681,943	0.8693	0.6700		205,851,720	0.9908	0.6700	1,379,207		
McDonald County	Road & Bridge	230,337,601	0.0000	0.0000		237,841,200	0.0000	0.0000	0		
Macon											
Macon County Ambulance District	General Revenue	189,294,684	0.1450	0.1450		198,686,980	0.1450	0.1450	288,096		
Samaritan Memorial Hospital	General Revenue	189,294,684	0.1934	0.1934		198,686,980	0.1934	0.1934	384,261		
La Plata Nursing Home District	General Revenue	41,725,658	0.1432	0.1432		43,953,538	0.1424	0.1424	62,590		
Macon County Nursing Home District	Maintenance	151,822,923	0.1452	0.1452		159,398,233	0.1452	0.1452	231,446		
Hudson Spec Rd Dist Macon Co	Road & Bridge	77,854,355	0.2830	0.2830		80,583,083	0.2830	0.2830	228,050		
	Special Road and Bridge	77,854,355	0.2000	0.2000		**	**	**			2012
	Special Road and Bridge	**	**	**		80,583,083	0.2032	0.2032	163,745	A	2016
La Plata Spec Rd Dist Macon Co	Road & Bridge	14,236,227	0.3116	0.3116		14,791,449	0.3116	0.3116	46,090		
	Special Road and Bridge	14,236,227	0.3590	0.3590	A	14,791,449	0.3590	0.3590	53,101		2015
City of Atlanta	General Revenue	1,690,461	1.0000	1.0000		1,715,494	1.0000	1.0000	17,155		
City of Bevier	General Revenue	3,395,574	0.7804	0.7804		3,378,301	0.7874	0.7874	26,601		
	Lights	3,395,574	0.2772	0.2772		3,378,301	0.2797	0.2797	9,449		
City of Callao	General Revenue	1,148,404	1.0000	1.0000		1,161,895	1.0000	1.0000	11,619		
	Debt Service	1,148,404	0.3442	0.3442		**	**	**			
City of Elmer	General Revenue	510,420	0.9700	0.9700		546,727	0.9632	0.9632	5,266		
City of Ethel	General Revenue	351,438	0.8454	0.8454		446,412	0.8343	0.8343	3,724		
City of La Plata	General Revenue	9,552,965	0.8084	0.8084		9,724,571	0.8084	0.8084	78,613		
	Parks & Recreation	9,552,965	0.1851	0.1851		9,724,571	0.1851	0.1851	18,000		
	Library	9,552,965	0.1851	0.1851		9,724,571	0.1851	0.1851	18,000		
City of Macon	General Revenue	59,468,215	0.5952	0.5952		61,013,229	0.5965	0.5965	363,944		
	Library	59,468,215	0.2381	0.2381		61,013,229	0.2386	0.2386	145,578		
City of New Cambria	General Revenue	1,087,210	0.8864	0.8864		1,111,968	0.8864	0.8864	9,856		
Village of South Gifford	General Revenue	101,159	0.5000	0.5000		108,171	0.5000	0.5000	541		
La Plata Community Fire Prot Dist	General Revenue	30,301,400	0.4362	0.4362		31,930,573	0.4319	0.4319	137,908		
Bevier Fire Protection District	General Revenue	19,732,168	0.2986	0.2986		20,778,763	0.2977	0.2977	61,858		
Macon County Health Department	General Revenue	189,294,684	0.1450	0.1450		198,686,980	0.1450	0.1450	288,096		
Atlanta C-3 School District	Operating Funds-Schools	13,383,710	3.9595	3.6463	E	13,940,929	3.7703	3.7703	525,615	E	
Bevier C-4 School District	Operating Funds-Schools	11,453,936	3.8308	3.8308	E	11,948,664	3.8326	3.8326	457,944	E	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Macon											
La Plata R-II School District	Operating Funds-Schools	23,763,529	3.3691	3.3691	E	24,300,701	3.3170	3.3170	806,054	E	
	Debt Service	23,763,529	1.3215	1.3000		24,300,701	1.4032	1.3000	315,909		
Macon Co R-I School District	Operating Funds-Schools	95,675,545	3.2496	3.2496	E	99,126,391	3.2021	3.2021	3,174,126	E	
Callao C-8 School District	Operating Funds-Schools	5,535,018	5.1872	4.3839		5,867,870	5.1881	4.3803	257,030		
Macon Co R-IV School District	Operating Funds-Schools	10,917,834	4.8500	4.5000	E	11,328,053	4.5766	4.4000	498,434	E	
Macon County	General Revenue	189,294,684	0.4185	0.2320		198,686,980	0.4185	0.2600	516,586		
	Common Road District	97,204,102	0.3169	0.3169		103,312,445	0.3146	0.3146	325,021		
	Special Road and Bridge	97,204,102	0.3500	0.3500		103,312,445	0.3475	0.3475	359,011		2014
	Developmentally Disabled	189,294,684	0.0967	0.0967		198,686,980	0.0967	0.0967	192,130		
Madison											
Madison County Ambulance District	General Revenue	104,985,148	0.3000	0.3000		104,425,863	0.3000	0.3000	313,278		
Village of Cobalt City	General Revenue	939,669	0.2066	0.2066		923,020	0.2106	0.2106	1,944		
City of Fredericktown	General Revenue	33,645,091	0.7137	0.7137		31,870,929	0.7593	0.7593	241,996		
	Parks & Recreation	33,645,091	0.1238	0.1238		31,870,929	0.1317	0.1317	41,974		
Village of Junction City	General Revenue	2,015,114	0.2440	0.2440		2,007,180	0.2496	0.2496	5,010		
City of Marquand	General Revenue	914,610	1.0000	1.0000		896,350	1.0000	1.0000	8,964		
Madison County Health Department	General Revenue	104,985,148	0.1000	0.1000		104,566,772	0.1000	0.1000	104,567		
Marquand-Zion R-VI School District	Operating Funds-Schools	10,510,440	3.5074	3.5074	E	10,660,927	3.5590	3.5590	379,422	E	
	Debt Service	10,510,440	1.1760	0.5000		10,660,927	1.3378	0.5000	53,305		
Fredericktown R-I School District	Operating Funds-Schools	94,235,985	3.2000	3.2000	E	93,642,319	3.2000	3.2000	2,996,554	E	
	Operating Funds-Temp	94,235,985	0.7000	0.7000		93,642,319	0.7000	0.7000	655,496		2023
Madison County	General Revenue	104,985,148	0.4280	0.1969		104,566,772	0.3989	0.1891	197,736		
	Library	104,985,148	0.1000	0.1000		104,566,772	0.1000	0.1000	104,567		
	Road & Bridge	104,985,148	0.3072	0.2863		104,566,772	0.2900	0.2863	299,375		
	Senate Bill 40	104,985,148	0.2000	0.1943		104,566,772	0.1968	0.1943	203,173		
Maries											
Maries-Osage Ambulance District	General Revenue	81,298,503	0.1876	0.1876		83,990,001	0.1876	0.1876	157,565		
Ozark Central Ambulance District	General Revenue	73,151,583	0.2728	0.2728		75,225,382	0.2728	0.2728	205,215		
Belle Special Road Dist No. 6	Road & Bridge	11,442,456	0.2356	0.2356		11,730,060	0.2356	0.2356	27,636		
Spec Rd Dist No 8, Maries County	Road & Bridge	8,266,159	0.2267	0.2267		8,226,313	0.2292	0.2292	18,855		
City of Vienna	General Revenue	8,198,429	0.6038	0.6038		8,152,221	0.6110	0.6110	49,810		
City of Belle	General Revenue	11,468,747	0.7098	0.7098		11,753,944	0.7098	0.7098	83,429		
	Parks & Recreation	11,468,747	0.1543	0.1543		11,753,944	0.1543	0.1543	18,136		
Maries County Library	General Revenue	114,479,224	0.1612	0.1612		118,698,109	0.1612	0.1612	191,341		
Maries Co R-I School District	Operating Funds-Schools	46,260,010	3.3366	3.3366	E	47,911,180	3.3395	3.3395	1,599,994	E	
	Debt Service	46,260,010	0.5110	0.4000		47,911,180	0.4000	0.4000	191,645		
Maries Co R-II School District	Operating Funds-Schools	58,595,523	3.3167	3.3167	E	60,288,646	3.2926	3.2926	1,985,064	E	
Maries County	General Revenue	114,479,224	0.4736	0.3697		118,698,109	0.4733	0.3601	427,432		
	Road #1	49,332,038	0.2769	0.2769		51,799,937	0.2769	0.2769	143,434		
	Road #2	47,348,982	0.2406	0.2406		48,892,671	0.2416	0.2416	118,125		
Marion											
Marion County Ambulance District	General Revenue	386,125,092	0.2277	0.0000		397,928,199	0.2277	0.0000	0		
	Pension	386,125,092	0.0474	0.0474		397,928,199	0.0474	0.0474	188,618		
Marion Co Nursing Home District	General Revenue	374,560,176	0.1417	0.1417		386,248,896	0.1417	0.1417	547,315		
City of Hannibal	General Revenue	213,449,589	0.7332	0.7332		217,551,055	0.7332	0.7332	1,595,084		
	Library	213,449,589	0.2795	0.2795		217,551,055	0.2795	0.2795	608,055		
	Police & Fire	213,449,589	0.1287	0.1287		217,551,055	0.1287	0.1287	279,988		
City of Palmyra	General Revenue	36,579,056	0.6465	0.6465		37,682,887	0.6489	0.6489	244,524		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Marion										
Marion County Library Subdist #1	General Revenue	117,698,663	0.1534	0.1500	A	128,424,182	0.1449	0.1449	186,087	
Marion County Health Department	General Revenue	374,560,176	0.1417	0.1417		386,248,896	0.1417	0.1317	508,690	
Marion Co R-II School District	Operating Funds-Schools	14,142,520	4.1098	3.9830	E	14,613,152	4.0128	3.9858	582,451	E
	Debt Service	14,142,520	0.3984	0.3370		14,613,152	0.3342	0.3342	48,837	
Palmyra R-I School District	Operating Funds-Schools	117,745,453	3.5713	3.3600	E	119,943,598	3.3480	3.3480	4,015,712	E
	Debt Service	117,745,453	0.7046	0.6800		119,943,598	0.7176	0.6800	815,616	
Hannibal 60 School District	Operating Funds-Schools	287,587,863	3.4830	2.8199		296,272,956	3.2097	2.7500	8,147,506	
	Debt Service	287,587,863	1.2368	0.6000		296,272,956	1.2294	0.6699	1,984,733	
Marion County	General Revenue	374,560,176	0.4278	0.1250		386,248,896	0.4278	0.1250	482,811	
	Road & Bridge	374,560,176	0.3208	0.3208		386,248,896	0.3208	0.3208	1,239,086	
	Senate Bill 40	374,560,176	0.1322	0.1322		386,248,896	0.1322	0.1322	510,621	
Mercer										
Mercer County Ambulance District	General Revenue	61,490,991	0.3300	0.3300		62,556,803	0.3300	0.3300	206,437	
City of Mercer	General Revenue	1,969,147	0.7850	0.7850		1,927,388	0.8040	0.8040	15,496	
	Streets	1,969,147	0.4374	0.4374		1,927,388	0.4480	0.4480	8,635	
City of Princeton	General Revenue	8,406,518	0.9159	0.9159		8,793,807	0.9177	0.9177	80,701	
	Band	8,406,518	0.1000	0.1000		8,793,807	0.1000	0.1000	8,794	
Village of South Lineville	General Revenue	436,940	0.4044	0.4044		488,838	0.4010	0.4010	1,960	
Mercer County Library	General Revenue	61,490,991	0.2000	0.2000		62,556,803	0.2000	0.2000	125,114	
Harrison Township of Mercer Co	General Revenue	3,096,393	0.0998	0.0998		3,119,526	0.1000	0.1000	3,120	
	Road & Bridge	3,096,393	0.4988	0.4988		3,119,526	0.5000	0.5000	15,598	
	Special Road and Bridge	3,096,393	0.3500	0.3500		3,119,526	0.3500	0.3500	10,918	2014
Lindley Township of Mercer Co	General Revenue	2,484,839	0.1000	0.1000		2,460,718	0.1000	0.1000	2,461	
	Road & Bridge	2,484,839	0.5000	0.5000		2,460,718	0.5000	0.5000	12,304	
	Special Road and Bridge	2,484,839	0.3557	0.3557		2,460,718	0.3557	0.3557	8,753	2014
Madison Township of Mercer Co	General Revenue	2,827,475	0.0979	0.0979		2,875,458	0.0979	0.0979	2,815	
	Road & Bridge	2,827,475	0.4894	0.4894		2,875,458	0.4894	0.4894	14,072	
	Special Road and Bridge	2,827,475	0.3500	0.3500		2,875,458	0.3500	0.3500	10,064	2014
Marion Township of Mercer Co	General Revenue	9,850,706	0.0981	0.0981		10,219,685	0.0978	0.0978	9,995	
	Road & Bridge	9,850,706	0.4224	0.4224		10,219,685	0.4210	0.4210	43,025	
	Special Road and Bridge	9,850,706	0.3500	0.3500		10,219,685	0.3488	0.3488	35,646	2014
Medicine Township of Mercer Co	General Revenue	3,032,395	0.1000	0.1000		3,022,222	0.1000	0.1000	3,022	
	Road & Bridge	3,032,395	0.5000	0.5000		3,022,222	0.5000	0.5000	15,111	
	Special Road and Bridge	3,032,395	0.3528	0.3528		3,022,222	0.3528	0.3528	10,662	2014
Morgan Township of Mercer Co	General Revenue	20,927,138	0.1000	0.1000		21,670,348	0.1000	0.1000	21,670	
	Road & Bridge	20,927,138	0.3500	0.3500		21,670,348	0.3500	0.3500	75,846	
Ravanna Township of Mercer Co	General Revenue	7,938,494	0.1000	0.1000		7,605,743	0.1000	0.1000	7,606	
	Road & Bridge	7,938,494	0.5000	0.5000		7,605,743	0.5000	0.5000	38,029	
	Special Road and Bridge	7,938,494	0.3555	0.3555		7,605,743	0.3555	0.3555	27,038	2014
Somerset Township of Mercer Co	General Revenue	4,620,356	0.1000	0.1000		4,508,223	0.1000	0.1000	4,508	
	Road & Bridge	4,620,356	0.5000	0.5000		4,508,223	0.5000	0.5000	22,541	
	Special Road and Bridge	4,620,356	0.3553	0.3553		4,508,223	0.3553	0.3553	16,018	2014
Washington Township of Mercer Co	General Revenue	6,713,194	0.0939	0.0939		7,074,877	0.0919	0.0919	6,502	
	Road & Bridge	6,713,194	0.4693	0.4693		7,074,877	0.4592	0.4592	32,488	
	Special Road and Bridge	6,713,194	0.3500	0.3500		7,074,877	0.3424	0.3424	24,224	2014
Mercer County Fire Protection Dist	General Revenue	36,348,667	0.3000	0.3000		37,353,488	0.3000	0.3000	112,060	
Mercer Fire Protection District	General Revenue	16,137,062	0.3000	0.3000		16,344,079	0.3000	0.3000	49,032	
Mercer County Health Department	General Revenue	61,490,991	0.3000	0.3000		62,556,803	0.3000	0.3000	187,670	
North Mercer Co R-III School Dist	Operating Funds-Schools	13,399,284	5.2276	4.7879		13,227,204	5.1655	4.8196	637,498	
	Debt Service	13,399,284	0.0792	0.0792		**	**	**		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Mercer										
Princeton R-V School District	Operating Funds-Schools	35,657,863	4.7500	4.7500		36,182,872	4.7191	4.4175	1,598,378	
	Debt Service	35,657,863	0.8769	0.8769		36,182,872	1.1857	1.1857	429,020	
Mercer County	General Revenue	61,490,991	0.4000	0.2644		62,556,803	0.4000	0.2971	185,856	
	Road & Bridge	61,490,991	0.1500	0.0000		62,556,803	0.1500	0.1500	93,835	
	Senior Services	61,490,991	0.0500	0.0500		62,556,803	0.0500	0.0500	31,278	
Miller										
Miller County Ambulance District	General Revenue	246,418,728	0.0000	0.0000		299,445,804	0.0000	0.0000	0	
Miller County Nursing Home District	General Revenue	373,585,070	0.1144	0.1144		406,071,125	0.1092	0.1092	443,430	
	Debt Service	373,585,070	0.0909	0.0600		406,071,125	0.0800	0.0800	324,857	
Bagnell Spec Rd Dist Miller Co	Road & Bridge	108,887,953	0.1717	0.1717		112,476,532	0.1717	0.1717	193,122	
Kaiser Special Road Dist Miller Co	Road & Bridge	58,635,065	0.2141	0.2141		71,795,157	0.1841	0.1841	132,175	
City of Bagnell	General Revenue	550,500	0.4935	0.4935		573,189	0.4936	0.4936	2,829	
Village of Brumley	General Revenue	421,509	0.4678	0.4678		443,969	0.4638	0.4638	2,059	
City of Iberia	General Revenue	4,686,912	0.5325	0.5325		4,784,806	0.5325	0.5325	25,479	
Village of Olean	General Revenue	591,356	0.3154	0.3154		619,753	0.3110	0.3110	1,927	
Village of St. Elizabeth	General Revenue	4,073,682	0.2230	0.2230		4,245,961	0.2227	0.2227	9,456	
Village of Tuscumbia	General Revenue	1,211,970	0.3675	0.3675		1,230,799	0.3675	0.3675	4,523	
City of Lake Ozark	General Revenue	84,967,841	0.2283	0.2283		87,426,428	0.2290	0.2290	200,207	
Miller County Library	General Revenue	373,585,070	0.1259	0.1259		406,071,125	0.1202	0.1202	488,097	
Lake Ozark Fire Protection District	General Revenue	431,184,552	0.5668	0.5668		432,744,449	0.5697	0.5697	2,465,345	
	Ambulance	431,184,552	0.2741	0.2741		432,744,449	0.2755	0.2755	1,192,211	
	Debt Service	431,184,552	0.1116	0.0800		432,744,449	0.0953	0.0800	346,196	
Brumley Fire Protection District	General Revenue	19,672,191	0.3000	0.3000		20,256,338	0.3000	0.3000	60,769	
Tuscumbia Fire Protection District	General Revenue	9,809,372	0.3000	0.3000		10,087,369	0.3000	0.3000	30,262	
Moreau Fire Protection Dist #2	General Revenue	106,878,577	0.2646	0.2646		98,277,285	0.2935	0.2935	288,444	
St. Elizabeth Fire Protection Dist	General Revenue	12,634,024	0.2844	0.2844		12,990,460	0.2844	0.2844	36,945	
Iberia Fire Protection District	General Revenue	28,909,697	0.3000	0.3000		29,428,580	0.3000	0.3000	88,286	
Miller County Health Center	General Revenue	373,585,070	0.1436	0.1375		406,071,125	0.1313	0.1300	527,892	
Eldon R-I School District	Operating Funds-Schools	171,130,241	3.0448	3.0303	E	169,964,642	3.0837	3.0303	5,150,439	E
	Debt Service	171,130,241	0.7423	0.5100		169,964,642	0.5110	0.5100	866,820	
Miller Co R-III School District	Operating Funds-Schools	10,548,199	3.8780	3.7500	E	10,656,943	3.9165	3.8500	410,292	E
St. Elizabeth R-IV School District	Operating Funds-Schools	14,931,749	3.5086	3.5086	E	15,286,911	3.5453	3.5440	541,768	E
School of the Osage R-II Sch Dist	Operating Funds-Schools	531,506,408	2.5471	2.4000		532,585,306	2.5385	2.4000	12,782,047	
	Debt Service	531,506,408	0.3217	0.3200		532,585,306	0.4870	0.4490	2,391,308	
Iberia R-V School District	Operating Funds-Schools	31,617,137	3.6509	3.6509	E	32,886,158	3.6584	3.6584	1,203,107	E
Miller County	General Revenue	373,585,070	0.2603	0.0845		406,071,125	0.2485	0.1840	747,171	
	Road & Bridge	194,591,524	0.2557	0.2557		197,883,666	0.2559	0.2559	506,384	
	Developmentally Disabled	373,585,070	0.0834	0.0834		406,071,125	0.0796	0.0796	323,233	
	Senior Services	373,585,070	0.0484	0.0484		406,071,125	0.0462	0.0462	187,605	
Mississippi										
Mississippi County Ambulance Dist	General Revenue	148,928,836	0.2992	0.2992		155,370,649	0.2992	0.2992	464,869	
City of Anniston	General Revenue	1,396,244	0.5372	0.5372		1,517,834	0.5026	0.5026	7,629	
City of Bertrand	General Revenue	4,990,139	0.5223	0.5223		5,080,415	0.5223	0.5223	26,535	
City of Charleston	General Revenue	30,892,530	0.7000	0.7000		31,144,993	0.7066	0.7066	220,071	
	Parks & Recreation	30,892,530	0.1800	0.1800		31,144,993	0.1800	0.1800	56,061	
City of East Prairie	General Revenue	18,105,469	0.7411	0.7411		19,107,381	0.7394	0.7394	141,280	
Village of Wilson City	General Revenue	276,919	0.4449	0.4449		278,889	0.4468	0.4468	1,246	
City of Wyatt	General Revenue	1,609,732	0.7939	0.7939		1,603,328	0.7971	0.7971	12,780	
Mississippi County Library	General Revenue	148,928,836	0.2048	0.2048		155,370,649	0.2048	0.2048	318,199	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Mississippi											
Mississippi (Scott) Fire Prot Dist	General Revenue	70,487,311	0.1300	0.1200		75,227,813	0.1200	0.1200	90,273		
Mississippi County Senate Bill 40	General Revenue	148,928,836	0.1229	0.1229		155,370,649	0.1229	0.1229	190,951		
Mississippi County Health Dept	General Revenue	148,928,836	0.0998	0.0998		155,370,649	0.0998	0.0998	155,060		
East Prairie R-II School District	Operating Funds-Schools	60,815,731	2.8923	2.7500	F	64,521,312	2.8924	2.7500	1,774,336	F	
	Debt Service	60,815,731	0.7317	0.3500		64,521,312	0.5985	0.3500	225,825		
Charleston R-I School District	Operating Funds-Schools	77,289,329	2.8278	2.8257	E	80,071,288	2.8260	2.8260	2,262,815	E	
Mississippi County	General Revenue	148,928,836	0.4710	0.3200		155,370,649	0.4710	0.3264	507,130		
	Johnson Grass	148,928,836	0.0498	0.0498		155,370,649	0.0498	0.0498	77,375		
	Road & Bridge	148,928,836	0.3491	0.3491		155,370,649	0.3491	0.3491	542,399		
Moniteau											
Mid Mo Ambulance District	General Revenue	490,696,618	0.0000	0.0000		492,601,364	0.0000	0.0000	0		
City of California	General Revenue	47,008,899	0.3982	0.3982		47,975,878	0.4103	0.4103	196,845		
	Parks & Recreation	47,008,899	0.1572	0.1572		47,975,878	0.1620	0.1620	77,721		
City of Clarksburg	General Revenue	1,669,903	0.9625	0.9625		1,749,851	0.9625	0.9625	16,842		
City of Jamestown	General Revenue	3,125,771	0.8501	0.8501		3,087,822	0.8745	0.8745	27,003		
City of Lupus	General Revenue	296,598	0.7508	0.7508		326,563	0.7223	0.7223	2,359		
City of Tipton	General Revenue	24,106,735	0.7189	0.7189		23,380,907	0.7443	0.7443	174,024		
	Debt Service	24,106,735	0.0993	0.0993		**	**	**			
Moniteau Co Library Subdistrict Two	General Revenue	48,795,355	0.1200	0.1200		49,031,002	0.1200	0.1200	58,837		
Moniteau Co Lib Subdist-California	General Revenue	47,008,899	0.1000	0.1000		47,975,878	0.1000	0.1000	47,976		
California Rural Fire Prot Dist	General Revenue	46,872,697	0.1961	0.1961		47,989,304	0.1963	0.1963	94,203		
Fortuna Fire Protection District	General Revenue	33,748,919	0.2888	0.2888		34,792,666	0.2888	0.2888	100,481		
Tipton Rural Fire Protection Dist	Fire	13,712,327	0.2424	0.2424		14,117,577	0.2424	0.2424	34,221		
Jamestown Rural Fire Prot Dist	General Revenue	18,772,600	0.2759	0.2759		19,577,396	0.2759	0.2759	54,014		
	Debt Service	18,772,600	0.2534	0.1900		19,577,396	0.2244	0.1900	37,197		
Moniteau County Health Center	General Revenue	179,991,713	0.1502	0.1500		183,477,002	0.1510	0.1500	275,216		
Moniteau Co R-I School District	Operating Funds-Schools	80,581,646	2.9885	2.9885	E	82,955,210	3.0225	3.0225	2,507,321	E	
	Debt Service	80,581,646	1.0479	0.9756		82,955,210	0.9760	0.9756	809,311		
High Point R-III School District	Operating Funds-Schools	9,313,227	4.1529	4.1529	E	9,493,675	4.2394	4.2330	401,867	E	
	Operating Funds-Temp	9,313,227	0.3000	0.3000		9,493,675	0.3000	0.0000	0		2021
Moniteau Co R-V School District	Operating Funds-Schools	8,491,028	3.5420	3.5420	E	8,909,896	3.5180	3.5180	313,450	E	
Tipton R-VI School District	Operating Funds-Schools	43,482,644	2.9013	2.9013	E	42,898,124	2.9400	2.9400	1,261,205	E	
	Debt Service	43,482,644	1.0985	1.0982		42,898,124	1.1785	1.0595	454,506		
Moniteau Co C-1 School District	Operating Funds-Schools	15,150,372	3.8172	3.8172	E	15,341,339	3.6588	3.6588	561,309	E	
Clarksburg C-2 School District	Operating Funds-Schools	6,342,310	3.5687	3.5687	E	6,599,388	3.7385	3.7184	245,392	E	
	Debt Service	6,342,310	1.0670	0.7200		6,599,388	0.7611	0.7200	47,516		
Moniteau County	General Revenue	179,991,713	0.3363	0.1852		183,477,002	0.3384	0.1926	353,377		
	Common Road District	179,991,713	0.2473	0.2473		183,477,002	0.2489	0.2489	456,674		
	Developmentally Disabled	179,991,713	0.1184	0.1184		183,477,002	0.1192	0.1192	218,705		
Monroe											
Monroe County Ambulance District	General Revenue	76,452,222	0.4200	0.4200		78,525,530	0.4200	0.4200	329,807		
Monroe City Ambulance District	General Revenue	88,549,877	0.2700	0.1682		90,515,574	0.2700	0.1786	161,661		
Monroe County Nursing Home District	General Revenue	91,512,625	0.1500	0.1500		92,828,339	0.1500	0.1500	139,243		
Madison Special Road Dist Monroe Co	Special Road and Bridge	9,528,777	0.3500	0.3500		9,467,548	0.3500	0.3500	33,136		2013
Monroe City Spec Rd Dist Monroe Co	Special Road and Bridge	25,159,514	0.3597	0.3500		25,003,810	0.3562	0.3500	87,513		2014
Village of Holliday	General Revenue	922,623	0.3720	0.3720		931,892	0.3813	0.3813	3,553		
City of Madison	General Revenue	3,481,553	0.6870	0.6870		3,461,253	0.6919	0.6919	23,948		
City of Paris	General Revenue	8,909,952	0.3397	0.3397		8,798,458	0.3447	0.3447	30,328		
	Streets	8,909,952	0.1200	0.1200		8,798,458	0.1200	0.1200	10,558		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Monroe										
City of Paris	Cemetery	8,909,952	0.2655	0.2655		8,798,458	0.2694	0.2694	23,703	
Village of Stoutsville	General Revenue	488,970	0.1827	0.1827		502,074	0.1892	0.1892	950	
City of Monroe City	General Revenue	25,615,997	0.7407	0.7407		24,251,769	0.7950	0.7950	192,802	
	Library	25,615,997	0.2000	0.2000		24,251,769	0.2000	0.2000	48,504	
Monroe County Library	General Revenue	98,103,807	0.1641	0.1641		99,393,039	0.1657	0.1657	164,694	
Paris Rural Fire Protection Dist	General Revenue	34,764,436	0.2500	0.2500		35,569,411	0.2500	0.2500	88,924	
Madison-West Monroe Fire Prot Dist	General Revenue	26,484,708	0.2968	0.2968		26,630,852	0.2978	0.2978	79,307	
Monroe County Health Department	General Revenue	113,864,928	0.1000	0.1000		114,862,810	0.1000	0.1000	114,863	
Middle Grove C-1 School District	Operating Funds-Schools	4,004,852	5.5779	5.5779	E	4,085,405	5.5286	5.5286	225,866	E
Monroe City R-I School District	Operating Funds-Schools	72,190,639	4.0964	4.0964	E	74,034,452	4.0964	3.8664	2,862,468	E
	Debt Service	72,190,639	0.1593	0.1500		74,034,452	0.4000	0.3800	281,331	
Holliday C-2 School District	Operating Funds-Schools	6,933,394	3.6475	3.6475	E	7,087,817	3.6675	3.6634	259,655	E
Madison C-3 School District	Operating Funds-Schools	12,834,216	3.7500	3.7500	E	12,711,517	3.7500	3.7500	476,682	E
Paris R-II School District	Operating Funds-Schools	38,929,917	3.4157	3.4000	E	39,861,846	3.4162	3.4162	1,361,760	E
	Debt Service	38,929,917	0.5553	0.4900		39,861,846	0.6260	0.4900	195,323	
Monroe County	General Revenue	113,864,928	0.4033	0.2850		114,862,810	0.4072	0.2850	327,359	
	Road & Bridge	113,864,928	0.2942	0.2942		114,862,810	0.2971	0.2971	341,257	
	Senate Bill 40	113,864,928	0.1000	0.1000		114,862,810	0.1000	0.1000	114,863	
Montgomery										
Montgomery County Ambulance Dist	General Revenue	180,405,521	0.2448	0.2448		186,361,370	0.2448	0.2448	456,213	
Rhineland Bottom SRD Montgomery C	Special Road and Bridge	8,236,508	0.2500	0.2500		8,165,744	0.2500	0.2500	20,414	2014
Wellsville Road Dist Montgomery Co	Special Road and Bridge	23,146,105	0.1911	0.1911		24,383,685	0.1872	0.1872	45,646	2013
City of Bellflower	General Revenue	2,223,701	0.8628	0.8628		2,199,882	0.8746	0.8746	19,240	
City of High Hill	General Revenue	3,079,407	0.3892	0.3700		3,209,361	0.3682	0.3682	11,817	
City of Jonesburg	General Revenue	10,762,687	0.5122	0.5122		10,951,211	0.5122	0.5122	56,092	
City of McKittrick	General Revenue	477,353	0.6676	0.6676		494,217	0.6690	0.6690	3,306	
City of Middletown	General Revenue	1,538,220	0.8024	0.7867		1,518,284	0.7976	0.7867	11,944	
City of Montgomery	General Revenue	40,998,199	0.5110	0.5110		40,961,065	0.5159	0.5159	211,318	
	Library	40,998,199	0.3884	0.3884		40,961,065	0.3921	0.3921	160,608	
City of New Florence	General Revenue	7,295,428	0.7656	0.7656		7,286,386	0.7873	0.7681	55,967	
Village of Rhineland	General Revenue	2,558,725	0.7900	0.7900		2,497,925	0.8095	0.8095	20,221	
City of Wellsville	General Revenue	8,621,800	0.7511	0.7511		8,700,448	0.7511	0.7511	65,349	
	Library	8,621,800	0.2058	0.2058		8,700,448	0.2058	0.2058	17,906	
Bellflower Volunteer Fire Prot Dist	General Revenue	18,138,408	0.2399	0.2399		20,232,217	0.2256	0.2256	45,644	
Big Spring Fire Protection District	General Revenue	14,172,020	0.2931	0.2931		14,232,382	0.2933	0.2933	41,744	
Jonesburg-High Hill Fire Prot Dist	General Revenue	47,131,838	0.2513	0.2500		48,788,004	0.2500	0.2500	121,970	
New Florence Fire Protection Dist	General Revenue	21,737,055	0.3000	0.3000		22,103,711	0.3000	0.3000	66,311	
Montgomery Volunteer Fire Prot Dist	General Revenue	71,585,148	0.2599	0.2599		72,206,432	0.2605	0.2605	188,098	
Wellsville Fire Protection District	General Revenue	24,811,817	0.2527	0.2527		26,069,068	0.2480	0.2480	64,651	
Montgomery County Health Department	General Revenue	206,605,480	0.1434	0.1434		212,555,711	0.1434	0.1434	304,805	
Wellsville-Middletown R-I Sch Dist	Operating Funds-Schools	28,115,109	3.4586	3.4586	E	28,659,589	3.4403	3.4403	985,976	E
	Debt Service	28,115,109	0.5828	0.4800		28,659,589	0.9974	0.4800	137,566	
Montgomery Co R-II School District	Operating Funds-Schools	121,027,754	3.3717	3.3717	E	123,199,786	3.2928	3.2928	4,056,723	E
	Debt Service	**	**	**		123,199,786	0.9356	0.6500	800,799	
Montgomery County	General Revenue	206,605,480	0.3780	0.2802		212,555,611	0.3780	0.2711	576,238	
	Johnson Grass	206,605,480	0.0000	0.0000		212,555,611	0.0000	0.0000	0	
	Road & Bridge	206,605,480	0.2787	0.2787		212,555,611	0.2787	0.2787	592,392	
	Special Road and Bridge	175,222,848	0.3000	0.3000		180,006,281	0.3000	0.3000	540,019	2014
	Senate Bill 40	206,635,480	0.0954	0.0954		212,555,611	0.0954	0.0954	202,778	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Morgan											
Golden Age Nursing Home District #1	General Revenue	93,782,102	0.1835	0.1835		94,924,622	0.1861	0.1861	176,655		
Good Shepherd Nursing Home District	General Revenue	687,974,605	0.1385	0.1385		683,331,178	0.1413	0.1413	965,547		
Barnett Spec Road Dist #3 Morgan Co	Road & Bridge	10,492,782	0.3053	0.3053		10,579,140	0.3053	0.3053	32,298		
Gravois Spec Rd Dist #8 Morgan Co	Road & Bridge	180,160,875	0.1247	0.1247		179,285,665	0.1289	0.1289	231,099		
	Special Road and Bridge	180,160,875	0.1029	0.1029		179,285,665	0.1029	0.1029	184,485		2014
City of Barnett	General Revenue	1,091,826	0.6562	0.6562		1,119,961	0.6788	0.6562	7,349		
	Water	1,091,826	0.4229	0.3438		1,119,961	0.3556	0.3438	3,850		
City of Stover	General Revenue	7,515,736	0.5408	0.5408		7,487,077	0.5511	0.5511	41,261		
City of Syracuse	General Revenue	1,954,581	0.7132	0.7132		2,048,952	0.7132	0.7132	14,613		
City of Versailles	General Revenue	25,474,798	0.6781	0.6781		26,563,694	0.6841	0.6841	181,722		
Morgan County Library District	General Revenue	465,391,374	0.0726	0.0726		464,425,422	0.0742	0.0742	344,604		
Rocky Mount Fire Protection Dist	General Revenue	110,123,032	0.3726	0.3726		107,042,403	0.3856	0.3856	412,756		
Versailles Fire Protection Dist #4	General Revenue	38,078,032	0.4649	0.4649		38,259,433	0.4716	0.4716	180,431		
Gravois Fire Protection District	General Revenue	222,235,116	0.3848	0.3848		222,284,334	0.3919	0.3919	871,132		
	Debt Service	222,235,116	0.2544	0.2544		222,284,334	0.2453	0.2453	545,263		
Stover Rural Fire Protection Dist 6	General Revenue	34,941,706	0.2569	0.2569		36,263,814	0.2589	0.2589	93,887		
Morgan County Health Center	General Revenue	465,391,374	0.0726	0.0726		454,425,422	0.0759	0.0759	344,909		
Morgan Co R-I School District	Operating Funds-Schools	78,713,505	2.7500	2.7500	E	80,174,953	2.7500	2.7500	2,204,811	E	
Morgan Co R-II School District	Operating Funds-Schools	241,808,471	2.7500	2.7500	E	243,061,771	2.7500	2.7500	6,684,199	E	
Morgan County	General Revenue	465,391,374	0.0736	0.0736		464,425,422	0.0753	0.0653	303,270		
	Johnson Grass	465,391,374	0.0000	0.0000		464,425,422	0.0000	0.0000	0		
	Road & Bridge	274,642,048	0.1607	0.1607		274,736,308	0.1633	0.1633	448,644		
	Senate Bill 40	465,391,374	0.0403	0.0403		464,425,422	0.0412	0.0412	191,343		
	Senior Services	465,391,374	0.0403	0.0403		464,425,422	0.0412	0.0412	191,343		
New Madrid											
New Madrid County Ambulance Dist.	General Revenue	424,953,724	0.0467	0.0000		437,004,042	0.0230	0.0000	0		
City of Canalou	General Revenue	1,146,531	0.7523	0.7465		1,115,939	0.7673	0.7522	8,394		
Village of Catron	General Revenue	949,414	0.4851	0.4851		994,069	0.4754	0.4754	4,726		
	Additional Gen. Rev.	949,414	0.2426	0.2426		994,069	0.2377	0.2377	2,363		
City of Gideon	General Revenue	5,676,108	0.6082	0.6082		5,934,802	0.6077	0.6077	36,066		
	Parks & Recreation	5,676,108	0.1547	0.1547		5,934,802	0.1546	0.1546	9,175		
City of Howardville	General Revenue	1,222,224	1.0000	1.0000		1,266,515	1.0000	1.0000	12,665		
City of Lilbourn	General Revenue	8,329,125	0.6086	0.6086		8,404,588	0.6086	0.6086	51,150		
	Parks & Recreation	8,329,125	0.1689	0.1689		8,404,588	0.1689	0.1689	14,195		
	Library	8,329,125	0.1689	0.1689		8,404,588	0.1689	0.1689	14,195		
	Health	8,329,125	0.1689	0.1689		8,404,588	0.1689	0.1689	14,195		
	Debt Service	8,329,125	0.5868	0.4338		8,404,588	0.5336	0.4338	36,459		
City of Marston	General Revenue	4,738,139	0.5734	0.5734		4,749,038	0.5738	0.5738	27,250		
City of Matthews	General Revenue	9,020,822	0.5321	0.5321		9,404,603	0.5321	0.5321	50,042		
City of Morehouse	General Revenue	5,176,377	0.6959	0.6959		5,450,110	0.6949	0.6949	37,873		
City of New Madrid	General Revenue	26,679,732	0.6045	0.6045		27,299,477	0.6045	0.6045	165,025		
	Additional Gen. Rev.	26,679,732	0.2188	0.0000		27,299,477	0.0000	0.0000	0		
Village of North Lilbourn	General Revenue	115,053	0.5000	0.5000		117,907	0.5000	0.5000	590		
City of Parma	General Revenue	4,393,368	0.6445	0.6445		4,621,790	0.6438	0.6438	29,755		
City of Portageville	General Revenue	32,006,885	0.5923	0.5923		32,495,494	0.5923	0.5923	192,471		
	Parks & Recreation	32,006,885	0.1342	0.1342		32,495,494	0.1342	0.1342	43,609		
	Health	32,006,885	0.1565	0.1565		32,495,494	0.1565	0.1565	50,855		
City of Risco	General Revenue	2,214,877	0.7299	0.7299		2,291,491	0.7299	0.7299	16,726		
Village of Tallapoosa	General Revenue	492,657	0.9152	0.9152		475,172	0.9489	0.9489	4,509		
New Madrid County Library	General Revenue	400,011,775	0.1135	0.1134		412,415,719	0.1134	0.1134	467,679		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
New Madrid										
Lilbourn Hwy D CID	General Revenue	**	**	**		139,490	0.0000	0.0000	0	2039
New Madrid County Health Department	General Revenue	424,953,724	0.0906	0.0900		437,004,042	0.0900	0.0900	393,304	
Risco R-II School District	Operating Funds-Schools	9,896,874	4.7058	4.7058	E	10,316,387	4.8518	4.8518	500,530	E
Portageville School District	Operating Funds-Schools	47,569,875	3.0115	2.8500	E	48,787,809	2.8531	2.8531	1,391,965	E
	Debt Service	47,569,875	0.6500	0.6500		48,787,809	0.6469	0.6469	315,608	
Gideon 37 School District	Operating Funds-Schools	13,612,671	3.5744	3.5744	E	14,045,684	3.6763	3.6192	508,341	E
New Madrid Co R-I School District	Operating Funds-Schools	291,692,062	3.4516	3.3500	BE	298,917,813	3.4965	3.4000	10,163,206	BE
	Debt Service	291,692,062	0.4306	0.2400		298,917,813	0.4306	0.2400	717,403	
New Madrid County	General Revenue	424,953,724	0.3307	0.1538		437,004,042	0.3307	0.1538	672,112	
	Johnson Grass	424,953,724	0.0101	0.0100		437,004,042	0.0100	0.0100	43,700	
	Road & Bridge	424,953,724	0.2510	0.2510		437,004,042	0.2510	0.2510	1,096,880	
	Senate Bill 40	424,953,724	0.0200	0.0200		437,004,042	0.0200	0.0200	87,401	
Newton										
Newton County Ambulance District	General Revenue	615,394,311	0.1930	0.1930		640,020,070	0.1930	0.1930	1,235,239	
Lost Creek Watershed Sub District	General Revenue	30,955,500	0.1500	0.1500		31,378,170	0.1508	0.1500	47,067	
Diamond Special Road Dist Newton Co	Road & Bridge	31,553,249	0.3263	0.3263		33,509,060	0.3226	0.3226	108,100	
	Special Road and Bridge	31,553,249	0.1783	0.1783	A	33,509,060	0.1763	0.1763	59,076	2015
Fairview Special Rd Dist Newton Co	Road & Bridge	10,245,791	0.2162	0.2162		10,271,347	0.2176	0.2176	22,350	
	Special Road and Bridge	10,245,791	0.1603	0.1603	A	10,271,347	0.1603	0.1603	16,465	2015
Midway Special Rd Dist Newton Co	Road & Bridge	10,926,823	0.2207	0.2207		10,985,139	0.2219	0.2219	24,376	
	Special Road and Bridge	10,926,823	0.1745	0.1745	A	10,985,139	0.1745	0.1745	19,169	2015
Neosho Special Rd Dist Newton Co	Road & Bridge	181,087,197	0.1959	0.1959		182,698,123	0.1959	0.1959	357,906	
	Special Road and Bridge	181,087,197	0.1561	0.1561	A	182,698,123	0.1561	0.1561	285,192	2015
Seneca Special Rd Dist Newton Co	Road & Bridge	61,249,531	0.2018	0.2018		62,219,116	0.2018	0.2018	125,558	
	Special Road and Bridge	61,249,531	0.1561	0.1561	A	62,219,116	0.1561	0.1561	97,124	2015
Stella Special Road Dist Newton Co	Road & Bridge	6,795,085	0.2737	0.2737		6,779,407	0.2767	0.2767	18,759	
	Special Road and Bridge	6,795,085	0.1413	0.1413	A	6,779,407	0.1413	0.1413	9,579	2015
City of Diamond	General Revenue	5,105,968	0.3179	0.3179		5,243,880	0.3171	0.3171	16,628	
City of Fairview	General Revenue	2,049,923	0.3816	0.3816		2,117,130	0.3764	0.3764	7,969	
	Streets	2,049,923	0.3340	0.3340		2,117,130	0.3294	0.3294	6,974	
City of Granby	General Revenue	9,447,400	0.3545	0.3545		9,429,992	0.3615	0.3615	34,089	
	Cemetery	9,447,400	0.0836	0.0836	A	9,429,992	0.0836	0.0836	7,883	2015
Village of Leawood	General Revenue	7,725,544	0.2241	0.2241		7,862,693	0.2241	0.2241	17,620	
City of Neosho	General Revenue	99,517,636	0.4256	0.4256		101,413,170	0.4256	0.4043	410,013	
	Parks & Recreation	99,517,636	0.0000	0.0000		101,413,170	0.0000	0.0000	0	
Village of Newtonia	General Revenue	1,072,654	0.2164	0.2164		1,072,362	0.2189	0.2189	2,347	
Village of Ritchey	General Revenue	441,876	0.4934	0.4934		467,427	0.4743	0.4743	2,217	
Village of Saginaw	General Revenue	3,999,240	0.2598	0.2598		4,171,326	0.2541	0.2541	10,599	
City of Seneca	General Revenue	17,557,742	0.4506	0.4506		17,683,097	0.4519	0.4519	79,910	
	Parks & Recreation	17,557,742	0.0500	0.0500		17,683,097	0.0500	0.0500	8,842	
Village of Shoal Creek Drive	General Revenue	2,740,878	0.2084	0.2084		2,786,559	0.2084	0.2084	5,807	
Village of Silver Creek	General Revenue	8,350,639	0.1604	0.1604		**	**	**		
Village of Stella	General Revenue	1,178,344	0.7502	0.7502		1,175,317	0.7541	0.7541	8,863	
Village of Wentworth	General Revenue	914,684	0.2843	0.2843		977,596	0.2755	0.2755	2,693	
Village of Shoal Creek Estates	General Revenue	1,080,217	0.4882	0.4882		1,094,044	0.4882	0.4882	5,341	
Town of Loma Linda	General Revenue	13,200,490	0.4761	0.4761		13,333,009	0.4761	0.4761	63,478	
	Sewer	13,200,490	0.0000	0.0000		13,333,009	0.0000	0.0000	0	
	General Revenue-Temp	13,200,490	0.3109	0.3109	A	13,333,009	0.3109	0.3109	41,452	2015
	Public Health and Sewer	13,200,490	0.1905	0.1905		13,333,009	0.1905	0.1905	25,399	
Neosho Newton County Library	General Revenue	635,610,323	0.0999	0.0999		661,066,093	0.0999	0.0999	660,405	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Newton											
Neosho Area Fire Protection Dist	General Revenue	86,044,055	0.3932	0.3932		96,783,839	0.3898	0.3898	377,263		
Redings Mill Area Fire Prot Dist	General Revenue	157,332,996	0.7095	0.7095		155,918,288	0.7095	0.7095	1,106,240		
Diamond Area Fire Protection Dist	General Revenue	37,240,422	0.2683	0.2683		39,861,730	0.3000	0.3000	119,585		
Seneca Area Fire Protection Dist	General Revenue	38,543,251	0.2849	0.2849		39,352,203	0.2849	0.2849	112,114		
East Newton Fire Protection Dist	General Revenue	22,906,098	0.2737	0.2737		23,626,750	0.2722	0.2722	64,312		
Neosho Developers CID	General Revenue	48,070	1.0000	1.0000		42,200	1.0000	1.0000	422		2057
Newton County Health Department	General Revenue	727,665,480	0.0500	0.0500		754,586,828	0.0500	0.0500	377,293		
Crowder College	General Revenue	739,431,735	0.4300	0.4297		767,482,707	0.4297	0.4297	3,297,873		
East Newton Co R-VI School District	Operating Funds-Schools	65,755,510	2.7500	2.7500	E	66,244,728	2.7500	2.7500	1,821,730	E	
	Debt Service	65,755,510	0.4200	0.4200		66,244,728	0.4943	0.4200	278,228		
Diamond R-IV School District	Operating Funds-Schools	60,206,875	2.7500	2.7500	E	63,071,210	2.7500	2.7500	1,734,458	E	
	Debt Service	60,206,875	1.0217	0.9900		63,071,210	2.5161	0.9900	624,405		
Westview C-6 School District	Operating Funds-Schools	7,950,290	2.7500	2.7500	F	8,067,485	2.7500	2.7500	221,856	F	
Seneca R-VII School District	Operating Funds-Schools	83,940,105	2.7500	2.7500	F	83,831,607	2.7500	2.7500	2,305,369	F	
	Debt Service	83,940,105	1.1952	0.8500		83,831,607	1.2352	0.8500	712,569		
Neosho R-V School District	Operating Funds-Schools	265,866,395	2.9386	2.7500	F	276,205,421	2.9183	2.7500	7,595,649	F	
	Debt Service	265,866,395	0.4241	0.3600		276,205,421	0.5630	0.3600	994,340		
Newton County	Common Road District	109,869,194	0.2318	0.2318		122,900,941	0.2317	0.2317	284,761		
	Mental Health	727,665,480	0.0825	0.0825		754,586,828	0.0825	0.0825	622,534		
	County Fair	727,665,480	0.0100	0.0100		754,586,828	0.0100	0.0100	75,459		
Nodaway											
Hoover Frankum Watershed Sub Dist	General Revenue	1,186,682	0.3800	0.3800		1,186,682	0.3800	0.3800	4,509		
Mozingo Creek Watershed Sub Dist	General Revenue	12,003,061	0.0000	0.0000		12,003,061	0.0000	0.0000	0		
102 River Tributaries Sub District	General Revenue	8,521,103	0.1000	0.1000		8,521,103	0.1000	0.1000	8,521		
City of Arkoe	General Revenue	324,505	0.8673	0.8673		357,324	0.8485	0.8485	3,032		
City of Barnard	General Revenue	952,553	0.8271	0.8271		1,034,250	0.8272	0.8272	8,555		
	Streets	952,553	1.2903	1.2903		**	**	**			2012
	Streets	**	**	**		1,034,250	1.2562	1.2500	12,928	A	2014
City of Burlington Junction	General Revenue	3,651,294	0.8851	0.8851		3,953,757	0.8743	0.8743	34,568		
	General Revenue-Temp	3,651,294	0.3040	0.3000		3,953,757	0.2963	0.2963	11,715		2014
City of Clearmont	General Revenue	1,101,382	0.6880	0.6880		1,148,527	0.6838	0.6838	7,854		
Village of Clyde	General Revenue	642,521	0.4725	0.4725		644,394	0.4726	0.4726	3,045		
City of Conception Junction	General Revenue	1,121,879	0.9654	0.9654		1,318,473	0.8563	0.8563	11,290		
City of Elmo	General Revenue	631,865	0.9383	0.9383		659,241	0.9273	0.9273	6,113		
	Streets	**	**	**		659,241	0.4500	0.4500	2,967	A	2013
	General Revenue	**	**	**		659,241	1.0000	0.0727	479	A	2013
City of Graham	General Revenue	911,288	0.9606	0.9606		892,775	0.9852	0.9852	8,796		
	Streets	911,288	1.1400	0.0000		892,775	0.0000	0.0000	0		
	Street Improvement	911,288	1.1711	1.1400		892,775	1.1692	1.1400	10,178		2013
Village of Guilford	General Revenue	416,394	1.0000	1.0000		446,393	0.9983	0.9983	4,456		
	Streets	416,394	0.5000	0.5000		446,393	0.4990	0.4990	2,228		2014
City of Hopkins	General Revenue	3,387,099	0.3604	0.3367		3,484,480	0.3354	0.3354	11,687		
	Lights	3,387,099	0.1896	0.1896		3,484,480	0.1889	0.1883	6,561		
	Streets	3,387,099	0.1896	0.1896		3,484,480	0.1889	0.1889	6,582		
	General Revenue-Temp	3,387,099	0.2079	0.2079	A	3,484,480	0.2071	0.2071	7,216		2015
	Street Improvements	3,387,099	0.7500	0.7500		3,484,480	0.7471	0.7348	25,604		2013
City of Maryville	General Revenue	127,674,372	0.3383	0.3383		129,165,575	0.3383	0.3383	436,967		
	Parks & Recreation	127,674,372	0.3000	0.3000		129,165,575	0.3000	0.3000	387,497		
	Library	127,674,372	0.1529	0.1529		129,165,575	0.1529	0.1529	197,494		
	Debt Service	127,674,372	0.1344	0.1294		129,165,575	0.1371	0.1294	167,140		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Nodaway											
City of Parnell	General Revenue	550,462	0.9914	0.9914		561,832	0.9907	0.9907	5,566		
	Parks & Recreation	550,462	0.2705	0.2705		**	**	**			2012
	General Revenue-Temp	550,462	0.3610	0.3610		**	**	**			2012
	Parks & Recreation	**	**	**		561,832	0.3000	0.3000	1,685	A	2016
	General Revenue-Temp	**	**	**		561,832	0.4000	0.4000	2,247	A	2016
Village of Pickering	General Revenue	734,253	0.8675	0.8300		811,556	0.8114	0.8114	6,585		
	Streets	734,253	1.0000	1.0000		**	**	**			2012
	Streets	**	**	**		811,556	1.0000	1.0000	8,116	A	2015
City of Ravenwood	General Revenue	2,672,272	0.7293	0.7293		2,698,299	0.7293	0.7293	19,679		
	Streets	2,672,272	1.2882	1.2882	A	2,698,299	1.2882	1.2500	33,729		2014
City of Skidmore	General Revenue	1,498,659	0.9600	0.9600		1,529,516	0.9600	0.9600	14,683		
	Streets	1,498,659	0.9600	0.9600		1,529,516	0.9600	0.9600	14,683		
Atchison Township of Nodaway Co	General Revenue	6,069,288	0.0483	0.0483		6,488,153	0.0477	0.0477	3,095		
	Road & Bridge	6,069,288	0.4826	0.4826		6,488,153	0.4770	0.4770	30,948		
	Special Road and Bridge	6,069,288	0.3378	0.3378		**	**	**			2012
	Special Road and Bridge	**	**	**		6,488,153	0.3500	0.3500	22,709	A	2016
	Debt Service	**	**	**		6,488,153	1.0966	1.0966	71,149		
Grant Township of Nodaway County	General Revenue	7,154,236	0.0481	0.0481		7,528,339	0.0472	0.0472	3,553		
	Road & Bridge	7,154,236	0.4806	0.4806		7,528,339	0.4715	0.4715	35,496		
	Special Road and Bridge	7,154,236	0.3364	0.3364		**	**	**			2012
	Special Road and Bridge	**	**	**		7,528,339	0.3500	0.3500	26,349	A	2016
	Debt Service	7,154,236	0.2941	0.2941		7,528,339	0.4589	0.4589	34,548		
Green Township of Nodaway Co	General Revenue	5,454,483	0.0491	0.0491		5,720,808	0.0487	0.0487	2,786		
	Road & Bridge	5,454,483	0.4913	0.4913		5,720,808	0.4869	0.4869	27,855		
	Special Road and Bridge	5,454,483	0.3439	0.3439		**	**	**			2012
	Special Road and Bridge	**	**	**		5,720,808	0.3500	0.3500	20,023	A	2016
	Debt Service	5,454,483	1.3695	1.3695		5,720,808	1.0439	1.0439	59,720		
Hopkins Township of Nodaway Co	General Revenue	7,503,644	0.0474	0.0474		7,759,272	0.0474	0.0474	3,678		
	Road & Bridge	7,503,644	0.4740	0.4740		7,759,272	0.4740	0.4740	36,779		
	Special Road and Bridge	7,503,644	0.3325	0.3325		**	**	**			2012
	Special Road and Bridge	**	**	**		7,759,272	0.3509	0.3500	27,157	A	2016
Hughes Township of Nodaway Co	General Revenue	9,168,801	0.0500	0.0500		9,510,268	0.0500	0.0500	4,755		
	Road & Bridge	9,168,801	0.5000	0.5000		9,510,268	0.5000	0.5000	47,551		
	Special Road and Bridge	9,168,801	0.3396	0.3396		**	**	**			2012
	Special Road and Bridge	**	**	**		9,510,268	0.3529	0.3500	33,286	A	2016
	Debt Service	9,168,801	0.6337	0.6337		9,510,268	0.4536	0.4536	43,139		
Independence Township, Nodaway Co	General Revenue	4,590,108	0.0466	0.0466		4,734,019	0.0466	0.0466	2,206		
	Road & Bridge	4,590,108	0.4670	0.4670		4,734,019	0.4670	0.4670	22,108		
	Special Road and Bridge	4,590,108	0.3500	0.3500		**	**	**			2012
	Special Road and Bridge	**	**	**		4,734,019	0.3520	0.3500	16,569	A	2016
	Debt Service	4,590,108	0.8282	0.8282		4,734,019	0.8438	0.8438	39,946		
Jackson Township of Nodaway Co	General Revenue	12,620,489	0.0494	0.0494		12,883,084	0.0494	0.0494	6,364		
	Road & Bridge	12,620,489	0.4942	0.4942		12,883,084	0.4942	0.4942	63,668		
	Special Road and Bridge	12,620,489	0.3500	0.3500		12,883,084	0.3500	0.3500	45,091		2014
	Debt Service	12,620,489	0.5724	0.5724		12,883,084	0.3002	0.3002	38,675		
Jefferson Township of Nodaway Co	General Revenue	10,122,267	0.0485	0.0485		10,663,900	0.0481	0.0481	5,129		
	Road & Bridge	10,122,267	0.4847	0.4847		10,663,900	0.4808	0.4808	51,272		
	Special Road and Bridge	10,122,267	0.3398	0.3398		**	**	**			2012
	Special Road and Bridge	**	**	**		10,663,900	0.3500	0.3500	37,324	A	2016
Lincoln Township of Nodaway Co	General Revenue	6,138,760	0.0489	0.0489		6,609,779	0.0484	0.0484	3,199		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Nodaway											
Lincoln Township of Nodaway Co	Road & Bridge	6,138,760	0.4887	0.4887		6,609,779	0.4840	0.4840	31,991		
	Special Road and Bridge	6,138,760	0.3531	0.3531		6,609,779	0.3497	0.3497	23,114		2014
Monroe Township of Nodaway Co	General Revenue	5,080,382	0.0489	0.0489		5,332,113	0.0489	0.0489	2,607		
	Road & Bridge	5,080,382	0.4776	0.4776		5,332,113	0.4776	0.4776	25,466		
	Special Road and Bridge	5,080,382	0.3371	0.3371		**	**	**			2012
	Special Road and Bridge	**	**	**		5,332,113	0.3503	0.3500	18,662	A	2016
	Debt Service	5,080,382	0.6662	0.6662		5,332,113	0.7295	0.7295	38,898		
Nodaway Township of Nodaway Co	General Revenue	9,856,842	0.0459	0.0459		10,695,777	0.0451	0.0451	4,824		
	Road & Bridge	9,856,842	0.4595	0.4595		10,695,777	0.4510	0.4510	48,238		
	Special Road and Bridge	9,856,842	0.3438	0.3438		10,695,777	0.3375	0.3375	36,098		2014
	Debt Service	9,856,842	0.8979	0.8979		10,695,777	0.6923	0.6923	74,047		
Polk Township of Nodaway Co	General Revenue	197,712,084	0.0500	0.0500		200,285,204	0.0500	0.0500	100,143		
	Road & Bridge	197,712,084	0.2853	0.2853		200,285,204	0.2853	0.2853	571,414		
	Special Road and Bridge	197,712,084	0.1494	0.1494		**	**	**			2012
	Special Road and Bridge	**	**	**		200,285,204	0.1516	0.1500	300,428	A	2016
Union Township of Nodaway Co	General Revenue	6,092,706	0.0493	0.0493		6,479,116	0.0487	0.0487	3,155		
	Road & Bridge	6,092,706	0.4926	0.4926		6,479,116	0.4871	0.4871	31,560		
	Special Road and Bridge	6,092,706	0.3519	0.3519		6,479,116	0.3479	0.3479	22,541		2014
	Debt Service	6,092,706	0.4116	0.4116		6,479,116	0.4196	0.4196	27,186		
Washington Township of Nodaway Co	General Revenue	9,406,358	0.0475	0.0475		9,575,571	0.0475	0.0475	4,548		
	Road & Bridge	9,406,358	0.4752	0.4752		9,575,571	0.4752	0.4752	45,503		
	Special Road and Bridge	9,406,358	0.3355	0.3355		**	**	**			2012
	Special Road and Bridge	**	**	**		9,575,571	0.3528	0.3500	33,514	A	2016
White Cloud Township of Nodaway Co	General Revenue	8,322,366	0.0467	0.0467		9,228,870	0.0459	0.0459	4,236		
	Road & Bridge	8,322,366	0.4583	0.4583		9,228,870	0.4506	0.4506	41,585		
	Special Road and Bridge	8,322,366	0.3614	0.3614		9,228,870	0.3553	0.3500	32,301		2014
	Debt Service	8,322,366	0.7655	0.7655		9,228,870	0.5830	0.5830	53,804		
Barnard Fire Protection District	General Revenue	14,971,660	0.1930	0.1930		15,709,785	0.1907	0.1907	29,959		
Graham Fire Protection District	General Revenue	9,544,775	0.2025	0.2000		9,918,473	0.2000	0.2000	19,837		
Hopkins Fire Protection District	General Revenue	10,193,008	0.2205	0.2205		10,662,022	0.2204	0.2204	23,499		
Polk Fire Protection District	General Revenue	72,697,718	0.1547	0.1547		76,239,600	0.1522	0.1522	116,037		
Clearmont Fire Protection District	General Revenue	5,695,725	0.2850	0.2850		6,097,459	0.2816	0.2816	17,170		
Skidmore Fire Protection District	General Revenue	8,744,089	0.2956	0.2956		9,103,190	0.2956	0.2956	26,909		
West Nodaway Fire Protection Dist	General Revenue	14,702,191	0.2605	0.2605		15,946,370	0.2554	0.2554	40,727		
Jackson Township Fire Prot Dist	General Revenue	12,621,829	0.0000	0.0000		12,884,327	0.0000	0.0000	0		
	Fire	12,621,829	0.2966	0.2966		12,884,327	0.2966	0.2966	38,215		
Union Township Fire Protection Dist	General Revenue	4,731,913	0.2981	0.2981		5,005,832	0.2955	0.2955	14,792		
Elmo Fire Protection District	General Revenue	4,308,959	0.2873	0.2873		4,595,485	0.2832	0.2832	13,014		
Parnell Fire Protection District	General Revenue	5,463,009	0.2774	0.2774		5,720,035	0.2774	0.2774	15,867		
Nodaway County Health Center	General Revenue	305,715,961	0.0500	0.0500		313,975,586	0.0500	0.0500	156,988		
Nodaway-Holt R-VII School District	Operating Funds-Schools	24,687,394	3.5991	3.5991	E	24,772,584	3.5093	3.5093	869,344	E	
	Operating Funds-Temp	24,687,394	0.8856	0.8856		24,772,584	0.8946	0.8946	221,616		2019
West Nodaway Co R-I School District	Operating Funds-Schools	22,953,278	3.6125	3.6125	E	24,088,204	3.5779	3.5779	861,852	E	
	Debt Service	22,953,278	0.5127	0.5000		24,088,204	0.5008	0.5000	120,441		
Northeast Nodaway Co R-V Sch Dist	Operating Funds-Schools	14,482,662	5.1607	5.1607	E	14,458,614	5.1399	5.1399	743,158	E	
	Operating Funds-Temp	14,482,662	0.5500	0.5500		14,458,614	0.5500	0.5500	79,522		2014
	Debt Service	14,482,662	0.6976	0.6976		14,458,614	0.7070	0.7070	102,222		
Jefferson C-123 School District	Operating Funds-Schools	13,349,621	5.9489	5.5388		13,859,982	5.9117	5.5248	765,736		
North Nodaway Co R-VI School Dist	Operating Funds-Schools	15,021,164	4.3825	4.3825	E	15,602,010	4.2820	4.2820	668,078	E	
	Debt Service	15,021,164	0.6743	0.5900		15,602,010	0.6599	0.5900	92,052		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Nodaway										
Maryville R-II School District	Operating Funds-Schools	193,066,937	4.6112	4.3510		194,390,498	4.6037	4.3488	8,453,654	
	Debt Service	193,066,937	0.7418	0.6900		194,390,498	0.7998	0.7900	1,535,685	
South Nodaway Co R-IV School Dist	Operating Funds-Schools	13,548,528	5.4251	5.4251	E	13,822,571	5.3773	5.3773	743,281	E
	Debt Service	13,548,528	0.7733	0.5900		13,822,571	0.7847	0.5900	81,553	
Nodaway County	General Revenue	305,715,961	0.3662	0.1400		313,975,586	0.1400	0.1300	408,168	
	Ambulance	305,715,961	0.1883	0.0000		313,975,586	0.1883	0.0000	0	
	Senate Bill 40	305,715,961	0.0500	0.0500		313,975,586	0.0500	0.0500	156,988	
	Senior Services	305,715,961	0.0500	0.0500		313,975,586	0.0500	0.0500	156,988	
Oregon										
Oregon County Ambulance District	General Revenue	87,219,315	0.0747	0.0000		88,752,062	0.0747	0.0000	0	
Thayer Spec Rd Dist Oregon Co	Road & Bridge	33,966,674	0.2192	0.2192		34,555,018	0.2192	0.2192	75,745	
City of Alton	General Revenue	4,838,377	0.5482	0.5482		4,753,844	0.5636	0.5636	26,793	
City of Koshkonong	General Revenue	744,943	0.9096	0.9096		824,348	0.8868	0.8868	7,310	
City of Thayer	General Revenue	15,243,664	0.4604	0.4604		15,238,440	0.4618	0.4618	70,371	
Oregon County Library District	General Revenue	87,219,315	0.1997	0.1997		88,752,062	0.1997	0.1997	177,238	
Oregon County Health Department	General Revenue	87,219,315	0.0998	0.0998		88,752,062	0.0998	0.0998	88,575	
Couch R-I School District	Operating Funds-Schools	9,990,768	3.8851	3.6300	E	10,131,854	3.6591	3.6300	367,786	E
Thayer R-II School District	Operating Funds-Schools	28,768,407	2.7500	2.7500	E	28,805,993	2.7500	2.7500	792,165	E
	Debt Service	28,768,407	0.9833	0.9200		28,805,993	0.9204	0.9200	265,015	
Oregon-Howell R-III School District	Operating Funds-Schools	12,482,741	2.7097	2.7097	E	12,711,229	2.7365	2.7117	344,690	E
	Operating Funds-Temp	12,482,741	0.6920	0.6920		12,711,229	0.6979	0.6900	87,707	2022
	Debt Service	12,482,741	1.4642	1.0000		12,711,229	1.4600	1.0000	127,112	
Alton R-IV School District	Operating Funds-Schools	33,086,742	2.7500	2.7500	E	33,295,033	2.7500	2.7500	915,613	E
Oregon County	General Revenue	87,219,315	0.3632	0.1045		88,752,062	0.3632	0.1171	103,929	
	Common Road District	53,459,123	0.2686	0.2686		54,328,677	0.2686	0.2686	145,927	
	Senate Bill 40	87,219,315	0.0998	0.0998		88,752,062	0.0998	0.0998	88,575	
	Senior Services	87,219,315	0.0499	0.0499		88,752,062	0.0499	0.0499	44,287	
Osage										
Osage Ambulance District	General Revenue	127,680,868	0.3000	0.1996		131,131,923	0.3000	0.2231	292,555	
Chamois Spec Rd Dist Osage Co	Road & Bridge	6,140,534	0.3388	0.3388		6,282,866	0.3388	0.3388	21,286	
Linn City Spec Rd Dist Osage Co	Road & Bridge	16,489,058	0.2608	0.2608		16,673,098	0.2614	0.2614	43,583	
Westphalia Spec Rd Dist Osage Co	Road & Bridge	4,142,239	0.2287	0.2287		4,174,510	0.2295	0.2295	9,581	
	Special Road and Bridge	4,142,239	0.1777	0.1777	A	4,174,510	0.1777	0.1777	7,418	2015
Village of Argyle	General Revenue	1,230,367	0.2912	0.2912		1,244,558	0.2912	0.2912	3,624	
City of Chamois	General Revenue	2,959,488	0.6066	0.6066		3,093,612	0.6066	0.6066	18,766	
City of Linn	General Revenue	16,343,334	0.5298	0.5298		16,523,661	0.5312	0.5312	87,774	
	Parks & Recreation	16,343,334	0.0500	0.0500		16,523,661	0.0500	0.0500	8,262	
City of Meta	General Revenue	4,634,646	0.4339	0.4339		4,667,283	0.4346	0.4346	20,284	
Osage County Library	General Revenue	188,635,754	0.1728	0.1728		193,784,118	0.1728	0.1728	334,859	
Chamois Fire Protection District	General Revenue	14,224,962	0.2648	0.2607		14,850,772	0.2599	0.2599	38,597	
Meta Fire & Rescue Fire Prot Dist	General Revenue	13,701,223	0.2900	0.2900		13,931,669	0.2900	0.2900	40,402	
Linn Fire Protection District	General Revenue	83,144,226	0.2648	0.2625		85,559,600	0.2625	0.2625	224,594	
Osage Co R-I School District	Operating Funds-Schools	14,357,949	4.2610	4.2591	E	14,602,862	4.3228	4.3228	631,253	E
Osage Co R-II School District	Operating Funds-Schools	57,739,234	2.7500	2.7500	E	58,528,528	2.7500	2.7500	1,609,535	E
	Debt Service	57,739,234	0.7198	0.6553		58,528,528	0.7393	0.6553	383,537	
Osage Co R-III School District	Operating Funds-Schools	79,077,176	3.6029	3.5500	E	81,720,725	3.5569	3.5500	2,901,086	E
Osage County	General Revenue	188,635,754	0.3152	0.0454		193,784,118	0.3152	0.0713	138,168	
	Common Road District	158,881,282	0.2150	0.2150		164,007,071	0.2150	0.2150	352,615	
	Developmentally Disabled	188,635,754	0.1000	0.1000		193,784,118	0.1000	0.1000	193,784	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Ozark											
Village of Bakersfield	General Revenue	1,289,087	0.2806	0.2806		1,241,846	0.2913	0.2913	3,617		
	Health	1,289,087	0.1401	0.1401		1,241,846	0.1454	0.1454	1,806		
City of Gainesville	General Revenue	9,131,497	0.4290	0.4290		8,913,624	0.4417	0.4290	38,239		
City of Theodosia	General Revenue	4,272,099	0.3013	0.3013		4,260,055	0.3059	0.3059	13,032		
Ozark County Health Center	General Revenue	104,105,946	0.0920	0.0920		104,074,804	0.0928	0.0928	96,581		
Thornfield R-I School District	Operating Funds-Schools	6,224,368	3.3108	3.2897	E	6,187,774	3.3439	3.2897	203,559	E	
Bakersfield R-IV School District	Operating Funds-Schools	12,823,979	3.5523	3.5523	E	12,751,570	3.5890	3.5890	457,654	E	
Gainesville R-V School District	Operating Funds-Schools	46,927,045	2.7500	2.7500	E	46,665,125	2.7500	2.7500	1,283,291	E	
Dora R-III School District	Operating Funds-Schools	15,057,898	3.2221	3.2221	E	15,254,823	3.2569	3.2221	491,526	E	
	Operating Funds-Temp	15,057,898	0.2162	0.2162		15,254,823	0.2167	0.2162	32,981		2017
	Debt Service	15,057,898	0.2128	0.1804		15,254,823	0.4730	0.1804	27,520		
Lutie R-VI School District	Operating Funds-Schools	21,850,922	3.6553	3.6553	E	22,008,233	3.6787	3.6717	808,076	E	
Ozark County	General Revenue	104,105,946	0.3126	0.1462		104,074,804	0.3152	0.1788	186,086		
	Road & Bridge	104,105,946	0.2366	0.2366		104,074,804	0.2385	0.2385	248,218		
	Ambulance	104,105,946	0.1231	0.0000		104,074,804	0.0000	0.0000	0		
Pemiscot											
City of Bragg City	General Revenue	374,380	0.5000	0.5000		398,020	0.4943	0.4943	1,967		
City of Caruthersville	General Revenue	43,579,981	0.5761	0.5752		43,515,830	0.5841	0.5841	254,176		
	Sewer	43,579,981	0.1955	0.1952		43,515,830	0.1982	0.1982	86,248		
	Library	43,579,981	0.0926	0.0925		43,515,830	0.0939	0.0939	40,861		
	Health	43,579,981	0.1646	0.1643		43,515,830	0.1668	0.1668	72,584		
	Cemetery	43,579,981	0.0412	0.0411		43,515,830	0.0417	0.0417	18,146		
Town of Cooter	General Revenue	2,876,582	1.0000	1.0000		3,158,847	1.0000	1.0000	31,588		
City of Hayti	General Revenue	22,092,391	0.5680	0.5680		22,441,652	0.5680	0.5680	127,469		
	Parks & Recreation	22,092,391	0.2562	0.2562		22,441,652	0.2562	0.2562	57,496		
	Library	22,092,391	0.1894	0.1894		22,441,652	0.1894	0.1894	42,504		
	Health	22,092,391	0.1560	0.1560		22,441,652	0.1560	0.1560	35,009		
	Cemetery	22,092,391	0.0500	0.0500		22,441,652	0.0500	0.0500	11,221		
City of Hayti Heights	General Revenue	990,150	0.8262	0.8262		921,330	0.8886	0.8886	8,187		
	Health	990,150	0.2000	0.2000		921,330	0.2000	0.2000	1,843		
Village of Holland	General Revenue	904,260	0.6065	0.6065		914,050	0.6305	0.6305	5,763		
City of Homestown	General Revenue	211,300	0.5998	0.5998		214,860	0.6000	0.6000	1,289		
City of Steele	General Revenue	12,159,870	0.5755	0.5755		12,179,494	0.5790	0.5790	70,519		
	Parks & Recreation	12,159,870	0.1661	0.1661		12,179,494	0.1671	0.1671	20,352		
	Library	12,159,870	0.1661	0.1661		12,179,494	0.1671	0.1671	20,352		
	Health	12,159,870	0.1661	0.1661		12,179,494	0.1671	0.1671	20,352		
Village of Wardell	General Revenue	1,640,015	0.6708	0.6708		1,740,760	0.6708	0.6708	11,677		
	Health	1,640,015	0.1000	0.1000		1,740,760	0.1000	0.1000	1,741		
Pemiscot County Health Center	General Revenue	186,117,612	0.1000	0.1000		191,469,873	0.1000	0.1000	191,470		
North Pemiscot Co R-I School Dist	Operating Funds-Schools	19,063,474	2.9268	2.8500	E	19,330,577	2.8518	2.8500	550,921	E	
Hayti R-II School District	Operating Funds-Schools	28,780,381	3.5736	3.5736	E	30,404,983	3.4825	3.4825	1,058,854	E	
Pemiscot Co R-III School District	Operating Funds-Schools	11,195,200	3.9712	3.9000	E	11,223,957	3.9256	3.9000	437,734	E	
	Debt Service	11,195,200	0.4377	0.3500		11,223,957	0.6678	0.3500	39,284		
Cooter R-IV School District	Operating Funds-Schools	7,550,782	3.7175	3.6931	E	7,883,767	3.6981	3.6931	291,155	E	
South Pemiscot Co R-V School Dist	Operating Funds-Schools	29,546,592	3.6906	3.6906	E	29,500,401	3.6389	3.6389	1,073,490	E	
Pemiscot Co C-7 School District	Operating Funds-Schools	11,221,737	3.8500	3.8500	E	11,293,620	4.8934	4.0934	462,293	BE	
Caruthersville 18 School District	Operating Funds-Schools	47,840,451	3.9722	3.9722	E	50,424,233	3.8823	3.8823	1,957,620	E	
	Debt Service	47,840,451	0.2821	0.2313		50,424,233	0.2108	0.2108	106,294		
Pemiscot Co Special School District	Operating Funds-Schools	185,309,372	0.4860	0.4860		190,617,418	0.4860	0.4860	926,401		
	Debt Service	185,309,372	0.0432	0.0432		190,617,418	0.0456	0.0456	86,922		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Pemiscot											
Pemiscot County	General Revenue	186,117,612	0.3877	0.1995		191,469,873	0.3877	0.1767	338,327		
	Johnson Grass	186,117,612	0.0500	0.0500		191,469,873	0.0500	0.0500	95,735		
	Road & Bridge	186,117,612	0.2975	0.2975		191,469,873	0.2975	0.2975	569,623		
	Hospital	186,117,612	0.3400	0.3400		191,469,873	0.3400	0.3400	650,998		
	Senate Bill 40	186,117,612	0.1000	0.1000		191,469,873	0.1000	0.1000	191,470		
Perry											
City of Altenburg	General Revenue	4,388,928	0.5330	0.5330		4,579,316	0.5330	0.5330	24,408		
City of Frohna	General Revenue	4,028,347	0.8444	0.6891		4,482,297	0.6775	0.6775	30,368		
Village of Longtown	General Revenue	744,452	0.3137	0.3137		799,731	0.3139	0.3139	2,510		
City of Perryville	General Revenue	133,567,855	0.4779	0.4000		136,071,940	0.4000	0.4000	544,288		
	Parks & Recreation	133,567,855	0.1718	0.1700		136,071,940	0.1700	0.1700	231,322		
	Debt Service	133,567,855	0.1918	0.1900		136,071,940	0.1968	0.1900	258,537		
Perry County Library District	General Revenue	312,758,312	0.0901	0.0901		322,013,984	0.0901	0.0901	290,135		
Perry County Health Department	General Revenue	312,758,312	0.1801	0.1801		322,013,984	0.1801	0.1801	579,947		
Perry Co 32 School District	Operating Funds-Schools	280,824,703	3.1882	3.1882	E	288,415,194	3.1751	3.1751	9,157,471	E	
Altenburg 48 School District	Operating Funds-Schools	15,651,250	3.6038	3.6038	E	16,427,691	3.6038	3.6038	592,021	E	
Perry County	General Revenue	312,758,312	0.4301	0.1800		322,013,984	0.4141	0.1800	579,625		
	Road & Bridge	312,758,312	0.3009	0.2999		322,013,984	0.2999	0.2999	965,720		
	Hospital	312,758,312	0.0901	0.0901		322,013,984	0.0901	0.0901	290,135		
	Mental Health	312,758,312	0.0901	0.0901		322,013,984	0.0901	0.0901	290,135		
	Senate Bill 40	312,758,312	0.0901	0.0901		322,013,984	0.0901	0.0901	290,135		
Pettis											
City of Green Ridge	General Revenue	3,129,329	0.9399	0.9399		3,201,334	0.9399	0.9399	30,089		
City of Houstonia	General Revenue	1,093,866	1.0000	1.0000		1,069,909	1.0000	1.0000	10,699		
Village of Hughesville	General Revenue	1,036,214	0.4135	0.4135		1,107,680	0.4135	0.4135	4,580		
	General Revenue-Temp	1,036,214	0.3104	0.3104	A	1,107,680	0.3103	0.3103	3,437		2015
City of La Monte	General Revenue	6,558,875	0.9300	0.9100		7,284,838	0.9100	0.9100	66,292		
	Parks & Recreation	6,558,875	0.0400	0.0305		7,284,838	0.0305	0.0305	2,222		
City of Sedalia	General Revenue	252,612,495	0.4334	0.4334		258,298,713	0.4358	0.4358	1,125,666		
	Parks & Recreation	252,612,495	0.1508	0.1508		258,298,713	0.1516	0.1516	391,581		
	Library	201,371,043	0.2137	0.2137		202,311,260	0.2161	0.2161	437,195		
	Police	252,612,495	0.0848	0.0848		258,298,713	0.0853	0.0853	220,329		
	Fire	252,612,495	0.0463	0.0463		258,298,713	0.0466	0.0466	120,367		
	Library-Temp	**	**	**		258,298,713	0.0716	0.0700	180,809	A	2037
City of Smithton	General Revenue	4,066,525	0.8393	0.8393		4,292,849	0.8401	0.8401	36,064		
Boonslick Regional Library	General Revenue	802,583,724	0.1399	0.1399		833,114,977	0.1399	0.1399	1,165,528		
Pettis County Fire Prot Dist #1	General Revenue	208,349,760	0.2834	0.2791		219,069,528	0.2802	0.2791	611,423		
Sedalia Special Business District	General Revenue	5,871,510	0.6524	0.6524		4,951,010	0.7964	0.7964	39,430		
Pettis County Health Center	General Revenue	546,562,797	0.0888	0.0888		564,398,654	0.0893	0.0893	504,008		
State Fair Community College	General Revenue	794,653,327	0.4065	0.4065		817,782,183	0.4065	0.4065	3,324,285		
Pettis Co R-V School District	Operating Funds-Schools	24,217,653	3.4506	3.4506	E	25,172,108	3.4349	3.4349	864,637	E	
	Debt Service	24,217,653	0.4722	0.4303		25,172,108	0.5925	0.4303	108,316		
La Monte R-IV School District	Operating Funds-Schools	18,975,589	3.1956	2.9500	E	19,708,431	2.9795	2.9500	581,399	E	
	Debt Service	18,975,589	0.8595	0.8000		19,708,431	0.8745	0.8000	157,667		
Smithton R-VI School District	Operating Funds-Schools	36,694,657	3.5278	3.5278	E	37,904,311	3.5278	3.5278	1,337,188	E	
	Debt Service	36,694,657	0.4938	0.4938		37,904,311	0.4171	0.4171	158,099		
Green Ridge R-VIII School District	Operating Funds-Schools	23,418,596	3.4111	3.4111	E	23,806,386	3.4158	3.4158	813,179	E	
	Debt Service	23,418,596	0.4918	0.4639		23,806,386	0.6101	0.4639	110,438		
Pettis Co R-XII School District	Operating Funds-Schools	50,445,180	3.4500	2.8900	E	53,791,565	3.0794	2.7900	1,500,785	E	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Pettis											
Sedalia 200 School District	Operating Funds-Schools	340,085,587	2.9902	2.9902	E	348,025,782	3.0084	3.0084	10,470,008	E	
	Operating Funds-Temp	340,085,587	0.8628	0.8628		348,025,782	0.8628	0.8628	3,002,766		2026
Pettis County	General Revenue	546,562,797	0.3885	0.0200		564,493,732	0.3907	0.0403	227,491		
	Johnson Grass	546,562,797	0.0050	0.0050		551,352,828	0.0051	0.0050	27,568		
	Road & Bridge	546,562,797	0.2800	0.2787		551,352,828	0.2866	0.2866	1,580,177		
	Developmentally Disabled	546,562,797	0.0879	0.0879		551,352,828	0.0904	0.0904	498,423		
Phelps											
St. James Ambulance District	General Revenue	116,750,811	0.1309	0.0000		119,811,651	0.1312	0.0000	0		
City of Doolittle	General Revenue	4,357,977	0.2683	0.2683		4,466,249	0.2761	0.2761	12,331		
City of Newburg	General Revenue	1,863,299	0.7041	0.7041		1,904,202	0.7112	0.7112	13,543		
	Library	1,863,299	0.1902	0.1902		1,904,202	0.1921	0.1921	3,658		
City of Rolla	General Revenue	205,887,046	0.4451	0.4451		204,448,369	0.4518	0.4518	923,698		
	Parks & Recreation	205,887,046	0.1096	0.1096		204,448,369	0.1113	0.1113	227,551		
	Library	205,887,046	0.1857	0.1857		204,448,369	0.1885	0.1885	385,385		
City of St. James	General Revenue	35,357,669	0.3909	0.3909		35,490,312	0.3931	0.3931	139,512		
	Parks & Recreation	35,357,669	0.0607	0.0607		35,821,962	0.0607	0.0607	21,744		
City of Edgar Springs	General Revenue	1,565,225	0.4696	0.4696		1,585,805	0.4711	0.4711	7,471		
Doolittle Rural Fire Prot Dist	General Revenue	27,809,830	0.2215	0.2215		29,268,489	0.2210	0.2210	64,683		
Rolla Rural Fire Protection Dist	General Revenue	145,952,095	0.2297	0.2297		152,050,720	0.2297	0.2297	349,261		
Duke Fire Protection District	General Revenue	5,744,483	0.2177	0.2177		5,766,541	0.2204	0.2204	12,709		
St. James Fire Protection District	General Revenue	108,708,957	0.2362	0.2362		112,220,327	0.2362	0.2362	265,064		
Edgar Springs Rural FPD	General Revenue	15,801,025	0.3020	0.3020		15,367,955	0.3062	0.3062	47,057		
St. James R-I School District	Operating Funds-Schools	111,180,588	2.7500	2.7500	E	114,375,589	2.7500	2.7500	3,145,329	E	
	Debt Service	111,180,588	0.6585	0.5300		114,375,589	0.7113	0.5300	606,191		
Newburg R-II School District	Operating Funds-Schools	26,033,247	2.7500	2.7500	E	26,990,822	2.7500	2.7500	742,248	E	
	Debt Service	26,033,247	0.5090	0.5000		26,990,822	0.5270	0.5000	134,954		
Rolla 31 School District	Operating Funds-Schools	386,164,745	3.3240	2.9336		389,093,896	3.3357	2.9696	11,554,532		
	Debt Service	386,164,745	0.4713	0.2500		389,093,896	0.3939	0.2500	972,735		
Phelps Co R-III School District	Operating Funds-Schools	17,717,884	2.7500	2.7500	E	17,975,115	2.7500	2.7500	494,316	E	
	Debt Service	17,717,884	0.1407	0.1407		17,975,115	0.3483	0.1407	25,291		
Phelps County	General Revenue	551,565,375	0.2753	0.1526		558,934,743	0.2764	0.1600	894,296		
	Road & Bridge	551,565,375	0.1966	0.0935		558,934,743	0.1974	0.0981	548,315		
	Developmentally Disabled	551,565,375	0.0708	0.0708		558,934,743	0.0711	0.0711	397,403		
Pike											
Village of Annada	General Revenue	394,609	0.6178	0.6178		412,944	0.6104	0.0000	0		
City of Bowling Green	General Revenue	39,521,227	0.6018	0.6018		41,907,091	0.6023	0.6023	252,406		
	Parks & Recreation	39,521,227	0.0000	0.0000		41,907,091	0.0000	0.0000	0		
	Library	39,521,227	0.1856	0.1856		41,907,091	0.1858	0.1858	77,863		
	Cemetery	39,521,227	0.0928	0.0928		41,907,091	0.0929	0.0929	38,932		
City of Clarksville	General Revenue	4,511,268	0.6395	0.6395		4,818,051	0.6416	0.6416	30,913		
City of Curryville	General Revenue	1,492,008	0.9096	0.9096		1,547,262	0.9096	0.9096	14,074		
Village of Eolia	General Revenue	4,066,371	0.3780	0.3780		4,364,209	0.3780	0.3780	16,497		
City of Frankford	General Revenue	1,845,991	1.0000	1.0000		1,944,124	1.0000	1.0000	19,441		
City of Louisiana	General Revenue	34,254,143	0.7337	0.7300		35,350,520	0.7300	0.7300	258,059		
	Library	34,254,143	0.1000	0.1000		35,350,520	0.1000	0.1000	35,351		
Buffalo Township Fire Prot Dist	General Revenue	46,391,208	0.2889	0.2889		47,791,684	0.2916	0.2916	139,361		
Pike Co Agency for Dev Disabilities	General Revenue	255,622,761	0.1914	0.1914		272,112,673	0.1914	0.1914	520,824		
Pike County Health Department	General Revenue	255,622,761	0.2405	0.2405		272,112,673	0.2405	0.2405	654,431		
Bowling Green R-I School District	Operating Funds-Schools	101,089,719	3.3832	3.3832	E	104,488,023	3.3198	3.3198	3,468,793	E	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Pike											
Pike Co R-III School District	Operating Funds-Schools	29,853,468	4.0141	4.0141	E	38,631,380	4.0141	4.0141	1,550,702	E	
	Debt Service	29,853,468	2.0729	1.0802		38,631,380	1.4877	1.0802	417,296		
Boncl R-X School District	Operating Funds-Schools	14,249,880	5.0400	4.0500		14,792,566	4.2729	4.0500	599,099		
Louisiana R-II School District	Operating Funds-Schools	49,040,500	3.4011	3.4011	E	50,991,411	3.3731	3.3731	1,719,991	E	
	Debt Service	49,040,500	0.4965	0.4965		50,991,411	0.4592	0.4592	234,153		
Pike County	General Revenue	255,622,761	0.4254	0.2954		272,112,673	0.4254	0.2754	749,398		
	Road & Bridge	255,622,761	0.3083	0.3083		272,112,673	0.3083	0.3083	838,923		
	Hospital	255,622,761	0.2117	0.2117		272,112,673	0.2117	0.2117	576,063		
Platte											
Northland Regional Ambulance Dist	General Revenue	477,687,418	0.4346	0.4346		486,933,793	0.4346	0.4346	2,116,214		
Southern Platte County Ambulance	General Revenue	499,417,501	0.1938	0.1100		514,526,549	0.1090	0.1090	560,834		
Platte Co Drainage Ditch Dist 1	General Revenue	1,089,917	0.1000	0.0859		1,170,347	0.0813	0.0813	951		
Farley Special Road Dist, Platte Co	Road & Bridge	15,814,948	0.3283	0.3283		16,724,381	0.3172	0.3172	53,050		
	Special Road and Bridge	15,814,948	0.3472	0.3472		**	**	**			2012
	Special Road and Bridge	**	**	**		16,724,381	0.3500	0.3500	58,535	A	2016
Parkville Spec Road Dist Platte Co	Road & Bridge	685,590,726	0.2618	0.2618		692,788,028	0.2618	0.2618	1,813,719		
Platte City Spec Rd Dist Platte Co	Road & Bridge	1,043,860,509	0.2210	0.2150		1,053,357,402	0.2150	0.2150	2,264,718		
Weston Spec Rd Dist Platte Co	Road & Bridge	57,745,141	0.2486	0.2486		61,442,534	0.2470	0.2470	151,763		
	Special Road and Bridge	57,745,141	0.3583	0.3583	A	61,442,534	0.3561	0.3561	218,797		2015
City of Camden Point	General Revenue	5,692,254	0.6739	0.6739		5,939,462	0.6580	0.6580	39,082		
City of Dearborn	General Revenue	5,594,854	0.4709	0.4709		5,566,793	0.4733	0.4733	26,348		
City of Edgerton	General Revenue	5,578,361	0.6832	0.6832		5,691,884	0.6810	0.6810	38,762		
Village of Farley	General Revenue	2,913,413	0.4586	0.4586		2,952,865	0.4586	0.4586	13,542		
Village of Ferrelview	General Revenue	2,404,836	0.5050	0.4800		2,325,277	0.4964	0.4900	11,394		
Village of Iatan	General Revenue	243,363	0.5000	0.4991		255,901	0.4993	0.4991	1,277		
City of Platte City	General Revenue	75,156,833	0.5278	0.5244		74,525,961	0.5317	0.5317	396,255		
	Debt Service	75,156,833	1.7218	0.5642		74,525,961	1.4643	0.5569	415,035		
City of Platte Woods	General Revenue	10,797,816	0.6938	0.6938		11,093,113	0.6870	0.6870	76,210		
City of Tracy	General Revenue	2,743,051	0.6739	0.6200		2,738,904	0.6210	0.6210	17,009		
	Debt Service	2,743,051	0.7177	0.6900		2,738,904	0.7181	0.7003	19,181		
City of Weatherby Lake	General Revenue	41,514,400	1.0000	1.0000		50,060,196	0.8435	0.8435	422,258		
	Parks & Recreation	41,514,400	0.2134	0.2134		50,060,196	0.1800	0.1800	90,108		
	Debt Service	41,514,400	0.9006	0.7682		50,060,196	0.6958	0.6958	348,319		
City of Weston	General Revenue	22,026,791	0.4610	0.4610		22,167,554	0.4610	0.4610	102,192		
	Parks & Recreation	22,026,791	0.1679	0.1679		22,167,554	0.1679	0.1679	37,219		
	Lights	22,026,791	0.1304	0.1304		22,167,554	0.1304	0.1304	28,906		
City of Lake Waukomis	General Revenue	14,381,820	0.8034	0.8034		18,141,676	0.6484	0.6484	117,631		
	General Revenue-Temp	14,381,820	0.7150	0.7000	A	18,141,676	0.5649	0.5649	102,482		2014
City of Parkville	General Revenue	187,449,313	0.4784	0.4784		190,251,216	0.4784	0.4784	910,162		
	General Revenue-Temp	187,449,313	0.1809	0.1759		190,251,216	0.1759	0.1759	334,652		2024
City of Northmoor	General Revenue	6,651,268	0.0000	0.0000		6,548,996	0.0000	0.0000	0		
Town of Ridgely	General Revenue	1,145,887	0.3184	0.3184		1,118,485	0.3262	0.3262	3,648		
City of Houston Lake	General Revenue	2,914,922	0.6733	0.6733		2,770,421	0.7086	0.7086	19,631		
	Fire	2,914,922	0.7300	0.7300		**	**	**			2012
	Fire	**	**	**		2,770,421	0.7813	0.7300	20,224	A	2016
Central Platte Fire Protection Dist	General Revenue	204,203,855	0.3131	0.3131		207,928,103	0.3131	0.3131	651,023		
Southern Platte Fire Prot Dist	General Revenue	420,634,800	0.9257	0.9257		424,304,573	0.9257	0.9257	3,927,787		
	Debt Service	420,634,800	0.0895	0.0895		424,304,573	0.0865	0.0865	367,023		
Weatherby Lake Fire Protection Dist	General Revenue	41,514,400	1.0530	1.0530		50,060,196	0.8882	0.8882	444,635		
West Platte Fire Protection Dist	General Revenue	179,300,864	0.3900	0.3900		183,302,152	0.3900	0.3900	714,878		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Platte											
West Platte Fire Protection Dist	Ambulance	179,300,864	0.3900	0.3900		183,302,152	0.3900	0.3900	714,878		
Camden Point Fire Protection Dist	General Revenue	19,624,679	0.4864	0.4864		20,572,213	0.4838	0.4838	99,528		
Smithville Area Fire Prot Dist	General Revenue	223,252,694	0.2925	0.2925		225,160,854	0.2928	0.2928	659,271		
	Debt Service	223,252,694	0.1646	0.1000		225,160,854	0.1567	0.1000	225,161		
Edgerton-Trimble Fire Prot Dist	General Revenue	36,794,726	0.4985	0.4985		37,715,210	0.4979	0.4979	187,784		
Dearborn Area Fire Protection Dist	General Revenue	26,411,264	0.5258	0.5258		27,068,575	0.5500	0.5300	143,463		
Platte County Health Department	General Revenue	2,208,210,454	0.0800	0.0800		2,235,400,996	0.0800	0.0800	1,788,321		
North Platte Co R-I School District	Operating Funds-Schools	54,059,362	3.7663	3.6100	E	56,030,622	3.6024	3.6024	2,018,447		
	Operating Funds-Temp	54,059,362	0.2301	0.0000		**	**	**			2012
	Debt Service	54,059,362	1.5655	0.9900		56,030,622	1.5181	0.9900	554,703		
West Platte Co R-II School District	Operating Funds-Schools	187,992,022	4.1000	4.1000	E	192,079,553	4.1000	4.1000	7,875,262	E	
	Debt Service	187,992,022	0.0000	0.0000		**	**	**			
Platte Co R-III School District	Operating Funds-Schools	424,393,823	3.8903	3.5688		431,862,140	3.8848	3.5389	15,283,169		
	Debt Service	424,393,823	2.0408	0.9600		431,862,140	2.0613	1.0600	4,577,739		
Park Hill School District	Operating Funds-Schools	1,467,449,564	4.9264	4.9264	E	1,479,652,805	4.9217	4.9217	72,824,072	E	
	Debt Service	1,467,449,564	0.9203	0.6107		1,479,652,805	0.9966	0.6107	9,036,240		
Platte County	General Revenue	2,208,210,454	0.1905	0.0100		2,235,400,996	0.0100	0.0100	223,540		
	Road & Bridge	405,206,510	0.3500	0.3239		410,893,985	0.3239	0.3239	1,330,886		
	Mental Health	2,208,210,454	0.1000	0.1000		2,235,400,996	0.1000	0.1000	2,235,401		
	Senate Bill 40	2,208,210,454	0.1300	0.1300		2,235,400,996	0.1300	0.1300	2,906,021		
	Senior Services	2,208,210,454	0.0500	0.0500		2,235,400,996	0.0500	0.0500	1,117,700		
Polk											
Blue Mound Spec Rd Dist Polk Co	Road & Bridge	2,311,686	0.3500	0.3500		2,362,585	0.3500	0.3500	8,269		
Bolivar Spec Rd Dist Polk Co	Road & Bridge	96,008,132	0.2116	0.2111		96,916,533	0.2116	0.2116	205,075		
Flemington Spec Rd Dist Polk Co	Road & Bridge	1,595,957	0.3500	0.3500		1,669,527	0.3482	0.3482	5,813		
Humansville Spec Rd Dist Polk Co	Road & Bridge	10,980,031	0.2822	0.2820		11,186,764	0.2820	0.2820	31,547		
	Special Road and Bridge	10,980,031	0.3482	0.3479		**	**	**			2012
	Special Road and Bridge	**	**	**		11,186,764	0.3508	0.3479	38,919	A	2016
Providence Spec Rd Dist Polk Co	Road & Bridge	1,586,193	0.3500	0.3500		**	**	**			
Southwest Special Rd Dist Polk Co	Road & Bridge	889,840	0.3500	0.3500		884,262	0.3500	0.3500	3,095		
Polk County Road District	Road & Bridge	165,490,271	0.2790	0.2790		170,910,997	0.2790	0.2790	476,842		
Village of Aldrich	General Revenue	478,846	0.3824	0.3824		525,929	0.3695	0.3695	1,943		
City of Bolivar	General Revenue	93,690,379	0.0000	0.0000		94,378,016	0.0000	0.0000	0		
	Parks & Recreation	93,690,379	0.0000	0.0000		94,378,016	0.0000	0.0000	0		
City of Fair Play	General Revenue	2,130,255	1.0000	1.0000		2,250,803	0.9896	0.9896	22,274		
City of Humansville	General Revenue	5,136,527	0.6313	0.6313		5,251,401	0.6286	0.6286	33,010		
City of Morrisville	General Revenue	2,218,192	0.4979	0.4979		2,263,788	0.4976	0.4976	11,265		
Polk County Library District	General Revenue	278,862,110	0.0910	0.0910		283,930,668	0.0910	0.0910	258,377		
Pleasant Hope Fire Protection Dist	General Revenue	22,537,488	0.3000	0.3000		22,558,870	0.3000	0.3000	67,677		
Central Polk County FPD	General Revenue	**	**	**		46,285,866	0.3021	0.3000	138,858	A	
Polk County Health Center	General Revenue	278,862,110	0.1763	0.1763		283,930,668	0.1763	0.1763	500,570		
Bolivar R-I School District	Operating Funds-Schools	151,062,408	3.3371	3.3100	E	153,092,080	3.3172	3.3100	5,067,348	E	
	Debt Service	151,062,408	0.8594	0.4500		153,092,080	0.6381	0.4500	688,914		
Fair Play R-II School District	Operating Funds-Schools	17,159,620	3.4266	3.1000	E	17,117,140	3.1473	3.1000	530,631	E	
	Debt Service	17,159,620	1.5568	1.0000		17,117,140	1.5296	1.0000	171,171		
Halfway R-III School District	Operating Funds-Schools	16,739,270	3.5056	3.5056	E	17,129,620	3.5200	3.5200	602,963	E	
	Debt Service	16,739,270	1.1602	0.6200		17,129,620	0.8869	0.6200	106,204		
Humansville R-IV School District	Operating Funds-Schools	20,044,952	3.0395	3.0381	E	20,106,594	3.0546	3.0546	614,176	E	
	Debt Service	20,044,952	0.4024	0.4024		20,106,594	0.5155	0.4400	88,469		
Marion C. Early R-V School District	Operating Funds-Schools	32,682,110	3.4346	2.8100	F	32,859,590	3.4527	2.8100	923,354	F	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Polk											
Marion C. Early R-V School District	Debt Service	32,682,110	0.5724	0.4900		32,859,590	0.6063	0.4900	161,012		
Pleasant Hope R-VI School District	Operating Funds-Schools	38,215,210	2.7340	2.7340	E	38,709,230	2.7543	2.7343	1,058,426	E	
	Capital Improvements	38,215,210	0.6700	0.6700		38,709,230	0.6700	0.6700	259,352		2016
	Debt Service	38,215,210	0.6505	0.6500		38,709,230	0.8346	0.6500	251,610		
Polk County	General Revenue	278,862,110	0.3235	0.3235		283,930,668	0.3235	0.3235	918,516		
	Senate Bill 40	278,862,110	0.0209	0.0209		283,930,668	0.0209	0.0209	59,342		
	Senior Services	278,862,110	0.0500	0.0500		283,930,668	0.0500	0.0500	141,965		
Pulaski											
Dixon Ambulance District	General Revenue	66,733,618	0.2782	0.2782		71,346,734	0.2722	0.2722	194,206		
Pulaski County Ambulance District	General Revenue	388,506,564	0.0000	0.0000		403,498,249	0.0000	0.0000	0		
City of Crocker	General Revenue	8,566,662	0.6715	0.6715		8,777,790	0.6734	0.6734	59,110		
	Parks & Recreation	8,566,662	0.1686	0.1686		8,777,790	0.1691	0.1691	14,843		
City of Dixon	General Revenue	13,823,624	0.4589	0.4580		13,862,060	0.4647	0.4589	63,613		
	Library	13,823,624	0.1500	0.1500		13,862,060	0.1500	0.1500	20,793		
	Debt Service	13,823,624	1.2146	0.6460		13,862,060	0.7042	0.6460	89,549		
City of St. Robert	General Revenue	76,757,634	0.3267	0.3267		77,593,050	0.3327	0.3327	258,152		
City of Waynesville	General Revenue	53,852,773	0.5370	0.5370		56,920,309	0.5370	0.5370	305,662		
City of Richland	General Revenue	14,051,327	0.6120	0.6120		14,574,230	0.6133	0.6133	89,384		
Pulaski County Library	General Revenue	427,218,579	0.1306	0.1306		444,471,957	0.1308	0.1308	581,369		
Hazelgreen Fire Protection District	General Revenue	23,029,792	0.2669	0.2669		23,776,878	0.2672	0.2672	63,532		
Crocker Fire Protection District	General Revenue	30,027,017	0.2533	0.2533		31,141,249	0.2533	0.2533	78,881		
Waynesville Rural Fire Prot Dist	General Revenue	169,837,647	0.4588	0.4588		174,023,964	0.4588	0.4588	798,422		
Dixon Rural Fire Protection Dist	General Revenue	69,758,168	0.2543	0.2543		72,291,175	0.2543	0.2543	183,836		
Pulaski County Health Department	General Revenue	441,232,974	0.0689	0.0689		458,334,019	0.0691	0.0691	316,709		
Swedeborg R-III School District	Operating Funds-Schools	5,348,838	3.5796	3.5796	BE	5,420,273	3.6073	3.4300	185,915	E	
	Operating Funds-Temp	5,348,838	0.8367	0.0000		**	**	**			2012
Pulaski Co R-IV School District	Operating Funds-Schools	32,284,840	2.7500	2.7500	E	33,134,420	2.7500	2.7500	911,197	E	
Laquey R-V School District	Operating Funds-Schools	32,890,169	2.7500	2.7500	E	34,176,963	2.7500	2.7500	939,866	E	
	Debt Service	32,890,169	0.1488	0.1242		34,176,963	0.1832	0.1242	42,448		
Waynesville R-VI School District	Operating Funds-Schools	282,258,284	2.7500	2.7500	E	294,792,127	2.7500	2.7500	8,106,783	E	
Dixon R-I School District	Operating Funds-Schools	60,176,531	2.7500	2.7500	E	61,639,208	2.7500	2.7500	1,695,078	E	
	Debt Service	60,176,531	0.2700	0.2700		61,639,208	0.2700	0.2700	166,426		
Crocker R-II School District	Operating Funds-Schools	28,777,309	2.7500	2.7500	E	29,602,954	2.7500	2.7500	814,081	E	
	Debt Service	28,777,309	0.5788	0.5788		29,602,954	0.5764	0.5764	170,631		
Pulaski County	General Revenue	441,232,974	0.0000	0.0000		458,334,019	0.0000	0.0000	0		
	Road & Bridge	441,232,974	0.1897	0.1897		458,334,019	0.1901	0.1901	871,293		
	Senate Bill 40	441,232,974	0.0689	0.0689		458,334,019	0.0691	0.0691	316,709		
	Senior Services	441,232,974	0.0430	0.0430		458,334,019	0.0431	0.0431	197,542		
Putnam											
Putnam County Ambulance District	General Revenue	75,513,776	0.3816	0.3816		78,668,541	0.3816	0.3816	300,199		
Putnam County Care Center	General Revenue	75,513,776	0.2956	0.2956		78,668,541	0.2956	0.2956	232,544		
Unionville Spec Road Dist Putnam Co	Road & Bridge	13,068,693	0.2885	0.2885		13,318,446	0.2885	0.2885	38,424		
	Special Road and Bridge	13,068,693	0.3315	0.3315		13,318,446	0.3315	0.3315	44,151		2013
Lake Thunderhead Spec Rd District	Road & Bridge	16,237,350	0.3347	0.3347		16,483,350	0.3347	0.3347	55,170		
	Special Road and Bridge	16,237,350	0.3373	0.3373		**	**	**			2012
	Special Road and Bridge	**	**	**		16,483,350	0.3544	0.3544	58,417	A	2016
Village of Livonia	General Revenue	261,563	0.5000	0.5000		317,639	0.4958	0.4958	1,575		
Village of Lucerne	General Revenue	1,406,230	0.5000	0.5000		1,430,367	0.5000	0.5000	7,152		
Village of Powersville	General Revenue	394,392	0.4906	0.4906		384,286	0.5000	0.5000	1,921		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Putnam											
City of Unionville	General Revenue	12,642,520	0.8963	0.8963		12,906,717	0.8963	0.8963	115,683		
	Parks & Recreation	12,642,520	0.1812	0.1812		12,906,717	0.1812	0.1812	23,387		
	Fire	12,642,520	0.1812	0.1812		12,906,717	0.1812	0.1812	23,387		
Village of Worthington	General Revenue	254,349	0.4700	0.4700		261,627	0.4737	0.4737	1,239		
Elm Township of Putnam Co	Road & Bridge	6,124,712	0.4541	0.4541		6,824,567	0.4532	0.4532	30,929		
	Special Road and Bridge	6,124,712	0.3686	0.3686		6,824,567	0.3679	0.3679	25,108		2014
Grant Township of Putnam Co	Road & Bridge	1,942,438	0.4874	0.4874		2,208,828	0.4874	0.4874	10,766		
	Special Road and Bridge	1,942,438	0.3388	0.3388		**	**	**			2012
	Special Road and Bridge	**	**	**		2,208,828	0.3526	0.3526	7,788	A	2016
Jackson Township of Putnam Co	Road & Bridge	2,772,547	0.5000	0.5000		3,015,282	0.5000	0.5000	15,076		
	Special Road and Bridge	2,772,547	0.3560	0.3560		3,015,282	0.3560	0.3560	10,734		2014
Liberty Township of Putnam Co	Road & Bridge	3,389,121	0.5000	0.5000		3,496,165	0.5000	0.5000	17,481		
	Special Road and Bridge	3,389,121	0.3391	0.3391		**	**	**			2012
	Special Road and Bridge	**	**	**		3,496,165	0.3582	0.3582	12,523	A	2016
Lincoln Township of Putnam Co	Road & Bridge	5,654,975	0.5000	0.5000		5,675,119	0.5000	0.5000	28,376		
	Special Road and Bridge	5,654,975	0.3450	0.3450		**	**	**			2012
	Special Road and Bridge	**	**	**		5,675,119	0.3597	0.3597	20,413	A	2016
Medicine Township of Putnam Co	Road & Bridge	7,762,630	0.5000	0.5000		7,818,049	0.5000	0.5000	39,090		
	Special Road and Bridge	7,762,630	0.3453	0.3453		**	**	**			2012
	Special Road and Bridge	**	**	**		7,818,049	0.3621	0.3621	28,309	A	2016
Richland Township of Putnam Co	Road & Bridge	3,468,007	0.5000	0.5000		3,826,303	0.5000	0.5000	19,132		
	Special Road and Bridge	3,468,007	0.3429	0.3429		**	**	**			2012
	Special Road and Bridge	**	**	**		3,826,303	0.3527	0.3527	13,495	A	2016
Sherman Township of Putnam Co	Road & Bridge	2,238,077	0.5000	0.5000		2,373,733	0.5000	0.5000	11,869		
	Special Road and Bridge	2,238,077	0.3422	0.3422		**	**	**			2012
	Special Road and Bridge	**	**	**		2,373,733	0.3525	0.3525	8,367	A	2016
Union Township of Putnam Co	Road & Bridge	4,757,086	0.5000	0.5000		5,234,177	0.4943	0.4943	25,873		
	Special Road and Bridge	4,757,086	0.3500	0.3500		5,234,177	0.3460	0.3460	18,110		2014
Wilson Township of Putnam Co	Road & Bridge	3,809,861	0.5000	0.5000		4,116,102	0.4900	0.4900	20,169		
	Special Road and Bridge	3,809,861	0.3500	0.3500		**	**	**			2012
	Special Road and Bridge	**	**	**		4,116,102	0.3500	0.3500	14,406	A	2016
York Township of Putnam Co	Road & Bridge	4,309,275	0.4561	0.4561		4,284,515	0.4689	0.4689	20,090		
	Special Road and Bridge	4,309,275	0.3141	0.3141		**	**	**			2012
	Special Road and Bridge	**	**	**		4,284,515	0.3659	0.3659	15,677	A	2016
Elm Township Fire Protection Dist	General Revenue	6,124,412	0.3000	0.3000		6,824,567	0.2994	0.2994	20,433		
Liberty Fire Protection District	General Revenue	3,389,121	0.3000	0.3000		3,496,165	0.3000	0.3000	10,488		
Grant Township Fire Protection Dist	General Revenue	1,942,438	0.3000	0.3000		2,208,828	0.3000	0.3000	6,626		
York Township Fire Protection Dist	General Revenue	4,309,275	0.2933	0.2933		4,284,515	0.3000	0.3000	12,854		
Putnam County Health Department	General Revenue	75,513,776	0.2862	0.2862		78,668,541	0.2862	0.2862	225,149		
Putnam Co R-I School District	Operating Funds-Schools	71,535,732	3.4298	3.3298	E	74,682,505	3.3304	3.3277	2,485,210	E	
	Debt Service	71,535,732	0.4881	0.3700		74,682,505	0.5180	0.3900	291,262		
Putnam County	General Revenue	75,513,776	0.4771	0.4771		78,668,541	0.4771	0.4771	375,328		
	Library	75,513,776	0.1430	0.1430		78,668,541	0.1430	0.1430	112,496		
	Hospital	75,513,776	0.4771	0.4771		78,668,541	0.4771	0.4771	375,328		
	Senior Services	75,513,776	0.0477	0.0477		78,668,541	0.0477	0.0477	37,525		
	Debt Service	**	**	**		78,668,541	1.1296	0.0000	0		
Ralls											
Ralls County Ambulance District #3	General Revenue	143,505,367	0.5654	0.4200	B	150,908,896	0.4200	0.4200	633,817		
City of Center	General Revenue	4,829,459	0.7424	0.7424		4,973,174	0.7424	0.7424	36,921		
	Fire	4,829,459	0.1928	0.1928		4,973,174	0.1928	0.1928	9,588		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Ralls											
City of New London	General Revenue	6,786,911	0.4742	0.4742		6,868,646	0.4742	0.4742	32,571		
City of Perry	General Revenue	7,050,901	0.5623	0.5623		7,340,451	0.5582	0.5582	40,974		
	Fire	7,050,901	0.0999	0.0999		7,340,451	0.2997	0.2997	21,999	B	
Ralls County Public Library	General Revenue	165,960,585	0.1020	0.1020		173,830,829	0.1020	0.1020	177,307		
Hannibal Rural Fire Protection Dist	General Revenue	85,568,576	0.1500	0.1500		90,637,820	0.1500	0.1500	135,957		
Ralls County Health Department	General Revenue	203,287,914	0.1000	0.1000		211,289,690	0.1000	0.1000	211,290		
Ralls Co R-II School District	Operating Funds-Schools	69,493,173	2.7500	2.7500	F	72,546,695	2.7500	2.7500	1,995,034	F	
	Debt Service	69,493,173	1.3065	0.7100		72,546,695	1.2466	0.7100	515,082		
Ralls County	General Revenue	203,287,914	0.3934	0.2802		211,289,690	0.3934	0.2997	633,235		
	Road & Bridge	203,287,914	0.2817	0.2817		211,289,690	0.2817	0.2817	595,203		
Randolph											
Randolph County Ambulance District	General Revenue	436,456,606	0.1859	0.0000		450,812,545	0.0000	0.0000	0		
Moberly Spec Rd Dist Randolph Co	Special Road and Bridge	185,441,344	0.0930	0.0900	A	187,226,760	0.0911	0.0911	170,564		2015
Village of Cairo	General Revenue	1,937,298	0.4890	0.4890		1,966,959	0.4929	0.4929	9,695		
City of Clark	General Revenue	1,737,087	1.0000	1.0000		1,842,458	1.0000	1.0000	18,425		
City of Clifton Hill	General Revenue	762,809	0.7500	0.7500		810,965	0.7448	0.7448	6,040		
City of Higbee	General Revenue	2,763,365	0.8800	0.8800		2,839,512	0.8800	0.8800	24,988		
	Parks & Recreation	2,763,365	0.1500	0.1500		2,839,512	0.1500	0.1500	4,259		
City of Huntsville	General Revenue	11,600,114	0.7259	0.7259		11,886,957	0.7259	0.7259	86,287		
	Parks & Recreation	11,600,114	0.0963	0.0963		11,886,957	0.0963	0.0963	11,447		
	Fire	11,600,114	0.1400	0.1400		11,886,957	0.1400	0.1400	16,642		
	Cemetery	11,600,114	0.1789	0.1789		11,886,957	0.1789	0.1789	21,266		
Village of Jacksonville	General Revenue	512,644	0.5000	0.5000		515,447	0.5000	0.5000	2,577		
	Parks & Recreation	512,644	0.4000	0.4000		515,447	0.4000	0.4000	2,062		
City of Moberly	General Revenue	143,378,346	0.7061	0.7061		147,063,482	0.7078	0.7078	1,040,915		
	Parks & Recreation	143,378,346	0.3276	0.3276		147,063,482	0.3284	0.3284	482,956		
Village of Renick	General Revenue	1,077,771	0.5000	0.5000		1,197,481	0.4789	0.4789	5,735		
Randolph County Library	General Revenue	436,456,606	0.2447	0.2447		450,812,545	0.2447	0.2447	1,103,138		
Higbee Fire Protection District	General Revenue	23,544,657	0.2513	0.2513		24,149,596	0.2513	0.2513	60,688		
Southeastern Fire Protection Dist	General Revenue	24,300,216	0.2810	0.2810		24,887,606	0.2810	0.2810	69,934		
Randolph County Health Department	General Revenue	436,456,606	0.1468	0.1468		450,812,545	0.1468	0.1468	661,793		
Moberly Area Jr. College	General Revenue	180,464,002	0.3265	0.3265		185,196,564	0.3266	0.3266	604,852		
Northeast Randolph Co R-IV Sch Dist	Operating Funds-Schools	22,706,928	3.2724	3.2724	E	23,495,570	3.3180	3.3180	779,583	E	
	Debt Service	22,706,928	0.8758	0.8700		23,495,570	0.9380	0.8700	204,411		
Renick R-V School District	Operating Funds-Schools	13,260,853	3.9381	3.7800	E	13,750,093	3.8893	3.7800	519,754	E	
	Operating Funds-Temp	13,260,853	0.4700	0.4700		13,750,093	0.4700	0.4700	64,625		2025
Higbee R-VIII School District	Operating Funds-Schools	10,656,543	4.0500	3.5110	E	10,885,857	3.5710	3.5710	388,734	E	
	Debt Service	10,656,543	1.1832	1.0000		10,885,857	1.1202	1.0000	108,859		
Westran R-I School District	Operating Funds-Schools	154,326,898	3.6956	3.6956		159,755,087	3.6702	3.6702	5,863,331		
Moberly School District	Operating Funds-Schools	163,147,541	3.4866	3.4866	E	167,353,001	3.4473	3.4473	5,769,160	E	
	Debt Service	163,147,541	1.1287	1.0947		167,353,001	1.1411	1.1340	1,897,783		
Randolph County	General Revenue	436,456,606	0.3706	0.2130		450,812,545	0.3706	0.2368	1,067,524		
	Road & Bridge	436,456,606	0.1980	0.1980		450,812,545	0.1980	0.1980	892,609		
	Sheltered Workshop	436,456,606	0.1500	0.1470		450,812,545	0.1470	0.1470	662,694		
Ray											
Ray County Ambulance District	General Revenue	232,209,171	0.2974	0.1646		238,202,216	0.2974	0.1670	397,798		
Senior Citizen's Nursing Home Dist	General Revenue	282,766,543	0.1458	0.1458		288,238,135	0.1458	0.1458	420,251		
Willow Creek Watershed Subdistrict	General Revenue	15,262,860	0.1934	0.1934		15,277,080	0.1934	0.1934	29,546		
Camden Special Road Dist Ray Co	Road & Bridge	9,914,128	0.3483	0.3483		10,562,983	0.3500	0.3500	36,970		

APPENDIX VII
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LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Ray											
Camden Special Road Dist Ray Co	Special Road and Bridge	9,914,128	0.2400	0.2400	A	10,562,983	0.2349	0.2349	24,812		2015
Hardin Spec Rd Dist Ray Co	Road & Bridge	12,823,551	0.2457	0.2457		13,571,505	0.2457	0.2457	33,345		
Henrietta Spec Rd Dist Ray Co	Road & Bridge	6,286,291	0.3239	0.3239		7,145,795	0.3088	0.3088	22,066		
Lawson Special Road Dist Ray Co	Road & Bridge	34,374,269	0.2551	0.2551		34,093,279	0.2578	0.2578	87,892		
	Special Road and Bridge	34,374,269	0.3125	0.3125	A	34,093,279	0.3125	0.3125	106,541		2015
Orrick Spec Rd Dist Ray Co	Road & Bridge	18,056,064	0.3383	0.3383		19,349,314	0.3316	0.3316	64,162		
Richmond Spec Rd Dist Ray Co	Road & Bridge	83,915,825	0.2560	0.2560		87,625,976	0.2560	0.2560	224,322		
Ray County Special Road District	Road & Bridge	109,149,708	0.2669	0.2669		110,450,556	0.2669	0.2669	294,793		
City of Camden	General Revenue	1,409,481	0.6442	0.6442		1,429,526	0.6442	0.6442	9,209		
	Streets	1,409,481	0.0100	0.0100		1,429,526	0.0100	0.0100	143		
	Fire	1,409,481	0.1500	0.1500		1,429,526	0.1500	0.1500	2,144		
	Fire-Temporary	1,409,481	0.0885	0.0885		**	**	**			2012
	Streets-Temporary	1,409,481	1.2897	1.2897		**	**	**			2012
	Fire-Temp	**	**	**		1,429,526	0.0898	0.0898	1,284	A	2016
	Streets-Temp	**	**	**		1,429,526	1.3067	1.3067	18,680	A	2016
Village of Elmira	General Revenue	563,146	0.4360	0.4360		552,221	0.4446	0.4446	2,455		
City of Hardin	General Revenue	5,198,184	1.0000	1.0000		5,439,391	1.0000	1.0000	54,394		
City of Henrietta	General Revenue	3,151,720	1.0000	1.0000		3,440,498	1.0000	1.0000	34,405		
	Streets	3,151,720	0.3000	0.3000		3,440,498	0.3000	0.3000	10,321		2013
	Fire	3,151,720	0.3000	0.3000		**	**	**			2012
	Parks & Recreation	**	**	**		3,440,498	0.1055	0.1055	3,630	A	
	Fire	**	**	**		3,440,498	0.3164	0.3164	10,886	A	2016
City of Orrick	General Revenue	7,197,166	0.8103	0.8103	B	7,361,505	0.8103	0.8103	59,650		
City of Richmond	General Revenue	58,906,655	0.6228	0.6228		58,223,260	0.6366	0.6366	370,649		
	Parks & Recreation	58,906,655	0.1556	0.1556		58,223,260	0.1589	0.1589	92,517		
	Debt Service	58,906,655	0.3979	0.3979		58,223,260	0.3996	0.3996	232,660		
City of Wood Heights	General Revenue	7,564,163	0.3744	0.3744		7,580,256	0.3780	0.3780	28,653		
	Debt Service	7,564,163	0.5722	0.5722		**	**	**			
City of Homestead Village	General Revenue	808,673	0.4859	0.4859		843,286	0.4787	0.4787	4,037		
	General Revenue-Temp	808,673	0.3236	0.3236	A	843,286	0.3188	0.3188	2,688		2015
City of Excelsior Estates	General Revenue	435,911	0.9879	0.9879		462,017	0.9498	0.9498	4,388		
City of Crystal Lakes	General Revenue	3,732,583	1.0000	1.0000		3,692,392	1.0000	1.0000	36,924		
	Parks & Recreation	3,732,583	0.0207	0.0207	A	3,692,392	0.0207	0.0207	764		
	Streets	3,732,583	0.3000	0.3000		3,692,392	0.3000	0.3000	11,077		2013
City of Lawson	General Revenue	23,976,578	0.6822	0.6822		22,990,658	0.7115	0.7115	163,579		
	Debt Service	23,976,578	1.5751	1.3669		22,990,658	2.2249	1.3669	314,259		
Ray County Library District	General Revenue	283,992,798	0.1071	0.1071		289,488,180	0.1071	0.1071	310,042		
Orrick Fire Protection District	General Revenue	29,201,179	0.3000	0.1866		31,613,883	0.2946	0.1989	62,880		
Wood Heights Fire Protection Dist	General Revenue	42,454,280	0.2900	0.2900		42,355,100	0.2921	0.2921	123,719		
Lawson Community Fire & Rescue Dist	General Revenue	80,601,904	0.3000	0.3000		80,104,721	0.3000	0.3000	240,314		
	Ambulance	80,601,904	0.6852	0.6852		80,104,721	0.6852	0.6852	548,878		
Hardin Fire Protection District	General Revenue	18,404,107	0.2838	0.2838		20,416,774	0.2709	0.2709	55,309		
Stet Fire Protection District	Fire	16,799,366	0.1557	0.1557		18,395,818	0.1481	0.1481	27,244		
Ray County Health Department	General Revenue	283,992,798	0.0979	0.0979		289,488,180	0.0979	0.0979	283,409		
Lawson R-XIV School District	Operating Funds-Schools	65,875,449	3.3168	3.3168	E	65,368,310	3.4024	3.4024	2,224,091	E	
	Debt Service	65,875,449	1.2563	0.9500		65,368,310	0.9916	0.9500	620,999		
Orrick R-XI School District	Operating Funds-Schools	21,638,843	4.0130	4.0130	E	22,000,883	4.1044	4.1044	903,004	E	
	Debt Service	21,638,843	0.8026	0.7500		22,000,883	0.7953	0.7500	165,007		
Hardin-Central C-2 School District	Operating Funds-Schools	16,512,328	4.6707	4.6707	E	16,779,386	4.8126	4.6707	783,715	E	
Richmond R-XVI School District	Operating Funds-Schools	104,839,353	4.0946	4.0946	E	103,831,072	4.0946	4.0946	4,251,467	E	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Ray											
Ray County	General Revenue	283,992,798	0.0000	0.0000		289,488,180	0.0000	0.0000	0		
	Hospital	283,992,798	0.1857	0.1857		289,488,180	0.1857	0.1857	537,580		
	Mental Health	283,992,798	0.0978	0.0978		289,488,180	0.0978	0.0978	283,119		
	Senate Bill 40	283,992,798	0.1857	0.1857		289,488,180	0.1857	0.1857	537,580		
	Senior Services	283,992,798	0.0500	0.0500		289,488,180	0.0500	0.0500	144,744		
	Noxious Weed	283,992,798	0.0489	0.0489		289,488,180	0.0489	0.0489	141,560		
Reynolds											
Reynolds County Ambulance District	General Revenue	177,115,694	0.1500	0.1500		179,540,565	0.1500	0.1500	269,311		
City of Bunker	General Revenue	1,660,878	0.5764	0.5764		1,705,599	0.5801	0.5801	9,894		
City of Centerville	General Revenue	894,023	0.3655	0.3500		931,916	0.3515	0.3515	3,276		
Reynolds County Library District	General Revenue	175,205,195	0.1420	0.1100		177,585,277	0.1100	0.1100	195,344		
Garwood Fire Protection District	General Revenue	2,469,785	0.3000	0.3000		2,594,324	0.3000	0.3000	7,783		
Northern Reynolds County Fire Prot	General Revenue	64,850,974	0.3000	0.2000		64,261,700	0.2023	0.2000	128,523		
Reynolds County Health Center	General Revenue	175,205,195	0.1000	0.1000		177,585,277	0.1000	0.1000	177,585		
Centerville R-I School District	Operating Funds-Schools	6,061,167	4.0971	4.0971	E	6,143,296	4.1462	4.1462	254,713	E	
Southern Reynolds Co R-II Sch Dist	Operating Funds-Schools	33,954,349	3.2110	2.7500		34,402,852	3.2710	2.7500	946,078		
	Debt Service	33,954,349	0.8040	0.7900		34,402,852	0.9906	0.7900	271,783		
Bunker R-III School District	Operating Funds-Schools	68,708,330	2.7500	2.7500		71,582,006	2.7500	2.7500	1,968,505		
Lesterville R-IV School District	Operating Funds-Schools	59,963,917	3.6500	3.4300	E	59,087,750	3.4921	3.4300	2,026,710	E	
Reynolds County	General Revenue	175,205,195	0.4428	0.3830		177,585,277	0.4428	0.3900	692,583		
	Road & Bridge	175,205,195	0.3258	0.3258		177,585,277	0.3258	0.3258	578,573		
	Senate Bill 40	175,205,195	0.1000	0.1000		177,585,277	0.1000	0.1000	177,585		
	Senior Services	175,205,195	0.0300	0.0300		177,585,277	0.0300	0.0300	53,276		
Ripley											
Ripley County Ambulance District	General Revenue	74,469,463	0.2891	0.2891		78,862,546	0.2805	0.2805	221,209		
Fourche Creek Watershed Sub Dist	General Revenue	4,284,060	0.1469	0.1469		4,596,920	0.1401	0.1401	6,440		
Bennett Special Road Dist Ripley Co	Road & Bridge	346,678	0.2290	0.2290		345,661	0.2297	0.2297	794		
Current River Sp Rd Dist Ripley Co	Road & Bridge	763,910	0.2380	0.2380		784,048	0.2372	0.2372	1,860		
Doniphan Spec Rd Dist Ripley Co	Road & Bridge	43,316,102	0.2197	0.2197		45,779,774	0.2134	0.2134	97,694		
	Special Road and Bridge	43,316,102	0.1546	0.1546	A	45,779,774	0.1502	0.1502	68,761		2014
Fairdealing Spec Rd Dist Ripley Co	Road & Bridge	4,449,875	0.1962	0.1962		4,802,222	0.1902	0.1902	9,134		
Flatwoods Spec Rd Dist Ripley Co	Road & Bridge	2,163,909	0.3469	0.3469		2,278,612	0.3351	0.3351	7,636		
Jordan Spec Rd Dist Ripley Co	Road & Bridge	7,983,318	0.2007	0.2007		8,627,903	0.1918	0.1918	16,548		
Little Black Spec Rd Dist Ripley Co	Road & Bridge	1,591,245	0.3242	0.3242		1,732,202	0.3211	0.3211	5,562		
Logan Creek Spec Rd Dist Ripley Co	Road & Bridge	4,460,680	0.1973	0.1973		4,540,315	0.1971	0.1971	8,949		
Mabrey Bay Spec Rd Dist Ripley Co	Road & Bridge	218,693	0.2117	0.2117		225,255	0.2091	0.2091	471		
Naylor Spec Rd Dist Ripley Co	Road & Bridge	5,160,825	0.3297	0.3297		5,559,377	0.3297	0.3297	18,329		
	Special Road and Bridge	5,160,825	0.5000	0.5000		**	**	**			2012
	Special Road and Bridge	**	**	**		5,559,377	0.5030	0.5030	27,964	A	2015
Oxly Spec Rd Dist Ripley Co	Road & Bridge	2,744,315	0.3243	0.3243		2,846,009	0.3217	0.3217	9,156		
Pine Bardley Spec Rd Dist Ripley Co	Road & Bridge	2,587,020	0.1876	0.1876		2,798,946	0.1774	0.1774	4,965		
Ponder Gatewood Road Dist Ripley Co	Road & Bridge	5,816,241	0.1556	0.1556		6,126,966	0.1534	0.1534	9,399		
	Special Road and Bridge	5,816,241	0.3500	0.3500		**	**	**			2012
	Special Road and Bridge	**	**	**		6,126,966	0.3500	0.3500	21,444	A	2015
Poynor Spec Rd Dist Ripley Co	Road & Bridge	2,058,660	0.1835	0.1835		2,177,912	0.1791	0.1791	3,901		
Pratt Spec Rd Dist Ripley Co	Road & Bridge	453,180	0.2355	0.2355		478,545	0.2322	0.2322	1,111		
Purman Spec Rd Dist Ripley Co	Road & Bridge	2,666,576	0.1612	0.1612		2,768,258	0.1587	0.1587	4,393		
	Special Road and Bridge	2,666,576	0.3000	0.3000		**	**	**			2012
	Special Road and Bridge	**	**	**		2,768,258	0.3000	0.3000	8,305	A	2015

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Ripley											
Running Water Sp Rd Dist Ripley Co	Road & Bridge	337,225	0.2381	0.2381		329,499	0.2437	0.2437	803		
Tucker Bay Spec Rd Dist Ripley Co	Road & Bridge	379,927	0.1554	0.1554		404,315	0.1495	0.1495	604		
Wolfe Creek Spec Rd Dist Ripley Co	Road & Bridge	853,255	0.2703	0.2703		879,371	0.2667	0.2667	2,345		
	Special Road and Bridge	853,255	0.1000	0.1000		**	**	**			2012
	Special Road and Bridge	**	**	**		879,371	0.1000	0.1000	879	A	2015
City of Doniphan	General Revenue	16,833,231	0.3850	0.3850		18,134,389	0.3774	0.3774	68,439		
	Debt Service	16,833,231	0.2523	0.0000		18,134,389	0.2464	0.0000	0		
City of Naylor	General Revenue	1,750,950	0.9140	0.9140		1,773,862	0.9140	0.9140	16,213		
Doniphan-Ripley County Library	General Revenue	88,351,610	0.1760	0.1760		93,485,189	0.1714	0.1714	160,234		
	Debt Service	88,351,610	0.0193	0.0193		93,485,189	0.0181	0.0181	16,921		
Ripley County Public Health Center	General Revenue	88,351,610	0.1451	0.1451		93,485,189	0.1413	0.1413	132,095		
Naylor R-II School District	Operating Funds-Schools	9,459,256	3.3705	3.3705	E	10,235,469	3.3377	3.3093	338,722	E	
Doniphan R-I School District	Operating Funds-Schools	64,766,504	2.7500	2.7500	E	66,347,713	2.7500	2.7500	1,824,562	E	
Ripley Co R-IV School District	Operating Funds-Schools	5,511,802	2.7533	2.7500	F	5,918,013	2.7500	2.7500	162,745	F	
Ripley Co R-III School District	Operating Funds-Schools	5,216,711	2.7500	2.7500	E	5,518,449	2.7500	2.7500	151,757	E	
Ripley County	General Revenue	88,351,610	0.3034	0.0000		93,485,189	0.2955	0.0000	0		
	Senate Bill 40	88,351,610	0.0967	0.0967		93,485,189	0.0942	0.0942	88,063		
	Senior Services	88,351,610	0.0484	0.0484		93,485,189	0.0471	0.0471	44,032		
St. Charles											
St. Charles County Ambulance Dist	General Revenue	7,221,315,871	0.1312	0.1312		7,011,736,492	0.1365	0.1365	9,571,020		
	Debt Service	7,221,315,871	0.0165	0.0165		7,011,736,492	0.0216	0.0200	1,402,347		
Town of Augusta	General Revenue	6,477,912	0.2080	0.2080		6,582,306	0.2101	0.2101	13,829		
	Lights	6,477,912	0.1038	0.1038		6,582,306	0.1048	0.1048	6,898		
City of Lake St. Louis	General Revenue	361,418,943	0.7227	0.5951		298,821,658	0.6195	0.5951	1,778,288		
	Debt Service	361,418,943	0.5148	0.4217		298,821,658	0.7281	0.4700	1,404,462		
City of O'Fallon	General Revenue	1,547,031,091	0.3719	0.3562		1,504,959,169	0.3704	0.3562	5,360,665		
	Parks & Recreation	1,547,031,091	0.0000	0.0000		1,504,959,169	0.0000	0.0000	0		
	Debt Service	1,547,031,091	0.2884	0.1950		1,504,959,169	0.3363	0.1950	2,934,670		
City of Portage Des Sioux	General Revenue	4,687,393	0.6900	0.6900		4,695,861	0.6900	0.6900	32,401		
	Debt Service	4,687,393	0.3729	0.3729		4,695,861	0.3736	0.3736	17,544		
City of St. Charles	General Revenue	1,271,801,485	0.5258	0.5183		1,232,138,893	0.5380	0.5380	6,628,907		
	Parks & Recreation	1,271,801,485	0.2366	0.2319		1,232,138,893	0.2407	0.2319	2,857,330		
	Debt Service	1,271,801,485	0.1821	0.1613		1,232,138,893	0.2925	0.1613	1,987,440		
City of St. Peters	General Revenue	1,038,065,625	0.6010	0.6010		1,008,150,116	0.6282	0.6282	6,333,199		
	Debt Service	1,038,065,625	0.3099	0.1690		1,008,150,116	0.4303	0.1418	1,429,557		
City of Wentzville	General Revenue	609,372,521	0.8803	0.7198		597,937,811	0.7559	0.7198	4,303,956		
	Parks & Recreation	609,372,521	0.0793	0.0704		597,937,811	0.0739	0.0704	420,948		
City of St. Paul	General Revenue	45,801,735	0.2148	0.2148		36,977,723	0.2500	0.2500	92,444		
Town of Weldon Springs Heights	General Revenue	2,035,131	0.4917	0.4481		1,952,446	0.4687	0.4481	8,749		
City of New Melle	General Revenue	13,575,161	0.2481	0.2481		12,857,594	0.5409	0.5409	69,547	B	
City of Cottleville	General Revenue	89,563,746	0.3287	0.3287		88,475,401	0.3416	0.3416	302,232		
City of Dardenne Prairie	General Revenue	248,979,565	0.1218	0.1159		242,213,065	0.1211	0.1159	280,725		
St. Charles City-County Library	General Revenue	7,221,315,871	0.2181	0.2181		7,011,736,492	0.2270	0.2270	15,916,642		
Cottleville Com Fire Prot District	General Revenue	1,164,315,968	0.5048	0.5048		1,125,121,416	0.8241	0.8241	9,272,126	B	
	Pension	1,164,315,968	0.0885	0.0885		1,125,121,416	0.0926	0.0926	1,041,862		
	Debt Service	1,164,315,968	0.0508	0.0330		1,125,121,416	0.0477	0.0330	371,290		
Lake St. Louis Fire Protection Dist	General Revenue	253,724,675	0.5371	0.5371		244,811,260	0.5371	0.5371	1,314,881		
	Pension	253,724,675	0.0270	0.0270		244,811,260	0.0280	0.0280	68,547		
O'Fallon Fire Protection District	General Revenue	1,364,702,142	0.5734	0.5734		1,322,649,901	0.5958	0.5958	7,880,348		
	Pension	1,364,702,142	0.0414	0.0414		1,322,649,901	0.0430	0.0430	568,739		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
St. Charles											
O'Fallon Fire Protection District	Debt Service	**	**	**		1,322,649,901	0.0911	0.0611	808,139		
Wentzville Fire Protection Dist 13	General Revenue	1,304,185,404	0.4858	0.4858		1,273,518,689	0.5080	0.5080	6,469,475		
Augusta Fire Protection District	General Revenue	49,296,663	0.2363	0.2363		48,854,368	0.2418	0.2418	118,130		
New Melle Fire Protection District	General Revenue	201,421,817	0.5082	0.5082		197,551,004	0.7203	0.7203	1,422,960	B	
Orchard Farm Fire Protection Dist	General Revenue	32,820,222	0.2853	0.2853		33,585,979	0.4353	0.4353	146,200	B	
Central County Fire and Rescue	General Revenue	1,523,287,064	0.7637	0.7637		1,474,554,115	0.7637	0.7637	11,261,170		
	Pension	1,523,287,064	0.0447	0.0447		1,474,554,115	0.0467	0.0467	688,617		
	Debt Service	1,523,287,064	0.0943	0.0600		1,474,554,115	0.0880	0.0750	1,105,916		
Rivers Pointe Fire Protection Dist	Fire	55,913,743	0.2732	0.2200		57,520,571	0.2174	0.2174	125,050		
St. Charles Co. Community College	General Revenue	7,178,768,910	0.1796	0.1796		6,969,933,615	0.1796	0.1796	12,518,001		
	Debt Service	7,178,768,910	0.0882	0.0400		6,969,933,615	0.0988	0.0400	2,787,973		
Fort Zumwalt R-II School District	Operating Funds-Schools	2,041,732,356	4.1436	4.1436	E	1,990,654,913	4.1538	4.1538	82,687,824	E	
	Debt Service	2,041,732,356	0.6500	0.6500		1,990,654,913	0.6900	0.6900	13,735,519		
Francis Howell R-III School Dist	Operating Funds-Schools	2,280,489,253	4.3116	4.3116	E	2,190,421,683	4.5135	4.5135	98,864,683	E	
	Operating Funds-Temp	2,280,489,253	0.2000	0.2000		2,190,421,683	0.2000	0.2000	4,380,843		2013
	Debt Service	2,280,489,253	0.6713	0.6713		2,190,421,683	0.6713	0.6713	14,704,301		
Wentzville R-IV School District	Operating Funds-Schools	1,492,667,611	3.9191	3.9191	E	1,451,128,264	3.9191	3.9191	56,871,168	E	
	Operating Funds-Temp	1,492,667,611	0.3219	0.3000		1,451,128,264	0.3137	0.3000	4,353,385		2030
	Debt Service	1,492,667,611	1.2442	0.7700		1,451,128,264	1.3672	0.7700	11,173,688		
St. Charles R-VI School District	Operating Funds-Schools	909,787,505	4.2357	4.2349	E	879,724,386	4.3859	4.3859	38,583,832	E	
	Debt Service	909,787,505	1.0495	0.7500		879,724,386	0.8648	0.7500	6,597,933		
St. Charles Co R-V School District	Operating Funds-Schools	271,642,412	4.1593	3.9501		264,059,489	4.2944	4.1044	10,838,058		
	Debt Service	271,642,412	0.7462	0.7300		264,059,489	0.7306	0.7300	1,927,634		
St. Charles County	General Revenue	7,221,315,871	0.1619	0.0016		7,011,736,492	0.1630	0.0016	112,188		
	Johnson Grass	7,221,315,871	0.0000	0.0000		7,011,736,492	0.0000	0.0000	0		
	Road & Bridge	7,221,315,871	0.2139	0.2025		7,011,736,492	0.2108	0.2025	14,198,766		
	Senate Bill 40	7,221,315,871	0.1398	0.1398		7,011,736,492	0.1455	0.1455	10,202,077		
	Dispatch	7,221,315,871	0.0412	0.0390		7,011,736,492	0.0406	0.0390	2,734,577		
St. Clair											
Ellett Memorial Hospital District	General Revenue	38,983,583	0.4914	0.4914		40,167,495	0.4913	0.4913	197,343		
St. Clair County Hospital Dist #1	General Revenue	72,089,303	0.4786	0.4786		74,599,770	0.4786	0.4786	357,034		2019
Chloe Spec Rd Dist St. Clair Co	Special Road and Bridge	2,320,623	0.3023	0.2900	B	2,562,885	0.2859	0.2859	7,327		2014
Collins Spec Rd Dist St. Clair Co	Special Road and Bridge	7,261,890	0.2800	0.2800		7,327,022	0.2800	0.2800	20,516		2013
Hillsdale Spec Rd Dist St. Clair Co	Special Road and Bridge	1,584,862	0.3500	0.3500		**	**	**			2012
	Special Road and Bridge	**	**	**		1,601,918	0.3569	0.3500	5,607	A	2016
Lowry City Sp Rd Dist St. Clair Co	Special Road and Bridge	4,328,756	0.3404	0.3404		4,421,342	0.3402	0.3402	15,041		2014
Osceola Spec Rd Dist St. Clair Co	Special Road and Bridge	15,672,941	0.3173	0.3173		16,225,144	0.3164	0.3164	51,336		2014
Vista Spec Rd Dist St. Clair Co	Special Road and Bridge	3,642,727	0.5661	0.5410	A	3,777,071	0.5410	0.4910	18,545		2015
City of Appleton City	General Revenue	8,303,133	0.6756	0.6756		8,279,045	0.6885	0.6885	57,001		
	Parks & Recreation	8,303,133	0.3500	0.3500		8,279,045	0.3500	0.3500	28,977		
	Library	8,303,133	0.2000	0.2000		8,279,045	0.2000	0.2000	16,558		
	Police & Fire	8,303,133	0.2070	0.2070		8,279,045	0.2100	0.2100	17,386		
City of Lowry City	General Revenue	4,335,446	0.6308	0.6308		4,410,468	0.6308	0.6308	27,821		
	Lights	4,335,446	0.1957	0.1957		4,410,468	0.1957	0.1957	8,631		
	Health	4,335,446	0.0000	0.0000		4,410,468	0.0000	0.0000	0		
City of Osceola	General Revenue	5,896,462	0.7176	0.7176		6,083,077	0.7176	0.7176	43,652		
	Parks & Recreation	5,896,462	0.1000	0.1000		6,083,077	0.1000	0.1000	6,083		
Village of Roscoe	General Revenue	689,902	0.4377	0.4377		735,177	0.4281	0.4281	3,147		
St. Clair County Library	General Revenue	94,605,975	0.1900	0.1900		97,986,012	0.1900	0.1900	186,173		
Iconium Fire Protection District	General Revenue	10,260,426	0.2503	0.2000		10,534,311	0.2000	0.2000	21,069		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
St. Clair											
Sac Osage Fire Protection District	General Revenue	28,464,094	0.2439	0.2439		29,733,649	0.2439	0.2439	72,520		
St. Clair County Health Center	General Revenue	102,901,767	0.2052	0.2052		106,257,741	0.2052	0.2052	218,041		
Appleton City R-II School District	Operating Funds-Schools	24,598,712	3.8717	3.8649	E	25,352,845	3.8787	3.8787	983,361	E	
Roscoe C-1 School District	Operating Funds-Schools	6,003,345	3.6000	3.6000	E	6,103,757	3.5443	3.5443	216,335	E	
	Debt Service	6,003,345	0.3674	0.3674		6,103,757	0.4457	0.4457	27,204		
Lakeland R-III School District	Operating Funds-Schools	29,523,616	3.1238	3.1238	E	30,541,642	3.0914	3.0914	944,164	E	
	Debt Service	29,523,616	0.8140	0.7507		30,541,642	0.8879	0.7831	239,172		
Osceola School District	Operating Funds-Schools	29,118,623	2.2821	2.2821	E	29,911,102	2.2387	2.2387	669,620	E	
	Building-Temporary	29,118,623	1.5871	1.5871		29,911,102	1.5869	1.5869	474,659		2026
St. Clair County	General Revenue	102,901,767	0.4822	0.3500		106,257,741	0.4730	0.3400	361,276		
	Road & Bridge	102,901,767	0.2814	0.2800		106,257,741	0.2800	0.2800	297,522		
	Common Road District	54,763,653	0.3307	0.3200		56,791,260	0.3200	0.3200	181,732		2014
St. Francois											
Flat River Sp Rd #2 St. Francois Co	Road & Bridge	32,402,846	0.2261	0.2261		32,356,774	0.2294	0.2271	73,482		
City of Bismarck	General Revenue	9,195,610	0.4890	0.4890		9,596,318	0.4890	0.4890	46,926		
	Health	9,195,610	0.1508	0.1500		9,596,318	0.1500	0.1500	14,394		
	Debt Service	**	**	**		**	**	**			
City of Desloge	General Revenue	36,658,567	0.4212	0.4212		36,823,782	0.4212	0.4212	155,102		
City of Farmington	General Revenue	186,183,009	0.4448	0.4448		191,400,527	0.4448	0.4448	851,350		
City of Leadington	General Revenue	8,615,004	0.3583	0.3552		9,051,458	0.3502	0.3502	31,698		
City of Leadwood	General Revenue	5,031,601	0.8461	0.8461		4,908,678	0.8673	0.8673	42,573		
	Debt Service	5,031,601	1.1669	0.9106		4,908,678	1.4144	0.3144	15,433		
City of Iron Mountain Lake	General Revenue	2,899,636	0.7253	0.7253		2,889,095	0.7346	0.7346	21,223		
	Debt Service	2,899,636	2.1692	2.1692		2,889,095	1.2599	1.2599	36,400		
City of Park Hills	General Revenue	51,566,067	0.6222	0.6222		51,947,262	0.6222	0.6222	323,216		
Leadwood Fire Protection District	General Revenue	14,632,835	0.5308	0.5308		14,990,166	0.5308	0.5308	79,568		
Doe Run Fire Protection District	General Revenue	47,680,714	0.3162	0.3162		51,547,836	0.3134	0.3134	161,551		
St. Francois County Health Center	General Revenue	679,259,726	0.0903	0.0903		702,827,111	0.0903	0.0903	634,653		
Mineral Area College	General Revenue	822,439,678	0.3453	0.3453		847,159,061	0.3453	0.3453	2,925,240		
	Debt Service	822,439,678	0.2047	0.1300		847,159,061	0.1917	0.1300	1,101,307		
Bismarck R-V School District	Operating Funds-Schools	25,167,104	3.5210	3.5210	E	28,945,265	3.1654	3.1654	916,233	E	
	Debt Service	25,167,104	1.0165	0.6900		28,945,265	0.7817	0.6900	199,722		
Farmington R-VII School District	Operating Funds-Schools	317,799,255	2.8648	2.8648	E	331,145,374	2.8661	2.8661	9,490,958	E	
	Debt Service	317,799,255	0.9784	0.9000		331,145,374	1.5015	0.9000	2,980,308		
North St. Francois Co R-I Sch Dist	Operating Funds-Schools	163,073,860	3.3564	3.2400	E	164,385,240	3.2490	3.2400	5,326,082	E	
	Debt Service	163,073,860	1.2236	1.1836		164,385,240	1.3504	1.1836	1,945,664		
Central R-III School District	Operating Funds-Schools	94,653,278	3.1859	3.1384	E	96,918,478	3.1378	3.1378	3,041,108	E	
	Debt Service	94,653,278	1.1035	0.9199		96,918,478	0.9988	0.9205	892,135		
West St. Francois Co R-IV Sch Dist	Operating Funds-Schools	44,081,456	3.0935	3.0935	E	44,403,389	3.0886	3.0886	1,371,443	E	
	Debt Service	44,081,456	0.9623	0.9565		44,403,389	1.1696	0.9614	426,894		
St. Francois County	General Revenue	679,259,726	0.3249	0.0739		702,827,111	0.3249	0.0739	519,389		
	Road & Bridge	646,856,880	0.2447	0.2447		670,470,337	0.2447	0.2447	1,640,641		
	Ambulance	679,259,726	0.0000	0.0000		702,827,111	0.0000	0.0000	0		
	Developmentally Disabled	679,259,726	0.0903	0.0903		702,827,111	0.0903	0.0903	634,653		
	Senior Services	679,259,726	0.0489	0.0489		702,827,111	0.0489	0.0489	343,682		
Ste. Genevieve											
City of Bloomsdale	General Revenue	8,318,425	0.3039	0.3039		8,505,438	0.3058	0.3058	26,010		
City of St. Mary	General Revenue	4,996,777	0.9807	0.9807		4,904,536	1.0000	1.0000	49,045		
City of Ste. Genevieve	General Revenue	59,746,327	0.4690	0.4690		59,402,849	0.4725	0.4725	280,678		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Ste. Genevieve											
City of Ste. Genevieve	Parks & Recreation	59,746,327	0.1219	0.1219		59,402,849	0.1228	0.1228	72,947		
	Band	59,746,327	0.0753	0.0753		59,402,849	0.0759	0.0759	45,087		
	Cemetery	59,746,327	0.0468	0.0468		59,402,849	0.0472	0.0472	28,038		
Ste. Genevieve County Library	General Revenue	394,818,883	0.0962	0.0962		402,540,635	0.0964	0.0964	388,049		
Ste. Genevieve County Health Dept	General Revenue	394,818,883	0.0962	0.0962		402,540,635	0.0964	0.0964	388,049		
Ste. Genevieve Co R-II School Dist	Operating Funds-Schools	329,646,586	3.0292	3.0292	E	333,694,450	3.0516	3.0516	10,183,020	E	
	Debt Service	329,646,586	0.5179	0.2600		333,694,450	0.6331	0.2600	867,606		
Ste. Genevieve County	General Revenue	394,818,883	0.3579	0.2463		402,540,635	0.3588	0.2368	953,216		
	Road & Bridge	394,818,883	0.2519	0.2519		402,540,635	0.2525	0.2519	1,014,000		
	Hospital	394,818,883	0.1646	0.1614		402,540,635	0.1618	0.1618	651,311		
	Ambulance	394,818,883	0.1355	0.0325		402,540,635	0.1330	0.0325	130,826		
	Mental Health	394,818,883	0.0962	0.0962		402,540,635	0.0964	0.0964	388,049		
	Senate Bill 40	394,818,883	0.0612	0.0600		402,540,635	0.0602	0.0600	241,524		
	Senior Services	394,818,883	0.0306	0.0300		402,540,635	0.0301	0.0301	121,165		
St. Louis											
Eureka Fire Protection District	General Revenue	364,098,025	0.6717	0.6717		362,245,573	0.6850	0.6850	2,481,382		
	Ambulance	364,098,025	0.2705	0.2705		362,245,573	0.2759	0.2759	999,436		
	Pension	364,098,025	0.0903	0.0903		362,245,573	0.0921	0.0921	333,628		
	Dispatch	364,098,025	0.0269	0.0269		362,245,573	0.0274	0.0274	99,255		
	Debt Service	364,098,025	0.1500	0.1500		362,245,573	0.2229	0.1500	543,368		
Metropolitan Sewer Dist St Louis Co	Gen Revenue-Gen Adm	26,744,671,530	0.0186	0.0186		25,687,758,551	0.0196	0.0196	5,034,801		
	General Revenue-Storm	15,830,526,690	0.0635	0.0635		15,074,105,007	0.0678	0.0678	10,220,243		
Metro Zoological Park & Museum Dist	Art Museum	26,483,449,215	0.0768	0.0769	C	25,688,938,237	0.0799	0.0800	20,551,151	C	
	Botanical Garden	26,483,449,215	0.0382	0.0382		25,688,938,237	0.0398	0.0399	10,249,886	C	
	Museum of Mo. History	26,483,449,215	0.0382	0.0382		25,688,938,237	0.0398	0.0399	10,249,886	C	
	Museum of Nat. History	26,483,449,215	0.0382	0.0382		25,688,938,237	0.0398	0.0399	10,249,886	C	
	Zoological Park	26,483,449,215	0.0768	0.0769	C	25,688,938,237	0.0799	0.0800	20,551,151	C	
Rockwood R-VI School District	Operating Funds-Schools	3,270,975,480	3.7840	3.8557	EC	3,196,171,255	3.8937	4.0033	127,952,324	EC	
	Debt Service	3,270,975,480	0.9815	0.6800		3,196,171,255	1.0754	0.6800	21,733,965		
Special Sch Dist of St. Louis Co	Operating Funds-Schools	22,312,553,869	1.0035	1.0123	C	21,720,790,853	1.2521	1.2400	269,337,807	B	
Saline											
Saline Co Ambulance Dist No 3	General Revenue	212,905,761	0.1990	0.1990		217,094,953	0.1990	0.1990	432,019		
Slater Ambulance District No 1	General Revenue	44,163,894	0.3351	0.3351		46,888,173	0.3320	0.3320	155,669		
Sweet Springs Ambulance District	General Revenue	56,774,552	0.3062	0.3062		58,563,023	0.3062	0.3062	179,320		
Blackburn Elmwood Sp Rd Saline Co	Road & Bridge	7,576,938	0.2885	0.2885		8,157,859	0.2809	0.2809	22,915		
	Special Road and Bridge	7,576,938	0.3010	0.3010		8,157,859	0.2931	0.2931	23,911		2013
Gilliam Spec Rd Dist Saline Co	Road & Bridge	9,457,380	0.2948	0.2948		9,986,768	0.2910	0.2910	29,061		
	Special Road and Bridge	9,457,380	0.2442	0.2442		**	**	**			2012
	Special Road and Bridge	**	**	**		9,986,768	0.2900	0.2900	28,962	A	2016
Grand Pass Spec Road Dist Saline Co	Road & Bridge	5,140,267	0.2811	0.2811		5,597,199	0.2760	0.2760	15,448		
	Special Road and Bridge	5,140,267	0.3600	0.3600		5,597,199	0.3535	0.3535	19,786		2014
Marshall Spec Rd Dist Saline Co	Road & Bridge	150,465,855	0.2525	0.2525		149,781,212	0.2549	0.2549	381,792		
	Special Road and Bridge	150,465,855	0.2720	0.2720		149,781,212	0.2720	0.2720	407,405		2014
Slater Spec Rd Dist Saline Co	Road & Bridge	26,890,023	0.3108	0.3108		28,314,016	0.3106	0.3106	87,943		
	Special Road and Bridge	26,890,023	0.3376	0.3376		28,314,016	0.3374	0.3374	95,531		2013
Sweet Springs Sp Rd Dist Saline Co	Road & Bridge	24,362,931	0.3082	0.3082		25,084,158	0.3082	0.3082	77,309		
	Special Road and Bridge	24,362,931	0.2867	0.2867		**	**	**			2012
	Special Road and Bridge	**	**	**		25,084,158	0.3033	0.3033	76,080	A	2016
Malta Bend Spec Rd Dist Saline Co	Road & Bridge	14,153,985	0.2884	0.2884		15,192,713	0.2799	0.2799	42,524		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Saline											
Malta Bend Spec Rd Dist Saline Co	Special Road and Bridge	14,153,985	0.2472	0.2472		**	**	**			2012
	Special Road and Bridge	**	**	**		15,192,713	0.3500	0.3500	53,174	A	2016
Village of Arrow Rock	General Revenue	1,290,502	0.2514	0.2514		1,298,562	0.2514	0.2514	3,265		
	General Revenue-Temp	1,290,502	0.3093	0.3093	A	1,298,562	0.3093	0.3093	4,016		2015
City of Blackburn	General Revenue	1,819,152	0.5827	0.5827		1,889,871	0.5946	0.5946	11,237		
	Lights	1,819,152	0.1184	0.1184		1,889,871	0.1208	0.1208	2,283		
	General Revenue-Temp	1,819,152	0.2900	0.2900		1,889,871	0.2900	0.2900	5,481		2013
City of Gilliam	General Revenue	969,808	0.7315	0.7315		1,001,333	0.7315	0.7315	7,325		
	Lights	969,808	0.3902	0.3902		1,001,333	0.3902	0.3902	3,907		
Village of Grand Pass	General Revenue	427,626	0.4682	0.4682		456,669	0.4681	0.4681	2,138		
City of Malta Bend	General Revenue	1,572,490	0.7426	0.7426		1,640,200	0.7426	0.7426	12,180		
City of Marshall	General Revenue	128,707,493	0.6444	0.6444		127,069,208	0.6553	0.6553	832,685		
	Parks & Recreation	128,707,493	0.2786	0.2786		127,069,208	0.2833	0.2833	359,987		
	Library	128,707,493	0.1654	0.1654		127,069,208	0.1682	0.1682	213,730		
	Band	128,707,493	0.0432	0.0432		127,069,208	0.0439	0.0439	55,783		
City of Miami	General Revenue	1,072,224	0.4939	0.4939		1,129,216	0.4939	0.4939	5,577		
	Streets	1,072,224	0.6421	0.6421		1,129,216	0.6421	0.6421	7,251		
Village of Mount Leonard	General Revenue	303,618	0.9751	0.9751		326,952	0.9713	0.9713	3,176		
City of Nelson	General Revenue	1,021,021	0.7466	0.7466		1,032,065	0.7466	0.7466	7,705		
City of Slater	General Revenue	13,093,166	0.7643	0.7643		13,731,774	0.7701	0.7701	105,748		
	Parks & Recreation	13,093,166	0.2000	0.2000		13,731,774	0.2000	0.2000	27,464		
	Library	13,093,166	0.2389	0.2389		13,731,774	0.2407	0.2407	33,052		
City of Sweet Springs	General Revenue	12,967,451	0.6957	0.6866		13,007,848	0.6883	0.6866	89,312		
	Parks & Recreation	12,967,451	0.3306	0.3263		13,007,848	0.3271	0.3263	42,445		
	Library	12,967,451	0.1800	0.1800		13,007,848	0.1800	0.1800	23,414		
	Debt Service	12,967,451	0.1465	0.1465		13,007,848	0.1538	0.1465	19,056		
City of Emma	General Revenue	2,002,848	0.4859	0.4859		2,043,466	0.4859	0.4859	9,929		
Malta Bend Fire Protection District	General Revenue	14,527,763	0.2494	0.2494		16,129,824	0.2397	0.2397	38,663		
West Central FPD	General Revenue	40,740,952	0.2990	0.2990		42,020,067	0.2990	0.2990	125,640		
Slater Rural Fire Protection Dist	General Revenue	**	**	**		17,050,396	0.3039	0.3039	51,816	A	
Saline County Rural FPD	General Revenue	**	**	**		31,955,450	0.3001	0.3001	95,898	A	
Saline County Health Department	General Revenue	302,814,632	0.1307	0.1307		310,866,915	0.1307	0.1307	406,303		
Miami R-I School District	Operating Funds-Schools	9,619,034	3.7794	3.7794	E	10,159,330	3.7859	3.7859	384,622	E	
Orearville R-IV School District	Operating Funds-Schools	6,306,181	5.2249	5.2249	E	6,517,124	5.2249	5.2249	340,513	E	
	Operating Funds-Temp	6,306,181	0.3003	0.3003	A	6,517,124	0.3003	0.2935	19,128		2016
Malta Bend R-V School District	Operating Funds-Schools	10,566,423	4.4221	4.4221	E	10,919,969	4.4180	4.4170	482,335	E	
	Debt Service	10,566,423	1.3504	0.6401		10,919,969	0.6693	0.6418	70,084		
Hardeman R-X School District	Operating Funds-Schools	7,902,351	4.8221	4.8221	E	8,061,118	4.8220	4.8220	388,707	E	
Gilliam C-4 School District	Operating Funds-Schools	3,052,075	4.1533	4.1533	E	3,212,179	4.3816	4.3816	140,745	E	
Marshall School District	Operating Funds-Schools	156,273,501	3.1065	3.1065	E	155,436,800	3.1246	3.1246	4,856,778	E	
Slater School District	Operating Funds-Schools	18,377,578	3.8681	3.8681	E	19,219,839	3.8870	3.8681	743,443	E	
	Debt Service	18,377,578	0.6099	0.5612		19,219,839	0.6444	0.5612	107,862		
Sweet Springs R-VII School District	Operating Funds-Schools	29,954,781	3.5655	3.4900	E	30,306,835	3.5295	3.3500	1,015,279	E	
	Debt Service	29,954,781	1.1495	0.6400		30,306,835	1.3962	0.6400	193,964		
Saline County	General Revenue	302,814,632	0.1867	0.1867		310,866,915	0.1867	0.1867	580,389		
	Common Road District	64,652,529	0.2669	0.2669		68,295,584	0.2639	0.2639	180,232		
	Special Road and Bridge	64,652,529	0.3600	0.3600		68,295,584	0.3560	0.3560	243,132		2014
	Senate Bill 40	302,814,632	0.0584	0.0584		310,866,915	0.0584	0.0584	181,546		
	Common Road-Temp	64,652,529	0.2214	0.2214		68,295,584	0.2189	0.2189	149,499		2013

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Schuyler										
Schuyler County Ambulance District	General Revenue	41,640,612	0.4000	0.4000		42,994,523	0.4000	0.4000	171,978	
Schuyler County Nursing Home Dist	General Revenue	41,640,612	0.1006	0.1000		42,994,523	0.1000	0.1000	42,995	
City of Downing	General Revenue	1,745,334	1.0000	1.0000		1,730,139	1.0000	1.0000	17,301	
Village of Glenwood	General Revenue	1,070,980	0.5000	0.5000		1,066,078	0.5000	0.5000	5,330	
	Debt Service	1,070,980	0.5338	0.5338		1,066,078	0.1168	0.1168	1,245	
City of Greentop	General Revenue	2,568,066	0.9951	0.9951		2,614,686	0.9951	0.9951	26,019	
City of Lancaster	General Revenue	4,576,178	0.9512	0.9512		4,663,082	0.9564	0.9564	44,598	
	Parks & Recreation	4,576,178	0.2000	0.2000		4,663,082	0.2000	0.2000	9,326	
City of Queen City	General Revenue	3,133,778	0.9873	0.9873		3,263,653	0.9873	0.9873	32,222	
Schuyler County Library	General Revenue	41,640,612	0.1500	0.1500		42,994,523	0.1500	0.1500	64,492	
Schuyler County Health Department	General Revenue	41,640,612	0.3000	0.3000		42,994,523	0.3000	0.3000	128,984	
Schuyler Co R-I School District	Operating Funds-Schools	37,625,118	3.4300	3.4300	E	38,967,095	3.4300	3.4300	1,336,571	E
	Debt Service	37,625,118	1.3110	0.7700		38,967,095	0.7775	0.7700	300,047	
Schuyler County	General Revenue	41,640,612	0.5000	0.2932		42,994,523	0.5000	0.3415	146,826	
	Common Road District	41,640,612	0.4793	0.4793		42,994,523	0.4793	0.4793	206,073	
	Special Road and Bridge	41,640,612	0.2695	0.2600	A	42,994,523	0.2600	0.2600	111,786	2015
	Senior Services	41,640,612	0.0500	0.0500		42,994,523	0.0500	0.0500	21,497	
Scotland										
Scotland County Ambulance District	General Revenue	63,524,733	0.2477	0.2477		65,499,351	0.2477	0.2477	162,242	
Scotland County Memorial Hosp Dist	General Revenue	63,524,733	0.4954	0.4954		65,499,351	0.4954	0.4954	324,484	
Scotland County Nursing Home Dist	General Revenue	63,524,733	0.2973	0.2973		65,499,351	0.2973	0.2973	194,730	
Bear Creek Watershed Subdistrict	General Revenue	1,072,368	0.3966	0.3966		1,052,288	0.4000	0.4000	4,209	
Village of Arbela	General Revenue	180,441	0.5000	0.5000		160,428	0.5000	0.5000	802	
Village of Granger	General Revenue	214,643	0.6714	0.6400		208,795	0.6581	0.6581	1,374	
City of Memphis	General Revenue	15,099,273	0.3072	0.2972		14,945,448	0.3021	0.2972	44,418	
	Streets	15,099,273	0.3497	0.3400		14,945,448	0.3456	0.3400	50,815	
	Fire	15,099,273	0.1338	0.1300		14,945,448	0.1322	0.1300	19,429	
	Cemetery	15,099,273	0.0514	0.0514		14,945,448	0.0523	0.0514	7,682	
	Swimming Pool	15,099,273	0.1866	0.1814		14,945,448	0.1844	0.1814	27,111	
Village of Rutledge	General Revenue	546,877	0.4009	0.4009		616,804	0.4007	0.4000	2,467	
City of South Gorin	General Revenue	713,087	0.7747	0.7747		760,516	0.7666	0.7666	5,830	
	Fire	713,087	0.1937	0.1937		760,516	0.1916	0.1916	1,457	
Scotland County Library District	General Revenue	63,524,733	0.1883	0.1883		65,499,351	0.1883	0.1883	123,335	
Scotland County Health Department	General Revenue	63,524,733	0.1486	0.1486		65,499,351	0.1486	0.1486	97,332	
Gorin R-III School District	Operating Funds-Schools	4,368,305	4.9213	4.3744		4,536,403	4.9654	4.3744	198,440	
Scotland Co R-I School District	Operating Funds-Schools	53,035,627	3.3636	3.2984	E	54,153,150	3.3356	3.3356	1,806,332	E
Scotland County	General Revenue	63,524,733	0.4954	0.4954		65,499,351	0.4954	0.4954	324,484	
	Road & Bridge	63,524,733	0.3469	0.3469		65,499,351	0.3469	0.3469	227,217	
	Special Road and Bridge	63,524,733	0.3199	0.3199	A	65,499,351	0.3199	0.3199	209,532	2015
Scott										
Southern Scott Co Ambulance Dist	General Revenue	240,737,505	0.3000	0.3000		246,226,614	0.3000	0.3000	738,680	
North Scott Co Ambulance District	General Revenue	183,275,308	0.2988	0.2988		188,424,703	0.2988	0.2988	563,013	
Illmo Special Road Dist Scott Co	Road & Bridge	58,042,544	0.3410	0.3410		59,154,095	0.3410	0.3410	201,715	
Sikeston Special Road Dist Scott Co	Road & Bridge	204,434,055	0.1800	0.1800		207,900,260	0.1800	0.1800	374,220	
City of Benton	General Revenue	8,234,782	0.6010	0.6010		8,364,405	0.6015	0.6015	50,312	
	Parks & Recreation	8,234,782	0.1867	0.1867		8,364,405	0.1868	0.1868	15,625	
Village of Blodgett	General Revenue	1,265,931	0.2759	0.2752		1,327,138	0.2752	0.2752	3,652	
City of Chaffee	General Revenue	18,312,729	0.7928	0.7928		18,708,728	0.7928	0.7928	148,323	
	Parks & Recreation	18,312,729	0.1690	0.1690		18,708,728	0.1690	0.1690	31,618	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Scott											
City of Chaffee	Library	18,312,729	0.1690	0.1690		18,708,728	0.1690	0.1690	31,618		
Village of Commerce	General Revenue	650,965	0.5000	0.5000		642,332	0.5000	0.5000	3,212		
Village of Diehlstadt	General Revenue	519,178	0.3569	0.3441		531,982	0.3451	0.3441	1,831		
Village of Haywood City	General Revenue	496,853	0.5000	0.5000		519,046	0.5000	0.5000	2,595		
Village of Kelso	General Revenue	5,896,599	0.5000	0.5000		5,968,495	0.5000	0.5000	29,842		
	Fire	5,896,599	0.1300	0.1300		5,968,495	0.1300	0.1300	7,759		2013
City of Miner	General Revenue	22,503,844	0.3107	0.3000		22,500,008	0.3049	0.3000	67,500		
City of Morley	General Revenue	4,318,356	0.6553	0.6553		4,344,568	0.6557	0.6557	28,487		
City of Oran	General Revenue	8,522,703	0.6414	0.6414		8,878,784	0.6414	0.6414	56,949		
	Parks & Recreation	8,522,703	0.1926	0.1926		8,878,784	0.1926	0.1926	17,101		
City of Scott City	General Revenue	43,075,984	0.5127	0.5127		44,106,398	0.5127	0.5127	226,134		
	Parks & Recreation	43,075,984	0.1831	0.1831		44,106,398	0.1831	0.1831	80,759		
	Cemetery	43,075,984	0.0500	0.0500		44,106,398	0.0500	0.0500	22,053		
	Debt Service	43,075,984	0.3769	0.3769		44,106,398	0.3857	0.3857	170,118		
Village of Vanduser	General Revenue	1,287,970	0.3885	0.3885		1,435,922	0.3886	0.3886	5,580		
	Fire	1,287,970	0.0993	0.0993		1,435,922	0.0993	0.0000	0		
City of Sikeston	General Revenue	193,769,215	0.4004	0.4004		197,606,968	0.4004	0.4004	791,218		
	Parks & Recreation	193,769,215	0.1745	0.1745		197,606,968	0.1745	0.1745	344,824		
	Library	193,769,215	0.1745	0.1745		197,606,968	0.1745	0.1745	344,824		
Scott County Library	General Revenue	291,213,246	0.0959	0.0959		300,047,171	0.0959	0.0959	287,745		
Sikeston Fire Protection District	General Revenue	48,549,672	0.1193	0.1193		50,152,459	0.1193	0.1193	59,832		
NBC Fire Protection District	General Revenue	43,787,521	0.3000	0.3000		45,437,919	0.3000	0.3000	136,314		
Scott County Rural Fire Prot Dist	General Revenue	39,750,991	0.3000	0.3000		41,903,095	0.2997	0.2997	125,584		
Oran Fire Protection District	General Revenue	16,230,342	0.4019	0.4019		16,894,715	0.4019	0.4019	67,900		
Scott County Health Department	General Revenue	424,012,816	0.1000	0.1000		434,651,317	0.1000	0.1000	434,651		
Scott City R-I School District	Operating Funds-Schools	53,045,430	3.2705	3.2705	E	53,511,260	3.2859	3.2859	1,758,326	E	
	Debt Service	53,045,430	0.6205	0.4900		53,511,260	0.4943	0.4900	262,205		
Chaffee R-II School District	Operating Funds-Schools	23,768,350	2.8233	2.8233	E	24,290,340	2.7711	2.7711	673,110	E	
	Debt Service	23,768,350	1.6587	1.2500		24,290,340	1.3099	1.2500	303,629		
Scott Co R-IV School District	Operating Funds-Schools	56,079,780	2.7500	2.7500	E	58,467,080	2.7500	2.7500	1,607,845	E	
	Debt Service	56,079,780	0.5782	0.4200		58,467,080	0.6034	0.4200	245,562		
Scott Co R-V School District	Operating Funds-Schools	15,490,832	3.6686	3.6686	E	16,771,350	3.6873	3.6686	615,274	E	
	Debt Service	15,490,832	0.7496	0.7000		16,771,350	0.9351	0.7000	117,399		
Sikeston R-VI School District	Operating Funds-Schools	222,896,585	3.6325	3.6325	E	226,006,666	3.6310	3.6310	8,206,302	E	
	Debt Service	222,896,585	0.2109	0.2100		226,006,666	0.2501	0.2100	474,614		
Kelso C-7 School District	Operating Funds-Schools	24,341,250	2.9184	2.9184	E	24,961,700	2.9388	2.9388	733,574	E	
Oran R-III School District	Operating Funds-Schools	20,325,690	3.5558	3.1000	E	21,030,990	3.1006	3.1000	651,961	E	
	Debt Service	20,325,690	1.3133	0.4000		21,030,990	1.2260	0.4000	84,124		
Scott County	General Revenue	424,012,816	0.0000	0.0000		434,651,317	0.0000	0.0000	0		
	Johnson Grass	424,012,816	0.0100	0.0100		434,651,317	0.0100	0.0100	43,465		
	Common Road District	161,536,214	0.3036	0.3036		167,596,963	0.3036	0.3036	508,824		
	Senate Bill 40	424,012,816	0.0400	0.0400		434,651,317	0.0400	0.0400	173,861		
Shannon											
Shannon County Ambulance District	General Revenue	52,528,181	0.1350	0.1350		54,264,008	0.1350	0.1350	73,256		
City of Birch Tree	General Revenue	3,076,096	0.4757	0.4757		3,086,294	0.4757	0.4757	14,682		
Timber Community Fire Prot Dist	General Revenue	4,196,566	0.2983	0.2983		4,302,658	0.2983	0.2983	12,835		
Shannon County Health Department	General Revenue	66,338,268	0.0999	0.0999		69,288,628	0.0999	0.0999	69,219		
Winona R-III School District	Operating Funds-Schools	15,877,274	2.7500	2.7500	F	16,276,331	2.7500	2.7500	447,599	F	
Eminence R-I School District	Operating Funds-Schools	19,334,904	2.3951	2.3173	E	20,390,949	2.3039	2.3039	469,787	E	
	Operating Funds-Temp	19,334,904	1.1127	1.1127		20,390,949	1.1058	1.1058	225,483		2017

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Shannon											
Eminence R-I School District	Debt Service	19,334,904	0.6511	0.0100		20,390,949	0.0000	0.0000	0		
Shannon County	General Revenue	66,338,268	0.3233	0.2562		69,288,628	0.3233	0.2562	177,517		
	Road & Bridge	66,338,268	0.2494	0.2424		69,288,628	0.2424	0.2424	167,956		
	Senate Bill 40	66,338,268	0.0999	0.0972		69,288,628	0.0972	0.0972	67,349		
	Senior Services	66,338,268	0.0500	0.0500		69,288,628	0.0500	0.0500	34,644		
Shelby											
Salt River Ambulance District	General Revenue	91,800,761	0.2500	0.1400		94,569,445	0.2500	0.1600	151,311		
Clarence Nursing Home District	General Revenue	25,058,089	0.2200	0.2200		25,330,165	0.2200	0.2200	55,726		
Salt River Nursing Home District	General Revenue	79,625,191	0.3000	0.3000		82,335,145	0.3000	0.3000	247,005		
Shelbina Special Rd Dist Shelby Co	Road & Bridge	25,368,048	0.4700	0.4700		25,697,851	0.4700	0.4700	120,780		
Village of Bethel	General Revenue	687,465	0.7500	0.7500		688,985	0.7500	0.7500	5,167		
	Lights	687,465	0.2500	0.2500		688,985	0.2500	0.2500	1,722		
City of Clarence	General Revenue	5,710,988	1.0000	1.0000		5,540,834	1.0000	1.0000	55,408		
	Library	5,710,988	0.1000	0.1000		5,540,834	0.1000	0.1000	5,541		
	Streets	5,710,988	0.2000	0.2000		5,540,834	0.2000	0.2000	11,082		
City of Hunnewell	General Revenue	1,017,854	0.8897	0.8897		1,079,022	0.8840	0.8840	9,539		
Village of Leonard	General Revenue	746,523	0.5000	0.5000		748,907	0.5000	0.5000	3,745		
City of Shelbina	General Revenue	19,507,339	0.8823	0.8823		19,544,142	0.8831	0.8831	172,594		
	Library	19,507,339	0.2500	0.2500		19,544,142	0.2500	0.2500	48,860		
City of Shelbyville	General Revenue	3,801,883	0.8705	0.8705		3,871,312	0.8728	0.8728	33,789		
	General Revenue-Temp	3,801,883	0.3000	0.3000		3,871,312	0.3000	0.3000	11,614		2013
Shelbina Fire Protection District	General Revenue	45,222,307	0.2500	0.2500		46,076,510	0.2500	0.2500	115,191		
Shelby County Health Department	General Revenue	96,918,686	0.2500	0.2500		100,082,828	0.2500	0.2500	250,207		
North Shelby School District	Operating Funds-Schools	32,352,866	4.1265	3.5793	E	33,052,086	4.1274	3.4802	1,150,279	E	
	Debt Service	32,352,866	0.2550	0.2550		33,052,086	0.3029	0.2550	84,283		
Shelby Co R-IV School District	Operating Funds-Schools	59,109,723	3.8748	3.7500	BE	59,117,713	3.8053	3.7500	2,216,914	E	
Shelby County	General Revenue	96,918,686	0.4819	0.3300		100,082,828	0.4819	0.3400	340,282		
	Road & Bridge	71,538,772	0.3500	0.3500		74,367,509	0.3500	0.3500	260,286		
Stoddard											
Stoddard County Ambulance District	General Revenue	414,612,312	0.2046	0.2046		427,518,538	0.2046	0.2046	874,703		
Bluff Spec Rd Dist Stoddard Co	Johnson Grass	9,665,749	0.0500	0.0500		9,895,528	0.0500	0.0500	4,948		
	Road & Bridge	9,665,749	0.1637	0.1637		9,895,528	0.1653	0.1653	16,357		
	Special Road and Bridge	9,665,749	0.3500	0.3500		9,895,528	0.3500	0.3500	34,634		2013
Crowder Zeta Sp Rd Dist Stoddard Co	Johnson Grass	3,001,191	0.0500	0.0500		2,921,670	0.0500	0.0500	1,461		
	Road & Bridge	3,001,191	0.2935	0.2935		2,921,670	0.3039	0.3039	8,879		
Dudley Spec Rd Dist Stoddard Co	Johnson Grass	17,949,440	0.0500	0.0500		18,223,744	0.0500	0.0500	9,112		
	Road & Bridge	17,949,440	0.2711	0.2711		18,223,744	0.2711	0.2711	49,405		
	Special Road and Bridge	17,949,440	0.3533	0.3533		18,223,744	0.3533	0.3533	64,384		2014
Essex Spec Rd Dist Stoddard Co	Johnson Grass	16,480,453	0.0489	0.0489		16,887,729	0.0489	0.0489	8,258		
	Road & Bridge	16,480,453	0.2377	0.2377		16,887,729	0.2377	0.2377	40,142		
	Special Road and Bridge	16,480,453	0.3394	0.3394		**	**	**			2012
	Special Road and Bridge	**	**	**		16,887,729	0.3520	0.3520	59,445	A	2016
Gray Ridge Spec Rd Dist Stoddard Co	Road & Bridge	9,392,736	0.3208	0.3208		9,780,350	0.3208	0.3208	31,375		
Lavalle Spec Road Dist Stoddard Co	Road & Bridge	2,764,582	0.3437	0.3437		2,816,034	0.3437	0.3437	9,679		
City of Bell City	General Revenue	2,321,093	0.7090	0.7090		2,342,129	0.7090	0.7090	16,606		
City of Bernie	General Revenue	14,046,109	0.5264	0.5264		13,953,645	0.5351	0.5351	74,666		
	Parks & Recreation	14,046,109	0.0900	0.0900		13,953,645	0.0900	0.0900	12,558		
City of Bloomfield	General Revenue	12,143,198	0.5226	0.5226		12,401,802	0.5226	0.5226	64,812		
	Library	12,143,198	0.1524	0.1524		12,401,802	0.1524	0.1524	18,900		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Stoddard											
City of Bloomfield	Debt Service	12,143,198	0.4166	0.4166		12,401,802	0.6541	0.5226	64,812		
City of Dexter	General Revenue	102,519,570	0.5205	0.5205		102,920,294	0.5256	0.5256	540,949		
	Library	102,519,570	0.1457	0.1457		102,920,294	0.1471	0.1471	151,396		
City of Dudley	General Revenue	9,492,281	0.5889	0.5889		9,414,487	0.5959	0.5959	56,101		
City of Essex	General Revenue	3,392,724	0.4087	0.4087		3,493,982	0.4087	0.4087	14,280		
City of Puxico	General Revenue	7,391,632	0.5171	0.5171		7,366,095	0.5238	0.5238	38,584		
	Parks & Recreation	7,391,632	0.2216	0.2216		7,366,095	0.2245	0.2245	16,537		
	Library	7,391,632	0.0739	0.0739		7,366,095	0.0749	0.0749	5,517		
	Health	7,391,632	0.1054	0.1054		7,366,095	0.1068	0.1068	7,867		
	Cemetery	7,391,632	0.1054	0.1054		7,366,095	0.1068	0.1068	7,867		
Village of Penermon	General Revenue	151,869	0.4527	0.4527		161,683	0.4595	0.4595	743		
Castor Township of Stoddard Co	General Revenue	59,551,881	0.0726	0.0726		61,497,540	0.0726	0.0726	44,647		
	Road & Bridge	49,899,738	0.2310	0.2310		51,602,013	0.2310	0.2310	119,201		
	Special Road and Bridge	49,899,738	0.3500	0.3500		**	**	**			2012
	Special Road and Bridge	**	**	**		51,602,013	0.3524	0.3524	181,845	A	2016
Duck Creek Township of Stoddard Co	General Revenue	46,459,486	0.1000	0.1000		47,382,595	0.1000	0.1000	47,383		
	Johnson Grass	46,459,486	0.0377	0.0377		47,382,595	0.0377	0.0377	17,863		
	Road & Bridge	28,510,047	0.2623	0.2623		29,158,850	0.2630	0.2630	76,688		
	Special Road and Bridge	28,510,047	0.3636	0.3636	A	29,158,850	0.3500	0.3500	102,056		2015
Elk Township of Stoddard Co	General Revenue	13,787,872	0.1000	0.1000		14,939,757	0.1000	0.1000	14,940		
	Road & Bridge	11,023,292	0.3245	0.3245		12,123,722	0.3249	0.3249	39,390		
	Special Road and Bridge	11,023,292	0.3547	0.3547		12,123,722	0.3547	0.3547	43,003		2014
Liberty Township of Stoddard Co	General Revenue	200,328,645	0.0802	0.0800		203,696,392	0.0800	0.0800	162,957		
	Johnson Grass	200,328,645	0.0500	0.0500		203,696,392	0.0500	0.0500	101,848		
	Road & Bridge	200,328,645	0.1503	0.1500		203,696,392	0.1500	0.1500	305,545		
	Special Road and Bridge	200,328,645	0.3527	0.3527		203,696,392	0.3527	0.3527	718,437		2014
New Lisbon Township of Stoddard Co	General Revenue	10,590,987	0.0865	0.0865		10,984,926	0.0865	0.0865	9,502		
	Johnson Grass	10,590,987	0.0500	0.0500		10,984,926	0.0500	0.0500	5,492		
	Road & Bridge	10,590,987	0.2487	0.2487		10,984,926	0.2487	0.2487	27,320		
	Special Road and Bridge	10,590,987	0.3500	0.3500		**	**	**			2012
	Special Road and Bridge	**	**	**		10,984,926	0.3548	0.3548	38,975	A	2016
Pike Township of Stoddard Co	General Revenue	56,070,832	0.1000	0.1000		60,079,012	0.1000	0.1000	60,079		
	Johnson Grass	56,070,832	0.0500	0.0500		60,079,012	0.0500	0.0500	30,040		
	Road & Bridge	53,069,641	0.2427	0.2427		57,157,343	0.2427	0.2427	138,721		
Richland Township of Stoddard Co	General Revenue	27,822,609	0.0815	0.0815		28,938,316	0.0815	0.0815	23,585		
	Road & Bridge	1,935,811	0.3500	0.3500		2,270,237	0.3496	0.3496	7,937		
Stoddard County Public Health	General Revenue	414,612,312	0.1000	0.1000		427,518,538	0.1000	0.1000	427,519		
Richland R-I School District	Operating Funds-Schools	24,322,583	4.4204	4.0000	E	24,953,613	4.0005	4.0000	998,145	E	
	Debt Service	24,322,583	0.3333	0.3333		24,953,613	0.4729	0.3333	83,170		
Bell City R-II School District	Operating Funds-Schools	28,170,673	3.1719	3.1500	E	30,971,041	3.1502	3.1500	975,588	E	
Advance R-IV School District	Operating Funds-Schools	31,687,900	3.0993	3.0000	E	31,668,795	3.0061	3.0000	950,064	E	
	Debt Service	31,687,900	0.3804	0.3661		31,668,795	0.3861	0.3661	115,939		
Puxico R-VIII School District	Operating Funds-Schools	41,562,240	2.7500	2.7500	E	42,880,003	2.7500	2.7500	1,179,200	E	
	Debt Service	41,562,240	1.0181	0.7900		42,880,003	1.1795	0.7900	338,752		
Bloomfield R-XIV School District	Operating Funds-Schools	44,685,168	2.9424	2.7500	F	46,470,814	2.9648	2.7903	1,296,675	F	
	Debt Service	44,685,168	0.2455	0.2455		46,470,814	0.2052	0.2052	95,358		
Dexter R-XI School District	Operating Funds-Schools	178,969,188	2.7500	2.7500	E	180,870,571	2.7500	2.7500	4,973,941	E	
	Debt Service	178,969,188	0.8113	0.5700		180,870,571	0.7622	0.5700	1,030,962		
Bernie R-XIII School District	Operating Funds-Schools	33,677,435	2.9887	2.9887	E	34,614,351	3.0148	3.0148	1,043,553	E	
	Debt Service	33,677,435	0.4051	0.3000		34,614,351	0.3941	0.3000	103,843		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Stoddard										
Stoddard County	General Revenue	414,612,312	0.0000	0.0000		427,518,538	0.0000	0.0000	0	
	Johnson Grass	414,612,312	0.0000	0.0000		427,518,538	0.0000	0.0000	0	
	Senate Bill 40	414,612,312	0.0803	0.0803		427,518,538	0.0803	0.0803	343,297	
Stone										
City of Crane	General Revenue	9,156,219	0.8304	0.8304		9,459,309	0.8304	0.8304	78,550	
	Parks & Recreation	9,156,219	0.1312	0.1312		9,459,309	0.1312	0.1312	12,411	
	Library	9,156,219	0.0000	0.0000		9,459,309	0.0000	0.0000	0	
City of Galena	General Revenue	2,771,031	0.5161	0.5161		2,774,999	0.5390	0.5161	14,322	
City of Hurley	General Revenue	761,299	0.7184	0.7184		772,393	0.7184	0.7184	5,549	
City of Kimberling City	General Revenue	40,599,203	0.4400	0.4400		41,371,405	0.4400	0.4400	182,034	
City of Reeds Spring	General Revenue	6,850,896	0.6140	0.6140		7,452,965	0.6140	0.6140	45,761	
Village of McCord Bend	General Revenue	830,924	0.5000	0.5000		804,589	0.5000	0.5000	4,023	
Stone County Library	General Revenue	535,519,867	0.1000	0.1000		555,457,120	0.1000	0.1000	555,457	
Southern Stone Co Fire Prot Dist	General Revenue	430,092,200	0.2647	0.0000		446,086,823	0.2647	0.0000	0	
Hurley Fire Protection District	General Revenue	14,338,637	0.3300	0.3300		14,774,433	0.3300	0.3300	48,756	
North Stone-Northeast Barry FPD	General Revenue	30,543,527	0.2908	0.2908		31,862,264	0.2899	0.2899	92,369	
Stone County Health Department	General Revenue	535,519,867	0.0783	0.0783		555,457,120	0.0783	0.0783	434,923	
Hurley R-I School District	Operating Funds-Schools	10,025,467	3.9147	3.9144	E	10,270,287	3.9207	3.9207	402,667	E
	Debt Service	10,025,467	0.6386	0.6386		10,270,287	0.6323	0.6323	64,939	
Galena R-II School District	Operating Funds-Schools	27,974,252	3.3469	3.3469	E	28,586,838	3.3897	3.3897	969,008	E
	Debt Service	27,974,252	0.6782	0.6154		28,586,838	0.7542	0.6154	175,923	
Crane R-III School District	Operating Funds-Schools	23,929,524	3.2883	3.2883	E	24,922,366	3.2816	3.2816	817,852	E
	Debt Service	23,929,524	0.6351	0.5800		24,922,366	1.0439	0.9800	244,239	
Reeds Spring R-IV School District	Operating Funds-Schools	336,099,464	3.0873	3.0100	E	347,714,515	3.0105	3.0100	10,466,207	E
	Debt Service	336,099,464	1.1335	0.7400		347,714,515	0.9969	0.7400	2,573,087	
Blue Eye R-V School District	Operating Funds-Schools	99,898,680	4.0747	4.0261	BE	104,741,776	4.0265	4.0261	4,217,009	E
	Debt Service	99,898,680	0.2077	0.0000		**	**	**		
Stone County	General Revenue	535,519,867	0.2839	0.1198		555,457,120	0.2839	0.1288	715,429	
	Road & Bridge	535,519,867	0.1651	0.0000		555,457,120	0.1451	0.0000	0	
	Senior Services	535,519,867	0.0481	0.0481		555,457,120	0.0481	0.0481	267,175	
Sullivan										
Sullivan County Ambulance District	General Revenue	84,774,370	0.4347	0.4347		87,343,816	0.4347	0.4347	379,684	
Locust Creek Watershed Subdistrict	General Revenue	28,880,796	0.3889	0.3889		28,972,005	0.3914	0.3914	113,396	
Harris Spec Rd Dist Sullivan Co	Road & Bridge	557,794	0.3204	0.3204		609,004	0.3203	0.3203	1,951	
Milan Special Road Dist Sullivan Co	Road & Bridge	11,777,356	0.3219	0.3219		11,701,213	0.3247	0.3219	37,666	
West Buchanan Road Dist Sullivan Co	Road & Bridge	2,579,003	0.3500	0.3500		2,875,044	0.3500	0.3500	10,063	
City of Green Castle	General Revenue	1,080,103	0.5604	0.5604		1,123,725	0.5604	0.5604	6,297	
City of Green City	General Revenue	4,708,937	0.4814	0.4814		4,718,480	0.4845	0.4845	22,861	
	Lights	4,708,937	0.1700	0.1700		4,718,480	0.1711	0.1711	8,073	
	Fire	4,708,937	0.2927	0.2927		4,718,480	0.2946	0.2946	13,901	
City of Harris	General Revenue	153,642	0.9000	0.9000		174,884	0.9000	0.9000	1,574	
Village of Humphreys	General Revenue	262,014	0.7500	0.7500		268,333	0.7500	0.7500	2,012	
	Parks & Recreation	262,014	0.5000	0.5000		268,333	0.5000	0.5000	1,342	
	Lights	262,014	1.5000	1.5000		268,333	1.5000	1.5000	4,025	
	Streets	262,014	1.0000	1.0000		268,333	1.0000	1.0000	2,683	
City of Milan	General Revenue	11,755,373	0.7825	0.7825		11,736,624	0.7853	0.7853	92,168	
	Park	11,755,373	0.0921	0.0921		11,736,624	0.0924	0.0924	10,845	
	Recreation	11,755,373	0.0460	0.0460		11,736,624	0.0462	0.0462	5,422	
Village of Newtown	General Revenue	719,210	0.9810	0.9810		870,257	0.9515	0.9515	8,280	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Sullivan											
Village of Newtown	Parks & Recreation	719,210	0.1962	0.1962		870,257	0.1903	0.1903	1,656		
	General Revenue-Temp	719,210	0.2942	0.2942		870,257	0.2854	0.2854	2,484		2013
Village of Osgood	General Revenue	87,881	1.0000	1.0000		129,230	0.9766	0.9766	1,262		
Village of Pollock	General Revenue-Temp	**	**	**		154,714	0.5362	0.5362	830	A	2016
Sullivan County Library	General Revenue	84,774,370	0.0963	0.0963		87,343,816	0.0963	0.0963	84,112		
Bowman Township of Sullivan Co	General Revenue	6,605,303	0.0966	0.0966		7,021,275	0.0966	0.0966	6,783		
	Road & Bridge	6,605,303	0.4831	0.4831		7,021,275	0.4831	0.4831	33,920		
	Special Road and Bridge	6,605,303	0.3382	0.3382		**	**	**			2012
	Special Road and Bridge	**	**	**		7,021,275	0.3540	0.3540	24,855	A	2016
Buchanan Township of Sullivan Co	General Revenue	3,836,778	0.1000	0.1000		4,144,569	0.1000	0.1000	4,145		
	Road & Bridge	3,836,778	0.5000	0.5000		4,144,569	0.5000	0.5000	20,723		
	Special Road and Bridge	3,836,778	0.3473	0.3473		**	**	**			2012
	Special Road and Bridge	**	**	**		4,144,569	0.3610	0.3610	14,962	A	2016
Clay Township of Sullivan Co	General Revenue	6,012,121	0.1000	0.1000		6,374,684	0.1000	0.1000	6,375		
	Road & Bridge	6,012,121	0.5000	0.5000		6,374,684	0.5000	0.5000	31,873		
	Special Road and Bridge	6,012,121	0.3500	0.3500		6,374,684	0.3500	0.3500	22,311		2014
Duncan Township of Sullivan Co	General Revenue	4,197,732	0.0954	0.0954		4,189,866	0.0970	0.0970	4,064		
	Road & Bridge	4,197,732	0.4765	0.4765		4,189,866	0.4845	0.4845	20,300		
	Special Road and Bridge	4,197,732	0.3500	0.3500		4,189,866	0.3500	0.3500	14,665		2014
Jackson Township of Sullivan Co	General Revenue	4,871,769	0.0964	0.0964		4,878,153	0.0987	0.0987	4,815		
	Road & Bridge	4,871,769	0.4819	0.4819		4,878,153	0.4937	0.4937	24,083		
	Special Road and Bridge	4,871,769	0.3363	0.3363		**	**	**			2012
	Special Road and Bridge	**	**	**		4,878,153	0.3646	0.3646	17,786	A	2016
Liberty Township of Sullivan Co	General Revenue	3,809,310	0.0933	0.0933		3,757,037	0.0949	0.0949	3,565		
	Road & Bridge	3,809,310	0.4666	0.4666		3,757,037	0.4745	0.4745	17,827		
	Special Road and Bridge	3,809,310	0.3553	0.3553	A	3,757,037	0.3553	0.3553	13,349		2015
Morris Township of Sullivan Co	General Revenue	3,511,023	0.0983	0.0983		3,538,166	0.0983	0.0983	3,478		
	Road & Bridge	3,511,023	0.4914	0.4914		3,538,166	0.4914	0.4914	17,387		
	Special Road and Bridge	3,511,023	0.3409	0.3409		**	**	**			2012
	Special Road and Bridge	**	**	**		3,538,166	0.3541	0.3541	12,529	A	2016
Penn Township of Sullivan Co	General Revenue	12,372,268	0.0966	0.0966		12,590,070	0.0966	0.0966	12,162		
	Road & Bridge	12,372,268	0.4832	0.4832		12,590,070	0.4832	0.4832	60,835		
Pleasant Hill Township, Sullivan Co	General Revenue	4,270,777	0.1000	0.1000		4,424,156	0.1000	0.1000	4,424		
	Road & Bridge	4,270,777	0.5000	0.5000		4,424,156	0.5000	0.5000	22,121		
	Special Road and Bridge	4,270,777	0.3794	0.3794		4,424,156	0.3794	0.3794	16,785		2014
Polk Township of Sullivan Co	General Revenue	29,396,635	0.0949	0.0949		29,295,980	0.0955	0.0955	27,978		
	Road & Bridge	29,396,635	0.4741	0.4741		29,295,980	0.4771	0.4771	139,771		
	Special Road and Bridge	29,396,635	0.3607	0.3607	A	29,295,980	0.3607	0.3607	105,671		2015
Taylor Township of Sullivan Co	General Revenue	1,847,473	0.0977	0.0977		1,909,510	0.0984	0.0984	1,879		
	Road & Bridge	1,847,473	0.4884	0.4884		1,909,510	0.4918	0.4918	9,391		
	Special Road and Bridge	1,847,473	0.3500	0.3500		1,909,510	0.3500	0.3500	6,683		2014
Union Township of Sullivan Co	General Revenue	4,971,036	0.1000	0.1000		5,223,314	0.1000	0.1000	5,223		
	Road & Bridge	4,971,036	0.5000	0.5000		5,223,314	0.5000	0.5000	26,117		
	Special Road and Bridge	4,971,036	0.3500	0.3500		5,223,314	0.3500	0.3500	18,282		2014
Medicine Creek Fire Protection Dist	General Revenue	23,213,795	0.3000	0.3000		23,433,702	0.3000	0.3000	70,301		
Galt Fire Protection District	General Revenue	13,285,249	0.2952	0.2952		14,106,360	0.2952	0.2952	41,642		
Sullivan County Health Department	General Revenue	84,774,370	0.2412	0.2412		87,343,816	0.2412	0.2412	210,673		
Green City R-I School District	Operating Funds-Schools	22,640,024	4.4069	3.8323		23,276,812	4.4269	3.8323	892,037		
	Debt Service	22,640,024	1.1757	0.6389		23,276,812	1.8645	0.6389	148,716		
Milan C-2 School District	Operating Funds-Schools	41,808,444	3.5652	3.5652	E	42,437,480	3.4994	3.4994	1,485,057	E	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Sullivan										
Newtown-Harris R-III School Dist	Operating Funds-Schools	10,443,578	6.9500	6.5234		10,609,874	6.9500	6.5666	696,708	
Sullivan County	General Revenue	84,774,370	0.3853	0.2502		87,343,816	0.3853	0.2694	235,304	
	Hospital	84,774,370	0.4142	0.4142		87,343,816	0.4142	0.4142	361,778	
Taney										
Taney County Ambulance District	General Revenue	995,028,934	0.0000	0.0000		1,000,783,928	0.0000	0.0000	0	
City of Branson	General Revenue	472,059,763	0.5464	0.5464		462,703,851	0.5636	0.5636	2,607,799	
City of Forsyth	General Revenue	26,639,524	0.5351	0.5351		28,630,778	0.5351	0.5351	153,203	
City of Hollister	General Revenue	47,025,194	0.5912	0.5912		47,670,879	0.5912	0.5912	281,830	
	Debt Service	47,025,194	0.4934	0.4934		47,670,879	0.3289	0.3289	156,790	
City of Rockaway Beach	General Revenue	6,543,985	0.7258	0.7258		6,591,775	0.7258	0.7258	47,843	
Village of Merriam Woods	General Revenue	10,103,296	0.4648	0.4648		10,013,537	0.4715	0.4715	47,214	
Village of Bull Creek	General Revenue	1,334,619	0.5000	0.5000		1,311,726	0.5000	0.5000	6,559	
Western Taney Co Fire Prot Dist	General Revenue	360,506,331	0.3648	0.3648		365,272,699	0.3650	0.3650	1,333,245	
Central Taney County Fire Prot Dist	General Revenue	67,345,130	0.4100	0.4100		74,076,237	0.4100	0.4100	303,713	
Cedarcreek Fire Protection Dist	General Revenue	4,775,808	0.3000	0.3000		4,866,408	0.3000	0.3000	14,599	
Protem Fire Protection District	General Revenue	6,761,006	0.3000	0.3000		6,710,508	0.3000	0.3000	20,132	
Taney County Health Department	General Revenue	995,028,934	0.1404	0.1404		1,000,783,928	0.1404	0.1404	1,405,101	
Bradleyville R-I School District	Operating Funds-Schools	8,076,910	3.8670	3.8670	E	8,020,570	3.9124	3.9124	313,797	E
Taneyville R-II School District	Operating Funds-Schools	10,700,160	3.5458	3.5458	E	10,886,323	3.5516	3.5458	386,007	E
	Debt Service	10,700,160	1.4825	0.8344		10,886,323	1.2152	0.8344	90,835	
Forsyth R-III School District	Operating Funds-Schools	72,912,585	3.3508	3.3508	E	73,983,020	3.3698	3.3698	2,493,080	E
	Debt Service	72,912,585	0.8249	0.7500		73,983,020	1.2184	0.7500	554,873	
Branson R-IV School District	Operating Funds-Schools	652,659,879	3.3280	3.3280	E	644,269,009	3.3886	3.3886	21,831,700	E
	Debt Service	652,659,879	1.1564	0.7000		644,269,009	1.3026	0.7000	4,509,883	
Hollister R-V School District	Operating Funds-Schools	181,341,051	3.4073	3.4073	E	189,609,731	3.4330	3.4330	6,509,302	E
	Debt Service	181,341,051	1.1432	0.8207		189,609,731	1.1997	0.8207	1,556,127	
Kirbyville R-VI School District	Operating Funds-Schools	36,722,795	3.3949	3.3949	E	37,206,504	3.4187	3.4187	1,271,979	E
	Debt Service	36,722,795	0.9647	0.9000		37,206,504	1.1929	0.9000	334,859	
Mark Twain R-VIII School District	Operating Funds-Schools	6,744,048	4.0497	4.0497	E	6,708,666	4.0497	4.0497	271,681	E
Taney County	General Revenue	995,028,934	0.0000	0.0000		1,000,783,928	0.0000	0.0000	0	
	Road & Bridge	995,028,934	0.0000	0.0000		1,000,783,928	0.0000	0.0000	0	
	Developmentally Disabled	995,028,934	0.0898	0.0898		1,000,783,928	0.0910	0.0910	910,713	
	Senior Services	995,028,934	0.0500	0.0500		1,000,783,928	0.0500	0.0500	500,392	
Texas										
City of Cabool	General Revenue	18,129,608	0.7977	0.7977		18,070,061	0.8021	0.8021	144,940	
City of Houston	General Revenue	24,040,531	0.3221	0.3221		24,052,503	0.3221	0.3221	77,473	
City of Licking	General Revenue	11,701,023	0.4322	0.4322		11,857,629	0.4322	0.4322	51,249	
Village of Raymondville	General Revenue	2,093,653	0.4152	0.4152		2,181,482	0.4152	0.4152	9,058	
City of Summersville	General Revenue	3,514,914	0.6091	0.6091		3,416,177	0.6277	0.6277	21,443	
Texas County Library District	General Revenue	203,286,279	0.0976	0.0976		206,764,230	0.0976	0.0976	201,802	
Boone Township of Texas Co	General Revenue	2,094,531	0.0762	0.0750		2,093,482	0.0765	0.0750	1,570	
	Road & Bridge	2,094,531	0.2509	0.2469		2,093,482	0.2518	0.2469	5,169	
Burdine Township of Texas Co	General Revenue	30,277,951	0.0940	0.0940		30,694,904	0.0940	0.0940	28,853	
	Road & Bridge	30,277,951	0.3134	0.3134		30,694,904	0.3134	0.3134	96,198	
Carroll Township of Texas Co	General Revenue	8,204,212	0.1000	0.1000		8,060,140	0.1000	0.1000	8,060	
	Road & Bridge	8,204,212	0.3621	0.3621		8,060,140	0.3692	0.3692	29,758	
Cass Township of Texas Co	General Revenue	10,009,141	0.1000	0.1000		9,949,508	0.1000	0.1000	9,950	
	Road & Bridge	10,009,141	0.3373	0.3373		9,949,508	0.3401	0.3401	33,838	
Clinton Township of Texas Co	General Revenue	15,071,809	0.0991	0.0991		15,082,032	0.0995	0.0995	15,007	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Texas											
Clinton Township of Texas Co	Road & Bridge	15,071,809	0.4958	0.4958		15,082,032	0.4981	0.4981	75,124		
Current Township of Texas Co	General Revenue	1,875,054	0.0960	0.0960		1,993,660	0.0964	0.0964	1,922		
	Road & Bridge	1,875,054	0.2917	0.2917		1,993,660	0.2929	0.2929	5,839		
Date Township of Texas Co	General Revenue	3,799,760	0.0960	0.0960		3,809,299	0.0965	0.0965	3,676		
	Road & Bridge	3,799,760	0.2987	0.2987		3,809,299	0.3002	0.3002	11,436		
Jackson Township of Texas Co	General Revenue	9,191,818	0.0972	0.0972		9,492,606	0.0973	0.0973	9,236		
	Road & Bridge	9,191,818	0.3520	0.3520		9,492,606	0.3523	0.3523	33,442		
Lynch Township of Texas Co	General Revenue	11,047,105	0.0952	0.0952		11,238,553	0.0957	0.0957	10,755		
	Road & Bridge	11,047,105	0.2994	0.2994		11,238,553	0.3011	0.3011	33,839		
Morris Township of Texas Co	General Revenue	6,650,606	0.1000	0.1000		6,625,118	0.1000	0.1000	6,625		
	Road & Bridge	6,650,606	0.3295	0.3295		6,625,118	0.5224	0.5000	33,126	B	
Ozark Township of Texas Co	General Revenue	4,049,818	0.1000	0.1000		4,159,261	0.1000	0.1000	4,159		
	Road & Bridge	4,049,818	0.3634	0.3634		4,159,261	0.3651	0.3651	15,185		
Pierce Township of Texas Co	General Revenue	3,891,368	0.0986	0.0985		3,755,621	0.1000	0.1000	3,756		
	Road & Bridge	3,891,368	0.3212	0.3208		3,755,621	0.3325	0.3325	12,487		
Piney Township of Texas Co	General Revenue	44,806,445	0.0948	0.0948		45,473,637	0.0948	0.0948	43,109		
	Road & Bridge	44,806,445	0.2959	0.2959		45,473,637	0.2959	0.2959	134,556		
Roubidoux Township of Texas Co	General Revenue	14,909,290	0.0936	0.0936		16,702,618	0.0883	0.0883	14,748		
	Road & Bridge	14,909,290	0.2798	0.2798		16,702,618	0.2640	0.2640	44,095		
Sargent Township of Texas Co	General Revenue	3,348,672	0.0678	0.0678		3,555,135	0.0664	0.0664	2,361		
	Road & Bridge	3,348,672	0.2712	0.2712		3,555,135	0.2657	0.2657	9,446		
Sherrill Township of Texas Co	General Revenue	28,134,538	0.0971	0.0971		28,384,490	0.0971	0.0971	27,561		
	Road & Bridge	28,134,538	0.3430	0.3430		28,384,490	0.3430	0.3430	97,359		
Upton Township of Texas Co	General Revenue	5,786,898	0.0990	0.0990		5,876,298	0.1000	0.1000	5,876		
	Road & Bridge	5,786,898	0.3117	0.3117		5,876,298	0.3150	0.3150	18,510		
Texas County Health Department	General Revenue	203,286,279	0.0976	0.0976		206,764,230	0.0976	0.0976	201,802		
Success R-VI School District	Operating Funds-Schools	7,745,241	2.7500	2.7500	E	7,966,883	2.7500	2.7500	219,089	E	
Houston R-I School District	Operating Funds-Schools	53,983,967	2.7500	2.7500	E	54,613,511	2.7500	2.7500	1,501,872	E	
	Debt Service	53,983,967	0.8539	0.8000		54,613,511	1.3265	0.8000	436,908		
Summersville R-II School District	Operating Funds-Schools	25,125,705	3.0000	3.0000	E	26,198,135	3.0000	3.0000	785,944	E	
Licking R-VIII School District	Operating Funds-Schools	36,617,081	2.7500	2.7500	E	36,931,635	2.7500	2.7500	1,015,620	E	
Cabool R-IV School District	Operating Funds-Schools	43,841,012	2.7232	2.7232	E	44,070,691	2.7621	2.7621	1,217,277	E	
	Operating Funds-Temp	43,841,012	0.4405	0.4405		44,070,691	0.4405	0.4405	194,131		2014
Plato R-V School District	Operating Funds-Schools	29,577,377	2.8603	2.8603	E	31,664,834	2.8591	2.8591	905,329	E	
Raymondville R-VII School District	Operating Funds-Schools	8,503,958	2.9419	2.9419	E	8,882,658	2.9852	2.9852	265,165	E	
	Operating Funds-Temp	8,503,958	0.4800	0.4800		8,882,658	0.4800	0.4800	42,637		2013
Texas County	General Revenue	203,286,279	0.2708	0.0000		206,764,230	0.2708	0.0400	82,706		
	Senate Bill 40	203,286,279	0.0976	0.0976		206,764,230	0.0976	0.0976	201,802		
Vernon											
Vernon County Ambulance District	General Revenue	235,239,388	0.1500	0.1500		243,168,633	0.1500	0.1500	364,753		
City of Bronaugh	General Revenue	909,426	0.1527	0.1527		944,671	0.1527	0.1527	1,443		
	Streets	909,426	0.3437	0.3435		944,671	0.3435	0.3435	3,245		
Village of Deerfield	General Revenue	872,584	0.2365	0.2365		773,739	0.2668	0.2668	2,064		
Village of Harwood	General Revenue	258,522	1.0000	0.9910		279,698	0.9768	0.9760	2,730		
City of Metz	General Revenue	427,098	0.6000	0.6000		444,235	0.5988	0.5988	2,660		
Village of Milo	General Revenue	379,541	0.5974	0.5974		257,885	0.7500	0.7500	1,934		
Village of Moundville	General Revenue	452,047	0.4999	0.4554		508,720	0.4487	0.4487	2,283		
	Parks & Recreation	452,047	0.1999	0.1999		508,720	0.1969	0.1969	1,002		
City of Nevada	General Revenue	93,518,602	0.6778	0.6778		95,252,203	0.6778	0.6778	645,619		
	Parks & Recreation	93,518,602	0.2000	0.0000		95,252,203	0.2000	0.0000	0		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied	2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Vernon									
City of Nevada	Library	93,518,602	0.2000	0.2000	95,252,203	0.2000	0.2000	190,504	
City of Richards	General Revenue	431,698	0.4752	0.4752	430,214	0.4891	0.4891	2,104	
	Streets	431,698	0.2378	0.2378	430,214	0.2449	0.2449	1,054	
City of Schell City	General Revenue	983,700	0.8407	0.8407	1,041,581	0.8217	0.8217	8,559	
City of Sheldon	General Revenue	2,557,185	0.5373	0.5373	2,562,805	0.5373	0.5373	13,770	
	Streets	2,557,185	0.1721	0.0000	2,562,805	0.1721	0.1721	4,411	
Village of Stotesbury	General Revenue	69,656	0.3058	0.3058	73,937	0.2956	0.2956	219	
	Lights	69,656	0.0890	0.0890	73,937	0.0858	0.0858	63	
	Streets	69,656	0.0445	0.0445	73,937	0.0436	0.0436	32	
City of Walker	General Revenue	1,335,207	0.6243	0.6243	1,344,702	0.6243	0.6243	8,395	
	Lights	1,335,207	0.0500	0.0500	1,344,702	0.0500	0.0500	672	
	Streets	1,335,207	0.1500	0.1500	1,344,702	0.1500	0.1500	2,017	
Bacon Township of Vernon Co	General Revenue	5,631,156	0.0987	0.0987	5,868,770	0.0972	0.0972	5,704	
	Road & Bridge	5,631,156	0.3945	0.3945	5,868,770	0.3884	0.3884	22,794	
	Special Road and Bridge	5,631,156	0.1700	0.1700	**	**	**		2012
	Special Road and Bridge	**	**	**	5,868,770	0.1700	0.1700	9,977	A 2016
Badger Township of Vernon Co	General Revenue	5,163,183	0.1000	0.1000	5,442,511	0.0991	0.0991	5,394	
	Road & Bridge	5,163,183	0.3500	0.3500	5,442,511	0.3467	0.3467	18,869	
	Special Road and Bridge	5,163,183	0.3396	0.3396	**	**	**		2012
	Special Road and Bridge	**	**	**	5,442,511	0.3396	0.3396	18,483	A 2016
Blue Mound Township of Vernon Co	General Revenue	3,672,295	0.1000	0.1000	3,655,615	0.1000	0.1000	3,656	
	Road & Bridge	3,672,295	0.2704	0.2704	3,655,615	0.2752	0.2752	10,060	
	Special Road and Bridge	3,672,295	0.1843	0.1843	**	**	**		2012
	Special Road and Bridge	**	**	**	3,655,615	0.1907	0.1843	6,737	A 2016
Center Township of Vernon Co	General Revenue	113,290,734	0.1000	0.1000	115,905,972	0.1000	0.1000	115,906	
	Road & Bridge	113,290,734	0.3366	0.3366	115,905,972	0.3366	0.3366	390,140	
Clear Creek Township of Vernon Co	General Revenue	5,559,429	0.1000	0.1000	5,905,073	0.0994	0.0994	5,870	
	Road & Bridge	5,559,429	0.3656	0.3656	5,905,073	0.3634	0.3634	21,459	
	Special Road and Bridge	5,559,429	0.3583	0.3583	5,905,073	0.3561	0.3561	21,028	2014
Coal Township of Vernon Co	General Revenue	4,315,925	0.1000	0.0979	5,381,543	0.0894	0.0894	4,811	
	Road & Bridge	4,315,925	0.3500	0.3427	5,381,543	0.3129	0.3129	16,839	
	Special Road and Bridge	4,315,925	0.3500	0.3427	**	**	**		2012
	Special Road and Bridge	**	**	**	5,381,543	0.3500	0.3500	18,835	A 2016
Deerfield Township of Vernon Co	General Revenue	10,646,033	0.0938	0.0938	10,996,047	0.0929	0.0929	10,215	
	Road & Bridge	10,646,033	0.3383	0.3383	10,996,047	0.3350	0.3350	36,837	
	Special Road and Bridge	10,646,033	0.3383	0.3383	**	**	**		2012
	Special Road and Bridge	**	**	**	10,996,047	0.3383	0.3383	37,200	A 2016
Dover Township of Vernon Co	General Revenue	5,112,105	0.1000	0.1000	5,255,878	0.1000	0.1000	5,256	
	Road & Bridge	5,112,105	0.2783	0.2783	5,255,878	0.2783	0.2783	14,627	
	Special Road and Bridge	5,112,105	0.3645	0.3645	5,255,878	0.3645	0.3645	19,158	2014
Drywood Township of Vernon Co	General Revenue	10,479,644	0.0992	0.0992	10,786,182	0.0982	0.0982	10,592	
	Road & Bridge	10,479,644	0.2923	0.2923	10,786,182	0.2894	0.2894	31,215	
	Special Road and Bridge	10,479,644	0.3500	0.3500	10,786,182	0.3466	0.3466	37,385	2014
Harrison Township of Vernon Co	General Revenue	5,048,134	0.0982	0.0982	5,239,950	0.0981	0.0981	5,140	
	Road & Bridge	5,048,134	0.3437	0.3437	5,239,950	0.3432	0.3432	17,984	
	Special Road and Bridge	5,048,134	0.3437	0.3437	**	**	**		2012
	Special Road and Bridge	**	**	**	5,239,950	0.3437	0.3437	18,010	A 2016
Henry Township of Vernon Co	General Revenue	4,508,101	0.0976	0.0976	4,704,600	0.0968	0.0968	4,554	
	Road & Bridge	4,508,101	0.3415	0.3415	4,704,600	0.3386	0.3386	15,930	
	Special Road and Bridge	4,508,101	0.3415	0.3415	**	**	**		2012

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Vernon											
Henry Township of Vernon Co	Special Road and Bridge	**	**	**		4,704,600	0.3500	0.3500	16,466	A	2016
Lake Township of Vernon Co	General Revenue	3,039,848	0.0992	0.0992		2,934,532	0.1000	0.1000	2,935		
	Road & Bridge	3,039,848	0.4963	0.4963		2,934,532	0.5000	0.5000	14,673		
	Special Road and Bridge	3,039,848	0.3474	0.3474		**	**	**			2012
	Special Road and Bridge	**	**	**		2,934,532	0.3711	0.3500	10,271	A	2016
Metz Township of Vernon Co	General Revenue	4,355,365	0.1000	0.1000		4,436,982	0.1000	0.1000	4,437		
	Road & Bridge	4,355,365	0.3500	0.3500		4,436,982	0.3500	0.3500	15,529		
	Special Road and Bridge	4,355,365	0.3477	0.3477		4,436,982	0.3477	0.3477	15,427		2014
Montevallo Township of Vernon Co	General Revenue	4,909,135	0.1000	0.1000		5,607,451	0.1000	0.1000	5,607		
	Road & Bridge	4,909,135	0.3500	0.3500		5,607,451	0.3500	0.3500	19,626		
	Special Road and Bridge	4,909,135	0.2620	0.2620		**	**	**			2012
Moundville Township of Vernon Co	General Revenue	6,310,383	0.1000	0.1000		6,611,172	0.0994	0.0994	6,572		
	Road & Bridge	6,310,383	0.3500	0.3500		6,611,172	0.3480	0.3480	23,007		
	Special Road and Bridge	6,310,383	0.2399	0.2399		**	**	**			2012
	Special Road and Bridge	**	**	**		6,611,172	0.3500	0.3500	23,139	A	2016
Osage Township of Vernon Co	General Revenue	3,972,921	0.0964	0.0964		4,406,830	0.0926	0.0926	4,081		
	Road & Bridge	3,972,921	0.3376	0.3376		4,406,830	0.3243	0.3243	14,291		
	Special Road and Bridge	3,972,921	0.3500	0.3500		4,406,830	0.3362	0.3362	14,816		2014
Richland Township of Vernon Co	General Revenue	3,307,836	0.0972	0.0972		3,501,264	0.0951	0.0951	3,330		
	Road & Bridge	3,307,836	0.3404	0.3404		3,501,264	0.3331	0.3331	11,663		
	Special Road and Bridge	3,307,836	0.3500	0.3500		3,501,264	0.3425	0.3425	11,992		2014
Virgil Township of Vernon Co	General Revenue	4,225,904	0.0857	0.0857		4,262,213	0.0858	0.0858	3,657		
	Road & Bridge	4,225,904	0.3109	0.3109		4,262,213	0.3111	0.3111	13,260		
Walker Township of Vernon Co	General Revenue	5,923,127	0.0954	0.0954		6,099,597	0.0946	0.0946	5,770		
	Road & Bridge	5,923,127	0.3174	0.3174		6,099,597	0.3147	0.3147	19,195		
	Special Road and Bridge	5,923,127	0.3382	0.3382		**	**	**			2012
	Special Road and Bridge	**	**	**		6,099,597	0.3500	0.3470	21,166	A	2014
Washington Township of Vernon Co	General Revenue	25,768,130	0.0995	0.0995		26,166,451	0.0995	0.0995	26,036		
	Road & Bridge	25,768,130	0.3482	0.3482		26,166,451	0.3482	0.3482	91,112		
	Special Road and Bridge	25,768,130	0.2967	0.2967		**	**	**			2012
	Special Road and Bridge	**	**	**		26,166,451	0.3417	0.3417	89,411	A	2016
Vernon County Health Department	General Revenue	235,239,388	0.1000	0.1000		243,168,633	0.1000	0.1000	243,169		
Nevada R-V School District	Operating Funds-Schools	163,946,678	3.5889	3.5889	E	166,621,322	3.5140	3.5140	5,855,073	E	
	Debt Service	163,946,678	0.3255	0.1352		166,621,322	0.1514	0.1352	225,272		
Bronaugh R-VII School District	Operating Funds-Schools	12,035,640	3.7228	3.7228	E	12,363,524	3.6174	3.6174	447,238	E	
Sheldon R-VIII School District	Operating Funds-Schools	10,500,118	4.4019	3.9345	E	11,389,243	3.9383	3.9383	448,543	E	
	Debt Service	10,500,118	0.4455	0.4455		11,389,243	0.0000	0.0000	0		
Northeast Vernon County R-I	Operating Funds-Schools	17,139,084	4.3842	4.2200	E	17,179,322	4.2486	4.2200	724,967	E	
Vernon County	General Revenue	235,239,388	0.3693	0.1653		243,168,633	0.3693	0.1831	445,242		
Warren											
Marthasville Community Amb Dist	General Revenue	92,907,840	0.1551	0.1551		92,448,635	0.1567	0.1567	144,867		
	Ambulance	92,907,840	0.1357	0.1357		92,448,635	0.1371	0.1371	126,747		
Warren County Ambulance District	General Revenue	429,819,544	0.3430	0.3430		432,848,802	0.3431	0.3431	1,485,104		
City of Marthasville	General Revenue	15,343,560	0.5496	0.5496		15,185,310	0.5579	0.5579	84,719		
	Lights	15,343,560	0.1254	0.1254		15,185,310	0.1273	0.1273	19,331		
City of Truesdale	General Revenue	17,230,297	0.8002	0.8002		18,646,719	0.8002	0.8002	149,211		
City of Warrenton	General Revenue	97,703,028	0.2852	0.2852		98,460,983	0.2883	0.2883	283,863		
	Parks & Recreation	97,703,028	0.1689	0.1689		98,460,983	0.1707	0.1707	168,073		
City of Wright City	General Revenue	46,950,699	0.4873	0.4873		47,914,293	0.4873	0.4873	233,486		
	Parks & Recreation	46,950,699	0.0905	0.0905		47,914,293	0.0905	0.0905	43,362		

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Warren										
City of Wright City	Lights	46,950,699	0.1810	0.1810		47,914,293	0.1810	0.1810	86,725	
	Debt Service	46,950,699	0.0545	0.0545		47,914,293	0.0589	0.0589	28,222	
Village of Innsbrook	General Revenue	56,934,787	0.1267	0.1267		57,923,231	0.1267	0.1267	73,389	
Village of Pendleton	General Revenue	373,082	0.5000	0.5000		368,782	0.5000	0.5000	1,844	
Warren County Library District	General Revenue	527,536,913	0.0683	0.0683		530,049,697	0.0684	0.0684	362,554	
Wright City Fire Protection Dist	General Revenue	187,437,594	0.4089	0.4089		188,280,716	0.4097	0.4097	771,386	
Marthasville Fire Protection Dist	General Revenue	71,199,846	0.4056	0.4056		70,922,418	0.4101	0.4101	290,853	
Warrenton Fire Protection District	General Revenue	240,981,558	0.4497	0.4497		243,197,486	0.4497	0.4497	1,093,659	
Wright City R-II SD, Warren County	Operating Funds-Schools	177,168,449	3.0964	3.0964	E	177,900,783	3.1065	3.1065	5,526,488	E
	Debt Service	177,168,449	1.5798	1.0970		177,900,783	1.5870	1.0970	1,951,572	
Warren Co R-III School District	Operating Funds-Schools	257,396,746	3.4918	3.4918	E	258,684,538	3.5126	3.5126	9,086,553	E
	Debt Service	257,396,746	0.7709	0.6189		258,684,538	0.7440	0.6189	1,600,999	
Warren County	General Revenue	527,536,913	0.2438	0.1139		530,049,697	0.2443	0.1248	661,502	
	Road & Bridge	527,536,913	0.1756	0.1756		530,049,697	0.1760	0.1760	932,887	
	Developmentally Disabled	527,536,913	0.1627	0.1600		530,049,697	0.1603	0.1600	848,080	
Washington										
Washington County Ambulance Dist	General Revenue	232,297,877	0.2362	0.0998		237,480,403	0.2362	0.1025	243,417	
Village of Caledonia	General Revenue	1,106,179	0.1703	0.1703		1,132,203	0.1697	0.1697	1,921	
City of Irondale	General Revenue	2,122,779	0.4827	0.4827		2,195,790	0.4827	0.4827	10,599	
Village of Mineral Point	General Revenue	1,095,671	0.2763	0.2763		1,118,685	0.2752	0.2752	3,079	
City of Potosi	General Revenue	27,247,380	0.5893	0.5893		26,758,846	0.6020	0.6020	161,088	
Washington County Library District	General Revenue	232,297,877	0.1891	0.1891		237,480,403	0.1891	0.1891	449,075	
Potosi Fire Protection District	General Revenue	153,696,679	0.2392	0.2392		157,382,328	0.2392	0.2392	376,459	
Richwoods Fire Protection District	General Revenue	16,276,727	0.2634	0.2634		15,854,384	0.2704	0.2704	42,870	
Irondale Fire Protection District	General Revenue	10,227,228	0.4763	0.4763		10,827,865	0.4751	0.4751	51,443	
Caledonia Fire Protection District	General Revenue	5,310,943	0.3724	0.3724		5,674,020	0.3703	0.3703	21,011	
Washington County Health Department	General Revenue	232,297,877	0.1417	0.1417		237,480,403	0.1417	0.1417	336,510	
Kingston K-14 School District	Operating Funds-Schools	30,428,837	2.9637	2.9499	E	29,966,045	3.0080	2.9499	883,968	E
	Debt Service	30,428,837	1.7251	0.9895		29,966,045	1.2089	0.9895	296,514	
Potosi R-III School District	Operating Funds-Schools	83,971,994	2.7500	2.7500	F	85,121,383	2.7500	2.7500	2,340,838	F
	Debt Service	83,971,994	0.5306	0.5000		85,121,383	0.5691	0.5000	425,607	
Richwoods R-VII School District	Operating Funds-Schools	13,419,793	3.1443	3.1443	E	12,872,182	3.2980	3.2980	424,525	E
Valley R-VI School District	Operating Funds-Schools	21,989,519	3.6969	3.6969	E	22,841,894	3.7747	3.7747	862,213	E
Washington County	General Revenue	232,297,877	0.3686	0.2147		237,480,403	0.3686	0.2178	517,232	
	Road & Bridge	232,297,877	0.2591	0.2591		237,480,403	0.2591	0.2591	615,312	
	Hospital	232,297,877	0.1891	0.1891		237,480,403	0.1891	0.1891	449,075	
	Senate Bill 40	232,297,877	0.1891	0.1891		237,480,403	0.1891	0.1891	449,075	
	Senior Services	232,297,877	0.0472	0.0472		237,480,403	0.0472	0.0472	112,091	
Wayne										
East Wayne County Ambulance Dist	General Revenue	56,100,096	0.3000	0.3000		57,174,522	0.3000	0.3000	171,524	
Clearwater Ambulance District	General Revenue	67,173,180	0.2859	0.2859		68,696,571	0.2857	0.2857	196,266	
Village of Mill Spring	General Revenue	488,755	0.6693	0.6693		514,014	0.6692	0.6692	3,440	
City of Piedmont	General Revenue	17,958,754	0.2235	0.2200		18,057,483	0.2200	0.2200	39,726	
	Lights	17,958,754	0.1321	0.1300		18,057,483	0.1300	0.1300	23,475	
	Library	17,958,754	0.1016	0.1000		18,057,483	0.1000	0.1000	18,057	
	Cemetery	17,958,754	0.0304	0.0300		18,057,483	0.0300	0.0300	5,417	
Clearwater Fire Protection District	General Revenue	49,802,166	0.2949	0.2949		49,929,029	0.2954	0.2954	147,490	
Wayne County Health Center	General Revenue	125,646,385	0.0985	0.0985		128,206,266	0.0985	0.0985	126,283	
Greenville R-II School District	Operating Funds-Schools	40,519,341	2.7500	2.7500	E	41,679,492	2.7500	2.7500	1,146,186	E

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
Wayne										
Greenville R-II School District	Debt Service	40,519,341	1.3895	0.3600		41,679,492	1.1485	0.3600	150,046	
Clearwater R-I School District	Operating Funds-Schools	62,816,395	2.7500	2.7500	E	63,326,583	2.7500	2.7500	1,741,481	E
	Debt Service	62,816,395	0.5236	0.3500		63,326,583	0.3896	0.3500	221,643	
Wayne County	General Revenue	125,646,385	0.2977	0.1259		128,206,266	0.2977	0.0000	0	
	Road & Bridge	125,646,385	0.1410	0.1100		128,206,266	0.1410	0.1100	141,027	
	Senate Bill 40	125,646,385	0.0812	0.0800		128,206,266	0.0800	0.0800	102,565	
Webster										
Village of Diggins	General Revenue	2,284,393	0.1999	0.1999		2,196,423	0.2121	0.2121	4,659	
City of Fordland	General Revenue	4,611,812	0.3963	0.3963		4,641,642	0.3968	0.3968	18,418	
City of Marshfield	Parks & Recreation	73,499,673	0.1010	0.1000		74,618,744	0.1012	0.1012	75,514	
	Cemetery	73,499,673	0.1010	0.1000		74,618,744	0.1012	0.1012	75,514	
	Debt Service	73,499,673	0.3211	0.3200		74,618,744	1.2666	0.3700	276,089	
City of Niangua	General Revenue	1,651,253	0.2800	0.2800		1,685,281	0.2801	0.2801	4,720	
City of Rogersville	General Revenue	32,078,705	0.3141	0.3141		32,980,734	0.3166	0.3166	104,417	
	Debt Service	32,078,705	0.3990	0.3990		**	**	**		
City of Seymour	General Revenue	15,986,138	0.3647	0.3647		16,269,387	0.3724	0.3724	60,587	
	Parks & Recreation	15,986,138	0.0810	0.0810		16,269,387	0.0827	0.0827	13,455	
	Library	7,277,140	0.0604	0.0604		7,060,249	0.0631	0.0631	4,455	
	Cemetery	15,986,138	0.0507	0.0507		16,269,387	0.0521	0.0521	8,476	
Webster County Library District	General Revenue	340,475,112	0.1184	0.1184		344,740,256	0.1188	0.1188	409,551	
Southern Webster Co Fire Prot Dist	General Revenue	66,393,656	0.2966	0.2966		66,812,752	0.2973	0.2973	198,634	
Marshfield Fire Protection District	General Revenue	89,171,419	0.3000	0.3000		89,909,484	0.3000	0.3000	269,728	
Niangua Fire Protection District	General Revenue	13,347,079	0.3000	0.3000		13,649,462	0.3000	0.3000	40,948	
Webster County Health Unit	General Revenue	347,724,421	0.1381	0.1381		351,787,518	0.1387	0.1387	487,929	
Niangua R-V School District	Operating Funds-Schools	13,909,871	3.2381	3.2381	E	13,946,616	3.3280	3.3280	464,143	E
Fordland R-III School District	Operating Funds-Schools	30,366,847	2.7500	2.7500	F	30,495,237	2.7500	2.7500	838,619	F
	Debt Service	30,366,847	0.8447	0.8447		30,495,237	0.9983	0.9983	304,434	
Marshfield R-I School District	Operating Funds-Schools	173,202,430	2.7500	2.7500	E	174,757,478	2.7500	2.7500	4,805,831	E
	Debt Service	173,202,430	1.1205	0.6000		174,757,478	1.3276	0.6000	1,048,545	
Seymour R-II School District	Operating Funds-Schools	43,948,756	2.7500	2.7500	F	44,029,158	2.7500	2.7500	1,210,802	F
Webster County	General Revenue	347,724,421	0.0000	0.0000		351,787,518	0.0000	0.0000	0	
	Road & Bridge	347,724,421	0.1874	0.1874		351,787,518	0.1882	0.1882	662,064	
	Senate Bill 40	347,724,421	0.0789	0.0789		351,787,518	0.0793	0.0793	278,968	
	Senior Services	347,724,421	0.0500	0.0500		351,787,518	0.0500	0.0500	175,894	
Worth										
Worth County Ambulance District	General Revenue	27,815,192	0.1499	0.1499		29,598,439	0.1495	0.1495	44,250	
Worth Co Convalescent Center Dist	General Revenue	27,815,192	0.3497	0.3497		29,598,439	0.3487	0.3487	103,210	
Platte River Tributaries Sub Dist	General Revenue	578,520	0.4000	0.4000		578,510	0.4000	0.4000	2,314	
East Fork of Grand River Watershed	General Revenue	2,672,800	0.2000	0.2000		2,713,420	0.2000	0.2000	5,427	
Village of Allendale	General Revenue	543,916	0.4000	0.4000		587,743	0.4000	0.4000	2,351	
	General Revenue-Temp	543,916	0.1999	0.1999		587,743	0.2000	0.2000	1,175	2013
Village of Denver	General Revenue	217,385	0.7657	0.7657		251,162	0.7435	0.7435	1,867	
City of Grant City	General Revenue	4,481,031	1.0000	1.0000		5,042,550	0.9951	0.9951	50,178	
	Health	4,481,031	0.1800	0.1800		5,042,550	0.1791	0.1791	9,031	
	Special Fund	4,481,031	0.3000	0.3000		5,042,550	0.2985	0.2985	15,052	
City of Sheridan	General Revenue	1,050,684	1.0000	1.0000		1,072,594	1.0000	1.0000	10,726	
Village of Worth	General Revenue	194,480	0.5000	0.5000		220,789	0.8000	0.8000	1,766	B
Sheridan Fire Protection District	General Revenue	5,447,498	0.1712	0.1712		5,699,999	0.1703	0.1703	9,707	
Worth County Fire Protection Dist	General Revenue	20,315,607	0.1941	0.1941		21,609,198	0.1941	0.1941	41,943	

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue		Expiration Year
Worth											
Worth Co R-III School District	Operating Funds-Schools	24,985,540	3.4489	3.4489	E	26,134,340	3.3703	3.3703	880,806	E	
	Debt Service	24,985,540	0.2905	0.2500		26,134,340	0.2551	0.2500	65,336		
Worth County	General Revenue	27,815,192	0.4996	0.4996		29,598,429	0.4982	0.4982	147,459		
	Library	27,815,192	0.0999	0.0999		29,585,649	0.0997	0.0997	29,497		
	Road & Bridge	27,815,192	0.4996	0.4996		29,598,429	0.4982	0.4982	147,459		
	Special Road and Bridge	27,815,192	0.3297	0.3297		29,598,429	0.3288	0.3288	97,320		2013
	Senior Services	27,815,192	0.0500	0.0500		29,598,429	0.0499	0.0499	14,770		
	General Revenue-Temp	27,815,192	0.3500	0.3500		29,598,429	0.3490	0.3490	103,299		2014
Wright											
City of Hartville	General Revenue	4,357,517	0.5012	0.5012		4,272,175	0.5119	0.5119	21,869		
City of Mansfield	General Revenue	11,371,417	0.4902	0.4902		11,178,110	0.5002	0.5002	55,913		
	Streets	11,371,417	0.1491	0.1491		11,178,110	0.1522	0.1522	17,013		
	Cemetery	11,371,417	0.0996	0.0996		11,178,110	0.1000	0.1000	11,178		
City of Mountain Grove	General Revenue	45,278,456	0.0000	0.0000		43,684,536	0.0000	0.0000	0		
	Parks & Recreation	45,278,456	0.0000	0.0000		43,684,536	0.0000	0.0000	0		
City of Norwood	General Revenue	3,549,624	0.3746	0.3746		3,437,356	0.3915	0.3915	13,457		
	Water	3,549,624	0.5974	0.5974		3,437,356	0.6244	0.6244	21,463		
Wright County Library	General Revenue	167,516,424	0.1405	0.1405		168,186,761	0.1409	0.1409	236,975		
Wright County Health Department	General Revenue	167,516,424	0.0802	0.0802		168,186,761	0.0804	0.0804	135,222		
Norwood R-I School District	Operating Funds-Schools	17,215,796	2.9321	2.9321	E	16,501,185	3.2693	3.2693	539,473	E	
Hartville R-II School District	Operating Funds-Schools	33,858,302	3.1171	3.0250	BE	34,599,585	3.0263	3.0250	1,046,637	E	
	Debt Service	33,858,302	0.5188	0.5188		34,599,585	0.6455	0.5188	179,503		
Mountain Grove R-III School Dist	Operating Funds-Schools	87,979,586	2.7500	2.7500	E	86,374,679	2.7500	2.7500	2,375,304	E	
Mansfield R-IV School District	Operating Funds-Schools	35,107,029	3.3952	3.3551	E	34,641,930	3.4239	3.0500	1,056,579	E	
	Debt Service	35,107,029	1.1367	0.8000		34,641,930	1.2423	1.0700	370,669		
Manes R-V School District	Operating Funds-Schools	4,685,153	3.5454	3.5454	E	4,837,679	3.6063	3.6063	174,461	E	
Wright County	General Revenue	167,516,424	0.3111	0.0873		168,186,761	0.3121	0.0907	152,545		
	Developmentally Disabled	167,516,424	0.0802	0.0802		168,186,761	0.0804	0.0804	135,222		
St. Louis City											
St. Louis Public Libraries	General Revenue	4,275,228,546	0.5600	0.5814	C	4,056,829,620	0.5600	0.5600	22,718,246		
Baden Market Centre Spec Bus Dist	General Revenue	1,991,490	0.7620	0.7620		1,889,290	0.8032	0.8032	15,175		
Cherokee Station Special Bus Dist	General Revenue	3,096,350	0.6330	0.6330		3,147,520	0.6330	0.6330	19,924		
St. Louis Downtown Business Dist	General Revenue	0	0.0000	0.0000		*	*	*			
Kingsway Center Special Bus Dist	General Revenue	2,232,170	0.7124	0.7124		2,175,690	0.7309	0.7309	15,902		
Locust Central Business District	General Revenue	45,213,260	0.8023	0.8023		44,168,260	0.8221	0.8221	363,107		
South Grand Square Spec Bus Dist	General Revenue	0	0.0000	0.0000		*	*	*			
Central West End South SBD	General Revenue	39,984,330	0.4802	0.4802		38,553,870	0.4980	0.4980	191,998		
Central West End North SBD	General Revenue	62,996,580	0.8500	0.8500		60,576,110	0.8500	0.8500	514,897		2018
Soulard Special Business District	General Revenue	59,929,230	0.5045	0.5045		56,018,770	0.5398	0.5398	302,389		
Waterman/Lake Special Business Dist	General Revenue	5,455,310	0.7060	0.7060		5,290,950	0.7280	0.7280	38,518		2014
Westminister/Lake Special Bus Dist	General Revenue	8,721,650	0.7983	0.7983		7,958,350	0.8500	0.8500	67,646		2014
Washington Place Special Bus Dist	General Revenue	5,076,700	0.6820	0.6820		4,738,220	0.7307	0.7307	34,622		2014
East Loop/Parkview Gardens SBD	General Revenue	7,931,450	0.5421	0.5421		8,251,070	0.5533	0.5533	45,653		
Cathedral Square Special Bus Dist	General Revenue	24,933,361	0.8056	0.8056		24,698,200	0.8056	0.8056	198,969		2018
Central West End Southeast SBD	General Revenue	59,957,340	0.4233	0.4233		58,617,950	0.4233	0.4233	248,130		2018
Cherokee-Lemp Special Business Dist	General Revenue	2,159,070	0.5594	0.5594		2,241,920	0.5479	0.5479	12,283		
Gardenside Special Business Dist	General Revenue	14,929,390	0.8771	0.4756	A	13,215,730	0.5376	0.5376	71,048		2022
Tower Grove South Conc. Cit. SBD	General Revenue	18,828,750	0.7047	0.6800		16,865,020	0.7592	0.7592	128,039		2013
	General Revenue-Temp	**	**	**		16,865,020	0.7721	0.6800	114,682	A	2018

APPENDIX VII
2013 PROPERTY TAX RATES
LISTING OF 2012 AND 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Political Subdivision	Purpose	2012 Assessed Value	2012 Ceiling	2012 Levied		2013 Assessed Value	2013 Ceiling	2013 Levied	2013 Revenue	Expiration Year
St. Louis City										
St. Louis Community College	General Revenue	26,910,594,948	0.2200	0.2200		26,107,363,411	0.2200	0.2200	57,436,200	
St. Louis City School District	Operating Funds-Schools	4,172,243,089	3.6698	3.7860	EC	3,969,158,084	3.7500	3.7500	148,843,428	E
	Debt Service	4,172,243,089	0.6264	0.6211		3,969,158,084	0.6895	0.6211	24,652,441	
City of St. Louis	Parks & Recreation	3,993,847,325	0.0187	0.0187		3,778,888,804	0.0200	0.0200	755,778	
	Health	3,993,847,325	0.0187	0.0187		3,778,888,804	0.0200	0.0200	755,778	
	Hospital	3,993,847,325	0.0933	0.0933		3,778,888,804	0.1000	0.1000	3,778,889	
	Developmentally Disabled	4,255,502,548	0.1460	0.1460		4,056,829,620	0.1500	0.1500	6,085,244	
	Mental Health	4,255,502,548	0.0876	0.0876		4,056,829,620	0.0900	0.0900	3,651,147	
	Community Child Service	4,255,502,548	0.1900	0.1900		4,056,829,620	0.1900	0.1900	7,707,976	
	County Purposes	3,993,847,325	0.3270	0.3270		3,778,888,804	0.3500	0.3500	13,226,111	
	General Revenue No. 1	4,255,502,548	0.1532	0.1532		4,056,829,620	0.1600	0.1600	6,490,927	
	General Revenue No. 2	3,993,847,325	0.7539	0.7539		3,778,888,804	0.8172	0.8172	30,881,079	
	Debt Service	3,993,847,325	0.1632	0.1200		3,778,888,804	0.1420	0.1420	5,366,022	
								Total Revenue	$ 4,906,127,297	

LEGEND:

* Levy was not certified due to insufficient substantiating data; however, it does not appear that a rate was levied.
** Levy did not exist in the given year.
A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy.
B A voter approved increase or decrease to an existing levy.
C Levy includes a recoupment rate authorized by state law.
D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see the Results Section for 2013 levies and Report No. 2013-12, Review of 2012 Property Tax Rates. All non-compliant rates in 2012 and 2013 are taxing authorities wholly in St. Louis County and therefore not listed in this appendix.
E School district has a full Proposition C (sales tax) waiver allowing the district to reduce its required Proposition C reduction to $0.0000 and levy up to its calculated tax rate ceiling.
F School district has a partial Proposition C (sales tax) waiver allowing the district to waive a portion of its required Proposition C reduction to the extent necessary to collect $2.7500 or the amount stated on the ballot.
G Article X, Section 11(g) of the Missouri Constitution allows the Kansas City 33 School District School Board to set its tax levy at a rate that is lower than the court-ordered rate for the 1995 tax year ($4.96). The rate so established may be changed from year to year by the School Board.

NOTES:

Taxing authorities are listed by primary county and categorized by type of taxing authority. The counties are listed alphabetically (Adair through Wright followed by the City of St. Louis). When a taxing authority is in more than one county, it is listed under the primary county only.

This Appendix does not list taxing authorities that levied a separate tax rate for each subclass of property. Previous legislation required taxing authorities wholly in St. Louis County and allowed the City of Gladstone in Clay County to calculate a separate tax rate on each subclass of property. Taxing authorities partially in St. Louis County, whether the primary county is St. Louis County or another county, are required to levy a single rate on all property when one or more counties opted in and one or more counties opted out of the provisions requiring the multi rate calculation. See Appendixes VIII-A and VIII-B for a listing of 2013 and 2012 taxing authorities that calculated separate tax rates for each subclass of property.

All rates in the levied column represent the rate extended and certified to the State Auditor's office by both the taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation the property tax is levied against.

The revenue generated is computed by dividing the assessed valuation by 100 and multiplying the quotient by the tax rate levied.

APPENDIX VIII-A
2013 PROPERTY TAX RATES
LISTING OF 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Revenue
Clay														
City of Gladstone	General Revenue	226,714,230	0.9290	0.9290	69,170	0.9290	0.9290	56,524,205	0.9290	0.9290	53,965,935	0.9290	0.9290	3,133,272
St. Louis														
City of Bella Villa	General Revenue	6,283,190	0.0000	0.0000	0	0.0000	0.0000	871,551	0.0000	0.0000	1,100,976	0.0000	0.0000	0
City of Bellefontaine Neighbors	General Revenue	47,262,590	0.2500	0.2500	1,530	0.0000	0.0000	10,513,427	0.2500	0.2500	12,979,417	0.2350	0.2350	174,942
	Debt Service	47,262,590	0.6240	0.6240	1,530	0.6240	0.6240	10,513,427	0.6240	0.6240	12,979,417	0.6240	0.6240	441,525
Village of Bellerive Acres	General Revenue	2,511,960	0.8240	0.8000	0	0.0000	0.0000	345,070	0.5150	0.5150	1,134,276	0.7900	0.7900	30,834
Village of Bel Nor	General Revenue	12,766,877	0.4950	0.4950	0	0.0000	0.0000	415,790	0.4750	0.4750	2,575,516	0.5530	0.5530	79,414
Village of Bel Ridge	General Revenue	7,874,660	0.3500	0.3500	0	0.0000	0.0000	4,366,000	0.3500	0.3500	0	0.0000	0.0000	42,842
	Debt Service	7,874,660	0.2260	0.2260	0	0.2260	0.2260	4,366,000	0.2260	0.2260	0	0.2260	0.2260	27,664
City of Berkeley	General Revenue	36,674,260	0.9730	0.9430	3,820	0.9950	0.9950	96,658,033	1.0000	1.0000	51,144,934	0.9200	0.9200	1,782,989
	Pension	36,674,260	0.1100	0.1100	3,820	0.1050	0.1050	96,658,033	0.1100	0.1100	51,144,934	0.1100	0.1100	202,929
	Debt Service	36,674,260	0.1330	0.1325	3,820	0.1330	0.1325	96,658,033	0.1330	0.1325	51,144,934	0.1330	0.1325	244,437
City of Beverly Hills	General Revenue	2,032,320	0.2500	0.2500	0	0.0000	0.0000	1,215,946	0.2500	0.2500	652,117	0.2320	0.2320	9,634
City of Black Jack	Debt Service	48,753,570	0.5970	0.4900	2,650	0.5970	0.4900	2,131,440	0.5970	0.4900	12,333,370	0.5970	0.4900	309,783
City of Breckenridge Hills	General Revenue	18,779,360	0.2380	0.2380	0	0.0000	0.0000	8,510,287	0.2170	0.2170	4,453,574	0.0000	0.0000	63,162
City of Brentwood	General Revenue	132,681,960	0.0000	0.0000	0	0.0000	0.0000	97,604,126	0.2000	0.2000	32,958,826	0.2070	0.2070	263,433
	Library	132,681,960	0.2130	0.2130	0	0.0000	0.0000	97,604,126	0.2200	0.2200	32,958,826	0.2290	0.2290	572,818
	Pension	132,681,960	0.3880	0.3880	0	0.0000	0.0000	97,604,126	0.4110	0.4110	32,958,826	0.3850	0.3850	1,042,850
City of Bridgeton	General Revenue	96,357,330	0.2060	0.1600	122,760	0.0000	0.0000	260,782,413	0.2460	0.2460	99,044,145	0.0000	0.0000	795,697
Village of Calverton Park	General Revenue	7,842,840	0.3300	0.3300	0	0.0000	0.0000	551,877	0.3220	0.3220	1,492,137	0.2980	0.2980	32,105
City of Charlack	General Revenue	5,955,350	0.2510	0.2510	0	0.0000	0.0000	2,539,588	0.2410	0.2410	1,715,963	0.2570	0.2570	25,478
City of Clarkson Valley	General Revenue	90,719,920	0.1290	0.1290	4,080	0.1960	0.1960	12,197,510	0.1250	0.1250	10,422,210	0.1530	0.1530	148,230
City of Clayton	General Revenue	453,204,320	0.6610	0.6590	0	0.0000	0.0000	340,725,110	0.6920	0.6920	76,973,089	0.7070	0.7070	5,888,634
	Police	453,204,320	0.1280	0.1280	0	0.0000	0.0000	340,725,110	0.1280	0.1280	76,973,089	0.1230	0.1230	1,110,907
City of Cool Valley	General Revenue	5,168,310	0.3120	0.3120	0	0.0000	0.0000	5,921,815	0.3500	0.3500	2,108,060	0.1650	0.1650	40,329
City of Country Club Hills	General Revenue	4,218,770	0.8020	0.8020	0	0.0000	0.0000	910,050	0.8140	0.8140	1,171,831	0.7150	0.7150	49,622
	Parks & Recreation	4,218,770	0.3710	0.3710	0	0.0000	0.0000	910,050	0.3620	0.3620	1,171,831	0.3300	0.3300	22,813
	Health	4,218,770	0.2000	0.2000	0	0.0000	0.0000	910,050	0.2000	0.2000	1,171,831	0.1880	0.1880	12,461
Village of Country Life Acres	General Revenue	6,343,910	0.3770	0.3770	240	0.0000	0.0000	76,945	0.4110	0.4110	582,468	0.4200	0.4200	26,679
City of Crestwood	General Revenue	160,416,880	0.2560	0.2560	0	0.0000	0.0000	62,916,292	0.4090	0.4090	28,493,365	0.2780	0.2780	747,207
City of Creve Coeur	General Revenue	430,671,350	0.0720	0.0720	2,180	0.0920	0.0920	341,926,742	0.0770	0.0770	0	0.0000	0.0000	573,369
City of Crystal Lake Park	General Revenue	13,588,620	0.7380	0.7380	0	0.0000	0.0000	162,677	0.3040	0.3040	1,265,344	0.8080	0.8080	111,003

APPENDIX VIII-A
2013 PROPERTY TAX RATES
LISTING OF 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Revenue
City of Dellwood	General Revenue	20,523,220	0.2780	0.2780	0	0.0000	0.0000	7,487,170	0.2400	0.2400	6,623,365	0.2350	0.2350	90,589
City of Des Peres	General Revenue	211,610,690	0.0000	0.0000	46,370	0.0000	0.0000	150,171,804	0.0000	0.0000	43,383,566	0.0000	0.0000	0
	Debt Service	211,610,690	0.3840	0.0000	46,370	0.3840	0.0000	150,171,804	0.3840	0.0000	43,383,566	0.3840	0.0000	0
City of Edmundson	General Revenue	3,872,790	0.0000	0.0000	0	0.0000	0.0000	22,271,800	0.4230	0.4230	17,290,382	0.0000	0.0000	94,210
City of Ellisville	General Revenue	135,646,940	0.1610	0.1500	800	0.1250	0.1250	92,203,029	0.1550	0.1500	0	0.0000	0.0000	341,776
City of Eureka	General Revenue	132,827,350	0.3930	0.3900	207,760	0.2180	0.2180	56,371,311	0.3900	0.3900	33,035,054	0.3880	0.3880	866,504
City of Ferguson	General Revenue	97,587,650	0.8310	0.8310	8,220	0.8270	0.8270	37,138,530	0.8240	0.8240	33,379,110	0.8240	0.8240	1,392,086
	Parks & Recreation	97,587,650	0.2000	0.2000	8,220	0.2000	0.2000	37,138,530	0.2000	0.2000	33,379,110	0.1980	0.1980	335,559
	Debt Service	97,587,650	0.4160	0.4160	8,220	0.4160	0.4160	37,138,530	0.4160	0.4160	33,379,110	0.4160	0.4160	699,352
City of Flordell Hills	General Revenue	2,411,940	0.7820	0.7820	0	0.0000	0.0000	653,790	1.0000	1.0000	564,239	0.0000	0.0000	25,399
City of Frontenac	General Revenue	175,176,750	0.4960	0.4960	0	0.0000	0.0000	40,795,270	0.5440	0.5440	17,683,520	0.5530	0.5530	1,188,593
Village of Glen Echo Park	General Revenue	891,891	0.5000	0.5000	0	0.0000	0.0000	8,210	0.4630	0.4630	166,940	0.5000	0.5000	5,332
City of Glendale	General Revenue	134,823,200	0.4220	0.4220	0	0.0000	0.0000	5,601,787	0.4470	0.4470	14,556,839	0.5190	0.5190	669,544
	Pension	134,823,200	0.0810	0.0810	0	0.0000	0.0000	5,601,787	0.0890	0.0890	14,556,839	0.1000	0.1000	128,750
Town of Grantwood Village	General Revenue	19,850,770	0.2370	0.2370	45,110	0.5000	0.5000	1,318,208	0.1770	0.1770	2,519,196	0.2610	0.2610	56,180
City of Greendale	General Revenue	4,307,990	0.6000	0.6000	0	0.0000	0.0000	120,360	0.6000	0.6000	0	0.0000	0.0000	26,570
Village of Hanley Hills	General Revenue	9,796,810	0.5000	0.5000	0	0.0000	0.0000	298,640	0.5000	0.5000	12,516,968	0.4500	0.4500	106,803
City of Hazelwood	General Revenue	171,162,050	0.7670	0.7670	185,330	0.7780	0.7780	200,299,745	0.7700	0.7700	127,981,780	0.7540	0.7540	3,821,546
	Debt Service	171,162,050	0.2220	0.2220	185,330	0.2220	0.2220	200,299,745	0.2220	0.2220	127,981,780	0.2220	0.2220	1,109,176
Village of Hillsdale	General Revenue	3,270,820	0.5000	0.5000	0	0.0000	0.0000	2,381,401	0.5000	0.5000	2,048,820	0.5000	0.5000	38,505
City of Huntleigh	General Revenue	36,931,080	0.2120	0.2010	5,490	0.3100	0.3100	408,150	0.2650	0.2650	3,726,158	0.2190	0.2090	83,118
City of Jennings	General Revenue	53,911,890	1.0000	1.0000	0	0.0000	0.0000	15,659,163	1.0000	1.0000	14,223,246	1.0000	1.0000	837,943
	Pension	53,911,890	0.2450	0.2450	0	0.0000	0.0000	15,659,163	0.2450	0.2450	14,223,246	0.2450	0.2450	205,296
City of Kinloch	General Revenue	1,086,590	1.0000	1.0000	0	0.0000	0.0000	823,000	0.9850	1.0000 D	365,970	1.0000	1.0000	22,756
City of Kirkwood	General Revenue	535,309,150	0.2970	0.2970	0	0.0000	0.0000	108,871,720	0.3060	0.3060	74,998,723	0.2690	0.2690	2,124,762
	Parks & Recreation	535,309,150	0.1330	0.1330	0	0.0000	0.0000	108,871,720	0.1380	0.1380	74,998,723	0.1210	0.1210	952,952
	Library	529,560,170	0.1820	0.1820	0	0.0000	0.0000	91,036,340	0.2240	0.2240	70,313,214	0.2350	0.2350	1,332,957
	Pension	535,309,150	0.1190	0.1190	0	0.0000	0.0000	108,871,720	0.1450	0.1450	74,998,723	0.1720	0.1720	923,880
	Library-Temp	529,560,170	0.1200	0.1200	0	0.0000	0.0000	91,036,340	0.1200	0.1200	70,313,214	0.1200	0.1200	829,092
	Debt Service	535,309,150	0.0700	0.0650	0	0.0700	0.0650	108,871,720	0.0700	0.0650	74,998,723	0.0700	0.0650	467,467
City of Ladue	General Revenue	530,277,080	0.7270	0.7270	1,090	1.0000	1.0000	42,083,886	0.7500	0.7500	42,687,991	0.7560	0.7560	4,493,475
City of Lakeshire	General Revenue	14,857,660	0.3740	0.3740	0	0.0000	0.0000	211,523	0.3600	0.3600	0	0.0000	0.0000	56,329
Village of Mackenzie	General Revenue	1,563,250	0.1610	0.1610	0	0.0000	0.0000	56,903	0.1560	0.1560	245,599	0.1850	0.1850	3,060
City of Manchester	General Revenue	235,428,710	0.0470	0.0450	0	0.0000	0.0000	61,790,970	0.0450	0.0450	40,933,730	0.0500	0.0500	154,216
	Debt Service	235,428,710	0.2940	0.1930	0	0.2940	0.1930	61,790,970	0.2940	0.1930	40,933,730	0.2940	0.1930	652,636
City of Maplewood	General Revenue	72,073,660	0.2140	0.2030	0	0.0000	0.0000	55,594,760	0.5350	0.5350	21,203,048	0.5670	0.5670	563,963

APPENDIX VIII-A
2013 PROPERTY TAX RATES
LISTING OF 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Revenue
City of Maplewood	Pension	72,073,660	0.3910	0.3910	0	0.0000	0.0000	55,594,760	0.4470	0.4470	21,203,048	0.4450	0.4450	624,671
	Solid Waste	72,073,660	0.1600	0.1600	0	0.0000	0.0000	55,594,760	0.1820	0.1820	21,303,048	0.2180	0.2180	262,941
Village of Marlborough	General Revenue	13,232,880	0.1100	0.1100	0	0.0000	0.0000	8,645,761	0.1080	0.1080	4,302,224	0.1110	0.1110	28,668
City of Moline Acres	Debt Service	9,214,210	2.0854	1.4000	0	2.0854	1.4000	2,907,843	2.0854	1.4000	2,779,052	2.0854	1.4000	208,616
City of Normandy	General Revenue	15,249,430	0.4000	0.4000	0	0.0000	0.0000	4,493,087	0.4000	0.4000	4,268,630	0.4000	0.4000	96,045
City of Northwoods	General Revenue	16,149,470	0.5000	0.4060	0	0.0000	0.0000	4,618,970	0.3110	0.3110	4,153,156	0.3600	0.3600	94,883
	Debt Service	16,149,470	1.4420	1.4420	0	1.4420	1.4420	4,618,970	1.4420	1.4420	4,153,156	1.4420	1.4420	359,370
Village of Norwood Court	General Revenue	2,971,490	0.0000	0.0000	0	0.0000	0.0000	190,080	0.0000	0.0000	632,205	0.0000	0.0000	0
City of Oakland	General Revenue	23,404,290	0.2020	0.2020	0	0.0000	0.0000	2,595,731	0.2520	0.2520	2,832,090	0.2370	0.2370	60,530
City of Olivette	General Revenue	148,592,480	0.6700	0.6700	0	0.0000	0.0000	53,402,961	0.7590	0.7590	26,900,186	0.7710	0.7710	1,608,298
	Pension	148,592,480	0.2440	0.2440	0	0.0000	0.0000	53,402,961	0.2500	0.2500	26,900,186	0.2500	0.2500	563,323
City of Overland	General Revenue	94,863,350	0.0780	0.0680	0	0.0000	0.0000	79,790,430	0.0840	0.0830	34,854,560	0.0970	0.0970	164,542
	Pension	94,863,350	0.1200	0.1200	0	0.0000	0.0000	79,790,430	0.1200	0.1200	34,854,560	0.1200	0.1200	251,410
City of Pagedale	General Revenue	10,950,020	0.3200	0.3200	0	0.0000	0.0000	11,346,940	0.3300	0.3300	5,064,296	0.3500	0.3500	90,210
City of Pasadena Hills	General Revenue	9,039,240	0.3400	0.3400	0	0.0000	0.0000	108,120	0.5000	0.5000	1,627,900	0.3100	0.3100	36,320
	Debt Service	9,039,240	1.1359	1.1359	0	1.1359	1.1359	108,120	1.1359	1.1359	1,627,900	1.1359	1.1359	122,396
Village of Pasadena Park	General Revenue	3,256,868	0.3760	0.3760	0	0.0000	0.0000	27,700	0.0000	0.0000	633,943	0.3090	0.3090	14,205
City of Pine Lawn	General Revenue	9,260,690	0.3000	0.3000	0	0.0000	0.0000	3,496,651	0.3000	0.3000	2,312,940	0.2570	0.2570	44,216
City of Richmond Heights	General Revenue	167,778,020	0.3050	0.2900	0	0.0000	0.0000	110,379,316	0.3060	0.2900	30,298,837	0.2900	0.2900	894,523
	Pension	167,778,020	0.3300	0.3200	0	0.0000	0.0000	110,379,316	0.3380	0.3200	30,298,837	0.3190	0.3190	986,757
Village of Riverview	General Revenue	9,785,550	0.4180	0.4180	0	0.0000	0.0000	2,140,555	0.2940	0.2940	2,354,697	0.3120	0.3120	54,544
City of Rock Hill	General Revenue	61,878,140	0.2880	0.2880	0	0.0000	0.0000	23,583,250	0.2920	0.2920	12,005,996	0.3400	0.3400	287,892
	Library	61,878,140	0.2900	0.2900	0	0.0000	0.0000	23,583,250	0.3060	0.3060	12,005,996	0.3550	0.3550	294,233
	Debt Service	61,878,140	0.4800	0.3800	0	0.4800	0.3800	23,583,250	0.4800	0.3800	12,005,996	0.4800	0.3800	370,376
City of St. Ann	General Revenue	77,281,340	0.2000	0.2000	0	0.0000	0.0000	28,312,566	0.2000	0.2000	16,964,688	0.1930	0.1930	243,930
	General Revenue-Temp	77,281,340	0.3160	0.3000 A	0	0.2800	0.0000 A	28,312,566	0.2800	0.2800 A	16,964,688	0.2887	0.0000 A	311,119
City of St. John	General Revenue	35,682,760	0.5000	0.5000	0	0.0000	0.0000	15,731,561	0.5000	0.5000	9,822,219	0.4500	0.4500	301,272
City of Shrewsbury	General Revenue	66,440,800	0.4850	0.4850	0	0.0000	0.0000	28,300,990	0.4790	0.4790	15,903,619	0.5770	0.5770	549,564
	Debt Service	66,440,800	0.4640	0.4640	0	0.4640	0.4640	28,300,990	0.4640	0.4640	15,903,619	0.4640	0.4640	513,395
City of Sunset Hills	General Revenue	202,613,520	0.0560	0.0540	212,500	0.0320	0.0320	93,309,110	0.0590	0.0570	40,880,741	0.0600	0.0600	187,193
Village of Sycamore Hills	General Revenue	4,128,060	0.2580	0.2580	0	0.0000	0.0000	482,507	0.2550	0.2550	1,016,714	0.2530	0.2530	14,452
	Health	4,128,060	0.1200	0.1200	0	0.0000	0.0000	482,507	0.1170	0.1170	1,016,714	0.1180	0.1180	6,719
City of Town and Country	General Revenue	445,524,690	0.0000	0.0000	29,970	0.0000	0.0000	186,899,592	0.0000	0.0000	72,033,612	0.0000	0.0000	0
	Dispatch	445,524,690	0.0000	0.0000	29,970	0.0000	0.0000	186,899,592	0.0000	0.0000	72,033,612	0.0000	0.0000	0
Village of Twin Oaks	General Revenue	4,785,790	0.0000	0.0000	0	0.0000	0.0000	8,332,869	0.3370	0.3370	1,318,679	0.0000	0.0000	28,082
City of University City	General Revenue	449,348,520	0.6020	0.5610	0	0.0000	0.0000	56,529,753	0.5790	0.5780	58,904,676	0.6800	0.6800	3,248,139

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		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Revenue
City of University City	Library	449,348,520	0.2660	0.2660	0	0.0000	0.0000	56,529,753	0.2540	0.2540	58,904,676	0.2800	0.2800	1,503,786
	Pension	449,348,520	0.1700	0.1580	0	0.0000	0.0000	56,529,753	0.1640	0.1640	58,904,676	0.1950	0.1950	917,544
	Debt Service	449,348,520	0.0430	0.0340	0	0.0430	0.0340	56,529,753	0.0430	0.0340	58,904,676	0.0430	0.0340	192,026
Village of Uplands Park	General Revenue	1,760,050	0.4740	0.4740	0	0.0000	0.0000	16,150	0.5000	0.5000	428,776	0.3910	0.3910	10,101
City of Valley Park	General Revenue	68,737,010	0.4870	0.4870	74,490	0.0000	0.0000	36,177,077	0.6680	0.6680	17,159,511	0.5700	0.5700	674,221
City of Velda City	General Revenue	5,102,798	0.4330	0.4330	0	0.0000	0.0000	68,220	0.5000	0.5000	1,129,873	0.3800	0.3800	26,730
	Debt Service	5,102,798	1.4831	1.4291	0	1.4831	1.4291	68,220	1.4831	1.4291	1,129,873	1.4831	1.4291	90,046
Village of Velda Village Hills	General Revenue	4,029,598	0.4050	0.4050	0	0.0000	0.0000	112,280	0.5000	0.5000	1,005,536	0.3780	0.3780	20,682
City of Vinita Park	General Revenue	6,916,590	0.2810	0.2810	0	0.0000	0.0000	28,489,430	0.2490	0.2490	6,182,980	0.2300	0.2300	104,596
	Debt Service	6,916,590	0.2850	0.2850	0	0.2850	0.2850	28,489,430	0.2850	0.2850	6,182,980	0.2850	0.2850	118,528
Village of Vinita Terrace	General Revenue	1,566,950	0.0470	0.0470	0	0.0000	0.0000	486,370	0.0500	0.0500	0	0.0000	0.0000	979
	Health	1,566,950	0.1390	0.1390	0	0.0000	0.0000	486,370	0.2000	0.2000	0	0.0000	0.0000	3,151
City of Warson Woods	General Revenue	49,933,900	0.3750	0.3750	0	0.0000	0.0000	7,057,691	0.4380	0.4380	6,036,121	0.0000	0.0000	218,165
City of Webster Groves	General Revenue	390,337,210	0.2390	0.2390	0	0.0000	0.0000	52,112,411	0.2310	0.2310	52,405,870	0.2800	0.2800	1,200,022
	Library	390,337,210	0.1540	0.1540	0	0.0000	0.0000	52,112,411	0.1480	0.1480	52,741,980	0.1800	0.1800	773,181
	Streets	390,337,210	0.1540	0.1540	0	0.0000	0.0000	52,112,411	0.1500	0.1500	52,405,870	0.1810	0.1810	774,143
	Pension	390,337,210	0.1230	0.1230	0	0.0000	0.0000	52,112,411	0.1190	0.1190	52,405,870	0.1450	0.1450	618,118
	Library-Temp	390,337,210	0.1350	0.1350	0	0.0000	0.0000	52,112,411	0.1340	0.1340	52,741,980	0.1350	0.1350	667,988
	Debt Service	390,337,210	0.2670	0.2600	0	0.2670	0.2600	52,112,411	0.2670	0.2600	52,405,870	0.2670	0.2600	1,286,624
City of Wellston	General Revenue	3,855,640	0.5610	0.5610	0	0.0000	0.0000	6,416,330	0.5360	0.4800	3,055,511	0.6000	0.6000	70,761
Village of Westwood	General Revenue	18,354,890	0.0580	0.0580	0	0.0000	0.0000	259,667	0.0920	0.0920	0	0.0000	0.0000	10,885
City of Winchester	General Revenue	13,414,400	0.2160	0.2160	0	0.0000	0.0000	3,008,204	0.1760	0.1760	2,504,970	0.2610	0.2610	40,807
City of Woodson Terrace	General Revenue	19,826,500	0.3320	0.3320	0	0.0000	0.0000	18,383,305	0.3140	0.3140	32,503,876	0.2510	0.2510	205,133
City of Chesterfield	Debt Service	1,048,261,230	0.1030	0.0300	16,018,455	0.1030	0.0300	465,956,650	0.1030	0.0300	230,587,701	0.1030	0.0300	528,247
Ferguson Municipal Pub Library Dist	General Revenue	98,087,650	0.2200	0.2200	8,220	0.0000	0.0000	42,392,806	0.2200	0.2200	35,069,253	0.2200	0.2200	386,209
Maplewood Public Library	General Revenue	71,880,836	0.2670	0.2670	0	0.0000	0.0000	53,882,561	0.2990	0.2990	21,255,827	0.3020	0.3020	417,224
	Debt Service	71,880,836	0.1750	0.1750	0	0.1750	0.1750	53,882,561	0.1750	0.1750	21,255,827	0.1750	0.1750	257,283
Richmond Heights Mem Pub Library	General Revenue	167,778,020	0.1870	0.1870	0	0.0000	0.0000	110,379,316	0.2400	0.2400	30,299,507	0.2120	0.2120	642,890
St. Louis County Library	General Revenue	10,931,294,730	0.2770	0.2500 B	4,441,350	0.2790	0.2790 B	5,059,677,077	0.2640	0.2640 B	2,873,190,146	0.2750	0.2250 B	47,162,853
Valley Park Community Library	General Revenue	30,406,658	0.1480	0.1480	16,300	0.0230	0.0230	12,950,500	0.1140	0.1140	9,310,287	0.1700	0.1700	75,597
Affton Fire Protection District	General Revenue	356,519,160	1.0188	1.0188	240	1.2500	1.2500	58,599,527	1.1149	1.1149	70,340,760	1.0856	1.0856	5,049,165
	Ambulance	356,519,160	0.1400	0.1400	240	0.0000	0.0000	58,599,527	0.1400	0.1400	70,340,760	0.1400	0.1400	679,643
	Pension	356,519,160	0.0600	0.0600	240	0.0000	0.0000	58,599,527	0.0670	0.0670	70,340,760	0.0640	0.0640	298,191
	Dispatch	356,519,160	0.0260	0.0260	240	0.0000	0.0000	58,599,527	0.0290	0.0290	70,340,760	0.0270	0.0270	128,681
Metro West Fire Protection District	General Revenue	1,277,948,060	0.5090	0.5090	683,190	0.5800	0.5800	217,665,126	0.5560	0.5560	205,767,922	0.5610	0.5610	8,873,295
	Ambulance	1,277,948,060	0.2630	0.2630	683,190	0.3000	0.3000	217,665,126	0.2810	0.2810	205,767,922	0.2900	0.2900	4,571,419

APPENDIX VIII-A
2013 PROPERTY TAX RATES
LISTING OF 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate				Agricultural Real Estate				Commercial Real Estate				Personal Property				
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied		Assessed Value	Ceiling	Levied		Assessed Value	Ceiling	Levied		Assessed Value	Ceiling	Levied		Revenue
Metro West Fire Protection District	Pension	1,277,948,060	0.0970	0.0970		683,190	0.1100	0.1100		217,665,126	0.1040	0.1040		205,767,922	0.1060	0.1060		1,684,848
	Dispatch	1,277,948,060	0.0450	0.0450		683,190	0.0480	0.0480		217,665,126	0.0460	0.0460		205,767,922	0.0480	0.0480		774,300
	Debt Service	1,277,948,060	0.1500	0.1500		683,190	0.1500	0.1500		217,665,126	0.1500	0.1500		205,767,922	0.1500	0.1500		2,553,097
Black Jack Fire Protection District	General Revenue	368,887,190	0.9910	0.9910		172,230	0.7480	0.7480		51,409,022	1.0000	1.0000		79,295,571	1.0000	1.0000		4,964,006
	Pension	368,887,190	0.1000	0.1000		172,230	0.1000	0.1000		51,409,022	0.1000	0.1000		79,295,571	0.1000	0.1000		499,764
	NCCFA System	368,887,190	0.0500	0.0500		172,230	0.0500	0.0500		51,409,022	0.0500	0.0500		79,295,571	0.0500	0.0500		249,883
	Debt Service	368,887,190	0.2680	0.2680		172,230	0.2680	0.2680		51,409,022	0.2680	0.2680		79,295,571	0.2680	0.2680		1,339,368
Monarch Fire Protection District	General Revenue	1,373,404,559	0.4500	0.4330		890,270	0.4290	0.4050		479,052,820	0.5240	0.5240		271,301,184	0.5300	0.5300		9,898,581
	Ambulance	1,373,404,559	0.2830	0.2720		890,270	0.2670	0.2520		479,052,820	0.3150	0.3150		271,301,184	0.3300	0.3300		6,142,213
	Pension	1,373,404,559	0.0840	0.0810		890,270	0.0800	0.0760		479,052,820	0.0960	0.0960		271,301,184	0.1000	0.1000		1,844,327
	Dispatch	1,373,404,559	0.0450	0.0430		890,270	0.0390	0.0370		479,052,820	0.0480	0.0480		271,301,184	0.0480	0.0480		951,063
Community Fire Protection District	General Revenue	242,855,600	1.0000	1.0000		0	0.0000	0.0000		173,519,140	1.0000	1.0000		123,686,385	1.0000	1.0000		5,400,611
	Ambulance	242,855,600	0.5000	0.5000		0	0.0000	0.0000		173,519,140	0.5000	0.5000		123,686,385	0.5000	0.5000		2,700,306
	Pension	242,855,600	0.2500	0.2500		0	0.0000	0.0000		173,519,140	0.2500	0.2500		123,686,385	0.2500	0.2500		1,350,153
	Dispatch	242,855,600	0.0300	0.0300		0	0.0000	0.0000		173,519,140	0.0300	0.0300		123,686,385	0.0300	0.0300		162,019
	Debt Service	242,855,600	0.2760	0.2700		0	0.2760	0.2700		173,519,140	0.2760	0.2700		123,686,385	0.2760	0.2700		1,458,165
Creve Coeur Fire Protection Dist	General Revenue	633,286,820	0.5400	0.5400		3,220	0.5400	0.5400		440,977,264	0.5400	0.5400		189,040,405	0.5400	0.5400		6,821,861
	Ambulance	633,286,820	0.1700	0.1700		3,220	0.1550	0.1550		440,977,264	0.1700	0.1700		189,040,405	0.1700	0.1700		2,147,623
	Pension	633,286,820	0.1450	0.1450		3,220	0.1500	0.1500		440,977,264	0.1490	0.1490		189,040,405	0.1500	0.1500		1,858,888
	Dispatch	633,286,820	0.0490	0.0490		3,220	0.0500	0.0500		440,977,264	0.0500	0.0500		189,040,405	0.0500	0.0500		625,322
Fenton Fire Protection District	General Revenue	417,247,450	0.3740	0.3740		85,640	0.6390	0.6390		338,381,244	0.5210	0.5210		130,694,708	0.5060	0.5060		3,985,333
	Ambulance	417,247,450	0.1910	0.1910		85,640	0.2940	0.2940		338,381,244	0.2590	0.2590		130,694,708	0.3000	0.3000		2,065,686
	Pension	417,247,450	0.1000	0.1000		85,640	0.0980	0.0980		338,381,244	0.0940	0.0940		130,694,708	0.1000	0.1000		866,104
	Dispatch	417,247,450	0.0340	0.0340		85,640	0.0490	0.0490		338,381,244	0.0430	0.0430		130,694,708	0.0500	0.0500		352,757
Florissant Valley Fire Prot Dist	General Revenue	481,096,990	0.6900	0.6900		129,870	0.6900	0.6900		136,200,712	0.6900	0.6900		112,593,083	0.6900	0.6900		5,037,142
	Ambulance	481,096,990	0.4370	0.4370		129,870	0.4400	0.4400		136,200,712	0.4390	0.4390		112,593,083	0.4400	0.4400		3,196,296
	Pension	481,096,990	0.1000	0.1000		129,870	0.1000	0.1000		136,200,712	0.1000	0.1000		112,593,083	0.1000	0.1000		730,021
	Dispatch	481,096,990	0.0300	0.0300		129,870	0.0300	0.0300		136,200,712	0.0300	0.0300		112,593,083	0.0300	0.0300		219,006
	Debt Service	481,096,990	0.2330	0.2330		129,870	0.2330	0.2330		136,200,712	0.2330	0.2330		112,593,083	0.2330	0.2330		1,700,949
Kinloch Fire Protection District	General Revenue	1,086,590	0.8810	0.9000	D	0	0.0000	0.0000		822,820	0.8560	0.9000	D	519,175	0.8700	0.9000	D	21,857
	Dispatch	1,086,590	0.0000	0.0400	D	0	0.0000	0.0000		822,820	0.0000	0.0400	D	519,175	0.0000	0.0400	D	972
Lemay Fire Protection District	General Revenue	111,812,320	0.9580	0.9580		1,280	0.1560	0.1560		86,589,958	0.9590	0.9590		45,727,902	0.9900	0.9900		2,354,268
	Ambulance	111,812,320	0.2080	0.2080		1,280	0.0780	0.0780		86,589,958	0.2320	0.2320		45,727,902	0.2500	0.2500		547,780
	Pension	111,812,320	0.0970	0.0970		1,280	0.0000	0.0000		86,589,958	0.0970	0.0970		45,727,902	0.1000	0.1000		238,178
	Central Alarm Fund	111,812,320	0.0470	0.0470		1,280	0.0000	0.0000		86,589,958	0.0490	0.0490		45,727,902	0.0500	0.0500		117,845
West County EMS & Fire Prot Dist	General Revenue	503,322,520	0.4260	0.4260		226,790	0.4400	0.4400		127,809,543	0.4390	0.4390		90,106,802	0.4400	0.4400		3,102,706

APPENDIX VIII-A
2013 PROPERTY TAX RATES
LISTING OF 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Revenue
West County EMS & Fire Prot Dist	Ambulance	503,322,520	0.1800	0.1800	226,790	0.2000	0.2000	127,809,543	0.1840	0.1840	90,106,802	0.1940	0.1940	1,316,412
	Pension	503,322,520	0.0900	0.0900	226,790	0.1000	0.1000	127,809,543	0.0930	0.0930	90,106,802	0.0970	0.0970	659,484
	Dispatch	503,322,520	0.0450	0.0450	226,790	0.0490	0.0490	127,809,543	0.0450	0.0450	90,106,802	0.0490	0.0490	328,272
	Debt Service	503,322,520	0.4300	0.2200	226,790	0.4300	0.2200	127,809,543	0.4300	0.2200	90,106,802	0.4300	0.2200	1,587,225
Maryland Heights Fire Prot Dist	General Revenue	213,026,660	0.8000	0.8000	3,170	0.8000	0.8000	247,737,371	0.8000	0.8000	142,029,970	0.8000	0.8000	4,822,377
	Ambulance	213,026,660	0.3630	0.3630	3,170	0.3470	0.3470	247,737,371	0.3620	0.3620	142,029,970	0.3680	0.3680	2,192,777
	Pension	213,026,660	0.1300	0.1300	3,170	0.0950	0.0950	247,737,371	0.1300	0.1300	142,029,970	0.1300	0.1300	783,636
	Dispatch	213,026,660	0.0500	0.0500	3,170	0.0500	0.0500	247,737,371	0.0500	0.0500	142,029,970	0.0500	0.0500	301,399
Mehlville Fire Protection District	General Revenue	1,475,543,050	0.5750	0.5750	555,810	0.8630	0.8630	445,519,533	0.7010	0.7010	305,999,777	0.7570	0.7570	13,928,680
	Ambulance	1,475,543,050	0.0000	0.0000	555,810	0.0000	0.0000	445,519,533	0.0000	0.0000	305,999,777	0.0000	0.0000	0
	Pension	1,475,543,050	0.0350	0.0350	555,810	0.0540	0.0540	445,519,533	0.0380	0.0380	305,999,777	0.0560	0.0560	857,397
	Alarm Fund	1,475,543,050	0.0450	0.0450	555,810	0.0450	0.0450	445,519,533	0.0450	0.0450	305,999,777	0.0480	0.0480	1,011,608
Metro-North Fire Protection Dist	General Revenue	64,868,540	1.6098	1.6098	0	0.0000	0.0000	16,365,786	1.5399	1.5399	17,352,518	1.7410	1.7410	1,598,378
	Pension	64,868,540	0.2440	0.2440	0	0.0000	0.0000	16,365,786	0.2430	0.2430	17,352,518	0.2490	0.2490	241,256
	Dispatch	64,868,540	0.0520	0.0500	0	0.0000	0.0000	16,365,786	0.0520	0.0500	17,352,518	0.0500	0.0500	49,293
	Debt Service	64,868,540	0.6550	0.3400	0	0.6550	0.3400	16,365,786	0.6550	0.3400	17,352,518	0.6550	0.3400	335,196
Northeast Ambulance & FPD	General Revenue	108,886,170	1.5078	1.5078	5,760	1.5078	1.5078	28,166,197	1.5078	1.5078	35,020,483	1.5000	1.5000	2,591,870
	Ambulance	108,886,170	0.2900	0.2900	5,760	0.2900	0.2900	28,166,197	0.2900	0.2900	35,020,483	0.2900	0.2900	499,028
	Pension	108,886,170	0.1000	0.1000	5,760	0.1000	0.1000	28,166,197	0.1000	0.1000	35,020,483	0.1000	0.1000	172,078
	Dispatch	108,886,170	0.0490	0.0490	5,760	0.0360	0.0360	28,166,197	0.0470	0.0470	35,020,483	0.0400	0.0400	80,602
Pattonville Fire Protection Dist	General Revenue	117,825,550	0.9830	0.9830	347,190	0.9830	0.9830	500,531,361	0.9830	0.9830	165,681,002	0.9830	0.9830	7,710,505
	Ambulance	117,825,550	0.2500	0.2500	347,190	0.2500	0.2500	500,531,361	0.2500	0.2500	165,681,002	0.2500	0.2500	1,960,963
	Pension	117,825,550	0.1500	0.1500	347,190	0.1500	0.1500	500,531,361	0.1500	0.1500	165,681,002	0.1500	0.1500	1,176,578
	Dispatch	117,825,550	0.0500	0.0500	347,190	0.0500	0.0500	500,531,361	0.0500	0.0500	165,681,002	0.0500	0.0500	392,194
	Debt Service	117,825,550	0.3220	0.2500	347,190	0.3220	0.2500	500,531,361	0.3220	0.2500	165,681,002	0.3220	0.2500	1,960,963
Riverview Fire Protection District	General Revenue	75,929,890	1.4612	1.4612	3,730	1.0149	1.0149	17,535,247	1.4612	1.4612	19,976,084	1.4544	1.4544	1,656,283
	Pension	75,929,890	0.2500	0.2500	3,730	0.1680	0.1680	17,535,247	0.2500	0.2500	19,976,084	0.2500	0.2500	283,609
	Dispatch	75,929,890	0.0500	0.0500	3,730	0.0000	0.0000	17,535,247	0.0500	0.0500	19,976,084	0.0500	0.0500	56,721
	Debt Service	75,929,890	0.3080	0.3080	3,730	0.3080	0.3080	17,535,247	0.3080	0.3080	19,976,084	0.3080	0.3080	349,410
Robertson Fire Protection District	General Revenue	33,606,350	0.8900	0.8900	219,500	0.8900	0.8900	167,267,270	0.8900	0.8900	85,164,895	0.8900	0.8900	2,547,698
	Ambulance	33,606,350	0.6630	0.6630	219,500	0.7000	0.7000	167,267,270	0.6980	0.6980	85,164,895	0.7000	0.7000	1,988,026
	Pension	33,606,350	0.2000	0.2000	219,500	0.2000	0.2000	167,267,270	0.2000	0.2000	85,164,895	0.2000	0.2000	572,517
	Dispatch	33,606,350	0.0500	0.0500	219,500	0.0500	0.0500	167,267,270	0.0500	0.0500	85,164,895	0.0500	0.0500	143,129
	Debt Service	33,606,350	0.3790	0.2090	219,500	0.3790	0.2090	167,267,270	0.3790	0.2090	85,164,895	0.3790	0.2090	598,280
Spanish Lake Fire Protection Dist	General Revenue	104,791,890	2.1125	2.0000 B	67,790	2.5018	2.0000 B	25,111,614	2.0218	2.0000 B	24,177,750	2.0859	2.0000 B	3,082,981
	Pension	104,791,890	0.1500	0.1500	67,790	0.1500	0.1500	25,111,614	0.1500	0.1500	24,177,750	0.1500	0.1500	231,224

APPENDIX VIII-A
2013 PROPERTY TAX RATES
LISTING OF 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Revenue
Spanish Lake Fire Protection Dist	Dispatch	104,791,890	0.0500	0.0500	67,790	0.0500	0.0500	25,111,614	0.0500	0.0500	24,177,750	0.0500	0.0500	77,075
	Debt Service	104,791,890	0.2500	0.1640	67,790	0.2500	0.1640	25,111,614	0.2500	0.1640	24,177,750	0.2500	0.1640	252,805
Valley Park Fire Protection Dist	General Revenue	141,118,990	0.8570	0.8570	147,550	0.8020	0.8020	52,997,769	0.8550	0.8550	42,737,788	0.8800	0.8800	2,039,797
	Ambulance	141,118,990	0.2930	0.2930	147,550	0.2760	0.2760	52,997,769	0.2910	0.2910	42,737,788	0.3000	0.3000	696,323
	Pension	141,118,990	0.0980	0.0980	147,550	0.0910	0.0910	52,997,769	0.0960	0.0960	42,737,788	0.1000	0.1000	232,047
	Dispatch	141,118,990	0.0300	0.0300	147,550	0.0260	0.0260	52,997,769	0.0270	0.0270	42,737,788	0.0300	0.0300	69,504
Mid-County Fire Protection District	General Revenue	39,946,450	1.7507	1.7507	0	0.0000	0.0000	51,950,401	1.8304	1.8304	28,779,621	1.8500	1.8500	2,182,666
	Ambulance	39,946,450	0.6330	0.5500 B	0	0.4000	0.0000 B	51,950,401	0.5710	0.5500 B	28,779,621	0.5980	0.5500 B	663,720
	Pension	39,946,450	0.2500	0.2500	0	0.0000	0.0000	51,950,401	0.2500	0.2500	28,779,621	0.2500	0.2500	301,691
	Dispatch	39,946,450	0.0300	0.0300	0	0.0000	0.0000	51,950,401	0.0300	0.0300	28,779,621	0.0300	0.0300	36,203
	Debt Service	39,946,450	0.4180	0.3500	0	0.4180	0.3500	51,950,401	0.4180	0.3500	28,779,621	0.4180	0.3500	422,368
West Overland Fire Protection Dist	General Revenue	47,755,760	1.0438	1.0100	0	0.0000	0.0000	65,255,007	1.0737	1.0100	24,558,967	1.0100	1.0100	1,389,455
	Ambulance	47,755,760	0.6250	0.6250	0	0.0000	0.0000	65,255,007	0.6300	0.6300	24,558,967	0.6500	0.6500	869,214
	Pension	47,755,760	0.1500	0.1500	0	0.0000	0.0000	65,255,007	0.1500	0.1500	24,558,967	0.1500	0.1500	206,355
	Dispatch	47,755,760	0.0500	0.0500	0	0.0000	0.0000	65,255,007	0.0500	0.0500	24,558,967	0.0500	0.0500	68,785
	Debt Service	47,755,760	0.3140	0.1820	0	0.3140	0.1820	65,255,007	0.3140	0.1820	24,558,967	0.3140	0.1820	250,376
Black Creek Sewer	General Revenue	746,601,320	0.0000	0.0000	0	0.0000	0.0000	617,707,467	0.0000	0.0000	142,338,711	0.0000	0.0000	0
Clayton Central Sewer	General Revenue	59,018,860	0.0000	0.0000	0	0.0000	0.0000	287,191,259	0.0000	0.0000	39,958,992	0.0000	0.0000	0
Coldwater Creek Sewer	General Revenue	892,979,540	0.1000	0.1000	82,540	0.1000	0.1000	504,460,555	0.1000	0.1000	397,172,372	0.1000	0.1000	1,794,696
Creve Coeur-Frontenac Sewer	General Revenue	311,778,790	0.0000	0.0000	0	0.0000	0.0000	183,979,327	0.0000	0.0000	63,589,326	0.0000	0.0000	0
Deer Creek Sewer	General Revenue	2,493,261,220	0.0860	0.0860	50,760	0.1000	0.1000	1,078,519,128	0.0840	0.0840	397,313,326	0.0930	0.0930	3,419,713
Fountain Creek Sewer	General Revenue	83,870,450	0.0010	0.0000	0	0.0000	0.0000	21,244,005	0.0000	0.0000	18,130,267	0.0000	0.0000	0
Gravois Creek Sewer	General Revenue	952,426,930	0.0820	0.0820	258,590	0.0600	0.0600	426,630,270	0.0860	0.0860	208,243,174	0.0860	0.0860	1,327,136
Loretta-Joplin Sewer	General Revenue	20,506,880	0.0790	0.0790	0	0.0000	0.0000	2,046,957	0.0780	0.0780	4,158,268	0.0900	0.0900	21,539
Maline Creek Sewer	General Revenue	316,124,450	0.1000	0.1000	25,190	0.1000	0.1000	203,038,204	0.1000	0.1000	125,696,984	0.1000	0.1000	644,884
Meramec River Basin Sewer	General Revenue	2,004,392,860	0.0000	0.0000	826,600	0.0000	0.0000	780,909,348	0.0000	0.0000	417,058,417	0.0000	0.0000	0
Missouri River-Bonfils Sewer	General Revenue	123,048,180	0.0000	0.0000	119,880	0.0000	0.0000	536,212,088	0.0000	0.0000	187,265,205	0.0000	0.0000	0
North Affton Sewer	General Revenue	58,144,650	0.0820	0.0820	0	0.0000	0.0000	5,242,994	0.0660	0.0660	9,752,767	0.0850	0.0850	59,429
Seminary Branch RDP Sewer	General Revenue	219,026,610	0.0710	0.0710	0	0.0000	0.0000	45,247,852	0.0780	0.0780	40,423,207	0.0760	0.0760	221,524
Shrewsbury Branch RDP Sewer	General Revenue	20,183,650	0.0660	0.0660	0	0.0000	0.0000	4,621,367	0.0650	0.0650	3,978,549	0.0820	0.0820	19,587
Sugar Creek Sewer	General Revenue	290,022,480	0.0550	0.0550	130	0.0000	0.0000	72,308,067	0.1000	0.1000	40,857,817	0.0690	0.0690	260,012
University City Branch RDP Sewer	General Revenue	473,411,320	0.0930	0.0930	3,220	0.0000	0.0000	271,388,884	0.0950	0.0950	139,697,775	0.0940	0.0940	829,408
Watkins Creek Sewer	General Revenue	91,641,990	0.1000	0.1000	5,820	0.1000	0.1000	34,231,304	0.1000	0.1000	22,600,630	0.0990	0.0990	148,254
Wellston Sewer	General Revenue	12,014,090	0.1000	0.1000	0	0.0000	0.0000	12,425,532	0.1000	0.1000	7,175,232	0.1000	0.1000	31,615
Hancock Street Light Dist St. Louis	General Revenue	44,586,540	0.1130	0.1130	0	0.0000	0.0000	68,740,670	0.2000	0.2000	27,885,410	0.1700	0.1700	235,269
Wheaton Cook Lyndhurst Light Dist	General Revenue	4,651,560	0.2000	0.2000	0	0.0000	0.0000	1,271,770	0.2000	0.2000	1,105,060	0.2000	0.2000	14,057

APPENDIX VIII-A
2013 PROPERTY TAX RATES
LISTING OF 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate				Agricultural Real Estate				Commercial Real Estate				Personal Property				
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied		Assessed Value	Ceiling	Levied		Assessed Value	Ceiling	Levied		Assessed Value	Ceiling	Levied		Revenue
Castle Point Street Light District	General Revenue	6,488,220	0.1900	0.1900		0	0.0000	0.0000		276,030	0.1900	0.1900		1,577,020	0.1850	0.1850		15,769
Glasgow Village Street Light Dist	General Revenue	15,510,620	0.1600	0.1600		0	0.0000	0.0000		284,710	0.1600	0.1600		2,537,910	0.1580	0.1580		29,283
Elmwood Park Street Light District	General Revenue	1,793,160	0.0000	0.1000	D	0	0.0000	0.0000		127,750	0.0000	0.1000	D	382,880	0.0000	0.1000	D	2,304
Clayton Special Business District	General Revenue	52,034,530	0.1250	0.1250		0	0.0000	0.0000		285,995,780	0.1270	0.1270		0	0.0000	0.0000		428,258
Maplewood Special Business District	General Revenue	500,570	0.1400	0.1400		0	0.0000	0.0000		18,036,980	0.2770	0.2770		0	0.0000	0.0000		50,663
University City Spec Bus Dist BD57	General Revenue	1,090,590	0.5650	0.5650		0	0.0000	0.0000		6,940,090	0.5300	0.5300		0	0.0000	0.0000		42,944
Webster Groves-Old Webster Bus Di	General Revenue	2,654,710	0.6930	0.1940		0	0.0000	0.0000		11,625,690	0.3160	0.3140		0	0.0000	0.0000		41,655
Webster Groves-Old Orchard Bus Di	General Revenue	164,670	0.3840	0.3600		0	0.0000	0.0000		7,992,070	0.3610	0.3610		0	0.0000	0.0000		29,444
Kirkwood Special Business District	General Revenue	0	0.0000	0.0000		0	0.0000	0.0000		29,893,210	0.4580	0.4580		0	0.0000	0.0000		136,911
Jennings Special Business District	General Revenue	38,430	0.4300	0.4300		0	0.0000	0.0000		1,815,370	0.4300	0.4300		0	0.0000	0.0000		7,971
Productive Living Board	General Revenue	12,859,656,270	0.0900	0.0890		4,466,000	0.0900	0.0900		5,534,481,873	0.0900	0.0900		3,201,191,325	0.0900	0.0900		19,311,219
Parkview Gardens Spec Bus Dist BD	General Revenue	11,314,410	0.6800	0.6800		0	0.0000	0.0000		1,857,770	0.8500	0.8500		0	0.0000	0.0000		92,729
Crossroads Special Business Dist	General Revenue	0	0.0000	0.0000		0	0.0000	0.0000		4,044,640	0.3960	0.3960		0	0.0000	0.0000		16,017
Robinwood West Community Imp Di	General Revenue	14,042,390	0.7880	0.7880		0	0.0000	0.0000		470	0.0000	0.0000		0	0.0000	0.0000		110,654
Crestwood Point Community Imp Di	Debt Service	0	4.6872	3.0000		0	4.6872	3.0000		1,794,380	4.6872	3.0000		0	4.6872	3.0000		53,831
Crossings Community Imp District	General Revenue	0	0.0000	0.0000		0	0.0000	0.0000		4,503,180	1.9613	1.9613		0	0.0000	0.0000		88,321
Crestwood Market Community Imp	Debt Service	0	5.1372	5.0000		0	5.1372	5.0000		1,467,300	5.1372	5.0000		0	5.1372	5.0000		73,365
Hazelwood R-I School District	Operating Funds-Schools	824,127,470	5.2804	5.2804	E	588,120	5.5500	5.5500	E	422,612,420	5.4277	5.4277	E	337,126,060	5.4050	5.4050	E	84,709,666
	Debt Service	824,127,470	2.0142	0.9400		588,120	2.0142	0.9400		422,612,420	2.0142	0.9400		337,126,060	2.0142	0.9400		14,893,868
Ferguson-Florissant R-II Sch Dist	Operating Funds-Schools	393,438,790	4.7400	4.7400	E	15,590	4.7400	4.7400	E	274,869,490	4.7400	4.7400	E	225,418,190	4.7400	4.7400	E	42,363,374
	Debt Service	393,438,790	0.3000	0.3000		15,590	0.3000	0.3000		274,869,490	0.3000	0.3000		225,418,190	0.3000	0.3000		2,681,226
Pattonville R-III School District	Operating Funds-Schools	377,866,900	4.1100	4.0313	C	161,570	4.1100	3.9244		666,383,640	4.1100	4.3646		264,118,880	3.9305	3.7774	C	54,301,096
	Debt Service	377,866,900	0.6800	0.4900		161,570	0.6800	0.4900		666,383,640	0.6800	0.4900		264,118,880	0.6800	0.4900		6,411,803
Kirkwood R-VII School District	Operating Funds-Schools	855,270,340	3.1576	3.1576	E	49,760	5.4415	5.4415	E	257,079,940	4.3595	4.3595	E	133,564,230	3.7875	3.7875	E	43,274,869
	Operating Funds-Temp	855,270,340	0.7320	0.7320		49,760	0.7320	0.7320		257,079,940	0.7320	0.7320		133,564,230	0.7320	0.7320		9,120,458
	Debt Service	855,270,340	0.3650	0.3650		49,760	0.3650	0.3650		257,079,940	0.3650	0.3650		133,564,230	0.3650	0.3650		4,547,770
Lindbergh R-VIII School District	Operating Funds-Schools	725,438,010	3.6115	3.6115	E	290,150	3.6940	3.6940	E	325,492,480	4.0180	4.0180	E	142,054,850	3.9096	3.9096	E	44,841,976
	Debt Service	725,438,010	0.4730	0.4730		290,150	0.4730	0.4730		325,492,480	0.4730	0.4730		142,054,850	0.4730	0.4730		5,644,192
Mehlville R-IX School District	Operating Funds-Schools	1,124,462,460	3.7500	3.7300	E	292,620	4.0600	4.0600	E	289,074,180	3.5617	3.5417	E	240,344,930	3.9761	3.9561	E	61,700,756
	Debt Service	1,124,462,460	0.0310	0.0310		292,620	0.0310	0.0310		289,074,180	0.0310	0.0310		240,344,930	0.0310	0.0310		512,794
Parkway C-2 School District	Operating Funds-Schools	2,574,212,940	3.7343	3.7343	E	651,140	5.1200	5.1200	E	1,029,624,530	4.3119	4.5524	E	526,926,200	3.7379	3.7379	E	162,730,773
	Debt Service	2,574,212,940	0.3500	0.3400		651,140	0.3500	0.3400		1,029,624,530	0.3500	0.3400		526,926,200	0.3500	0.3400		14,046,810
Affton 101 School District	Operating Funds-Schools	259,095,610	5.3680	5.3680	E	0	0.0000	0.0000	E	59,627,630	5.6189	5.6189	E	55,511,610	5.5131	5.5131	E	20,319,080
Bayless School District	Operating Funds-Schools	108,617,770	4.2492	4.2492	E	0	0.0000	0.0000	E	12,967,550	4.2303	4.2303	E	21,524,940	4.9131	4.9131	E	6,221,494
	Debt Service	108,617,770	0.5240	0.5240		0	0.5240	0.5240		12,967,550	0.5240	0.5240		21,524,940	0.5240	0.5240		749,898
Brentwood School District	Operating Funds-Schools	137,866,800	4.5582	4.3453	B	0	0.7500	0.6571	B	95,477,130	4.9433	4.8504	B	37,625,860	4.2155	4.1226	B	12,172,913

APPENDIX VIII-A
2013 PROPERTY TAX RATES
LISTING OF 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate				Agricultural Real Estate				Commercial Real Estate				Personal Property				
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied		Assessed Value	Ceiling	Levied		Assessed Value	Ceiling	Levied		Assessed Value	Ceiling	Levied		Revenue
Brentwood School District	Debt Service	137,866,800	0.5620	0.3000		0	0.5620	0.3000		95,477,130	0.5620	0.3000		37,625,860	0.5620	0.3000		812,909
Clayton School District	Operating Funds-Schools	488,420,350	3.3860	3.3942	C	0	0.0000	0.0000		419,432,470	3.7328	3.9257	C	93,376,950	3.4204	3.3390		36,161,480
	Debt Service	488,420,350	1.1127	0.6230		0	1.1127	0.6230		419,432,470	1.1127	0.6230		93,376,950	1.1127	0.6230		6,237,661
Hancock Place School District	Operating Funds-Schools	43,982,440	3.6678	3.7305	E	0	0.0000	0.0000	E	68,309,870	4.2711	4.8435	G	27,745,400	4.3000	4.3000	E	6,142,406
	Debt Service	43,982,440	1.2294	1.0100		0	1.2294	1.0100		68,309,870	1.2294	1.0100		27,745,400	1.2294	1.0100		1,414,382
Jennings School District	Operating Funds-Schools	61,614,840	5.5500	5.5500	E	0	0.0000	0.0000	E	14,634,770	5.5500	5.5500	E	21,760,970	4.8034	4.8034	E	5,277,120
	Debt Service	61,614,840	1.5418	0.9900		0	1.5418	0.9900		14,634,770	1.5418	0.9900		21,760,970	1.5418	0.9900		970,305
Ladue School District	Operating Funds-Schools	1,059,194,980	3.3307	3.2400	E	4,310	3.5499	3.2400	E	226,152,120	3.2990	3.2400	E	129,953,340	3.2400	3.2400	E	45,855,874
	Debt Service	1,059,194,980	0.8290	0.3900		4,310	0.8290	0.3900		226,152,120	0.8290	0.3900		129,953,340	0.8290	0.3900		5,519,688
Maplewood-Richmond Heights SD	Operating Funds-Schools	161,371,520	4.3500	4.3500	E	0	0.0000	0.0000	E	61,815,820	4.3500	4.3500	E	31,716,740	4.9158	4.9158	E	11,267,781
	Debt Service	161,371,520	1.0600	1.0600		0	1.0600	1.0600		61,815,820	1.0600	1.0600		31,716,740	1.0600	1.0600		2,701,983
Normandy School District	Operating Funds-Schools	138,240,960	4.6600	4.5283	F	5,760	4.6600	4.5283	F	52,658,720	4.6600	4.5283	F	49,118,170	4.6600	4.5283	F	10,868,989
	Debt Service	138,240,960	2.6808	1.7314		5,760	2.6808	1.7314		52,658,720	2.6808	1.7314		49,118,170	2.6808	1.7314		4,155,769
Ritenour School District	Operating Funds-Schools	235,253,430	4.5514	4.5514	E	0	0.0000	0.0000	E	173,349,630	4.1757	4.1757	E	129,406,600	4.0095	4.0095	E	23,134,443
	Debt Service	235,253,430	1.6468	0.9100		0	1.6468	0.9100		173,349,630	1.6468	0.9100		129,406,600	1.6468	0.9100		4,895,888
Riverview Gardens School District	Operating Funds-Schools	139,892,240	4.3500	4.3500	E	3,730	3.3303	3.3303	E	22,685,900	4.3500	4.3500	E	34,833,050	4.1177	4.1177	E	8,506,593
	Debt Service	139,892,240	1.4906	1.2700		3,730	1.4906	1.2700		22,685,900	1.4906	1.2700		34,833,050	1.4906	1.2700		2,507,169
University City School District	Operating Funds-Schools	451,349,320	4.3727	4.3727	E	0	0.0000	0.0000	E	56,988,700	4.5981	4.5981	E	62,756,130	5.1223	5.1223	E	25,571,106
	Debt Service	451,349,320	0.8260	0.7380		0	0.8260	0.7380		56,988,700	0.8260	0.7380		62,756,130	0.8260	0.7380		4,214,675
Valley Park School District	Operating Funds-Schools	88,342,860	4.6500	4.7116	G	17,170	4.6477	4.6477	E	38,412,810	4.6500	5.3055	G	30,335,490	4.6500	4.6500	E	7,611,752
	Debt Service	88,342,860	0.9410	0.9410		17,170	0.9410	0.9410		38,412,810	0.9410	0.9410		30,335,490	0.9410	0.9410		1,478,390
Webster Groves School District	Operating Funds-Schools	538,062,930	5.2877	5.2877	E	0	0.0000	0.0000	E	83,075,410	5.5674	5.5674	E	77,588,810	5.9100	5.9100	E	37,661,793
	Debt Service	538,062,930	1.3848	0.5699		0	1.3848	0.5699		83,075,410	1.3848	0.5699		77,588,810	1.3848	0.5699		3,982,047
St. Louis County	General Revenue	12,859,666,890	0.2100	0.2000		4,447,190	0.2130	0.2000		5,605,193,113	0.2020	0.2000		3,201,191,325	0.2000	0.2000		43,340,997
	Parks & Recreation	12,859,666,890	0.0520	0.0500		4,447,190	0.0530	0.0500		5,605,193,113	0.0500	0.0500		3,201,191,325	0.0500	0.0500		10,835,250
	Road & Bridge	12,859,666,890	0.1100	0.1050		4,447,190	0.1120	0.1050		5,605,193,113	0.1060	0.1050		3,201,191,325	0.1050	0.1050		22,754,024
	Health	12,859,666,890	0.1470	0.1400		4,447,190	0.1490	0.1400		5,605,193,113	0.1410	0.1400		3,201,191,325	0.1400	0.1400		30,338,698
	Debt Service	12,859,666,890	0.0290	0.0280		4,447,190	0.0290	0.0280		5,605,193,113	0.0290	0.0280		3,201,191,325	0.0290	0.0280		6,067,740

APPENDIX VIII-A
2013 PROPERTY TAX RATES
LISTING OF 2013 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Revenue
													Total Revenue	$ 1,271,109,106

LEGEND:

* Levy was not certified due to insufficient substantiating data; however, it does not appear that a rate was levied.
** Levy did not exist.
A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy.
B A voter approved increase or decrease to an existing levy.
C Levy includes a recoupment rate authorized by state law.
D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see the Results Section for the 2013 levies.
E School district has a full Proposition C (sales tax) waiver allowing the district to reduce its required Proposition C reduction to $0.000 and levy up to its calculated tax rate ceiling.
F School district has a partial Proposition C (sales tax) waiver allowing the district to waive a portion of its required Proposition C reduction to the extent necessary to collect $2.7500 or the amount stated on the ballot.
G Levy includes a recoupment rate authorized by state law. School district has a full Proposition C (sales tax) waiver allowing the district to reduce its required Proposition C reduction to $0.0000 and levy up to its calculated tax rate ceiling.

NOTES:

This Appendix contains levy information for political subdivisions wholly in St. Louis County and the City of Gladstone in Clay County. Previous legislation required taxing authorities wholly in St. Louis County and allowed the City of Gladstone in Clay County to calculate a separate tax rate on each subclass of property. Political subdivisions partially in St. Louis County and partially in another county(ies) were also required by previous legislation to levy a single rate on all property when one or more counties opted in and one or more counties opted out of the provisions requiring the multi rate calculation. See Appendix VII for a listing of 2013 and 2012 taxing authorities that calculated a single tax rate to apply to all property.

All rates in the levied column represent the rate extended and certified to the State Auditor's office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation the property tax is levied against.

The revenue generated is computed by dividing the assessed valuation by 100 and multiplying the quotient by the tax rate levied.

APPENDIX VIII-B
2013 PROPERTY TAX RATES
LISTING OF 2012 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clay													
City of Gladstone	General Revenue	240,361,970	0.9290	0.9290	478,190	0.9290	0.9290	58,135,086	0.9290	0.9290	51,561,142	0.9290	0.9290
St. Louis													
City of Bellefontaine Neighbors	General Revenue	61,166,360	0.2480	0.2460	70	0.0000	0.0000	10,496,816	0.1860	0.1860	13,392,324	0.2350	0.2350
	Debt Service	61,166,360	0.5640	0.5630	70	0.5640	0.5630	10,496,816	0.5640	0.5630	13,392,324	0.5640	0.5630
Village of Bellerive Acres	General Revenue	3,288,180	0.8000	0.8000	0	0.0000	0.0000	341,920	0.0000	0.5000 D	1,266,476	0.7670	0.7670
Village of Bel Nor	General Revenue	17,037,479	0.4960	0.4960	0	0.0000	0.0000	425,820	0.4650	0.4650	2,421,449	0.5530	0.5530
Village of Bel Ridge	General Revenue	9,146,320	0.3500	0.3500	0	0.0000	0.0000	4,560,510	0.3500	0.3500	0	0.0000	0.0000
	Debt Service	9,146,320	0.3770	0.3770	0	0.3770	0.3770	4,560,510	0.3770	0.3770	0	0.3770	0.3770
City of Berkeley	General Revenue	39,562,120	0.7830	0.7830	3,810	1.0000	1.0000	112,833,433	0.8720	0.8720	54,073,354	0.9200	0.9200
	Pension	39,562,120	0.1100	0.1100	3,810	0.1050	0.1050	112,833,433	0.1100	0.1100	54,073,354	0.1100	0.1100
	Debt Service	39,562,120	0.1130	0.1130	3,810	0.1130	0.1130	112,833,433	0.1130	0.1130	54,073,354	0.1130	0.1130
City of Beverly Hills	General Revenue	2,548,260	0.2330	0.2330	0	0.0000	0.0000	1,225,268	0.2340	0.2340	713,326	0.2320	0.2320
City of Black Jack	Debt Service	52,142,910	0.5260	0.4660	2,880	0.5260	0.4660	2,220,110	0.5260	0.4660	12,192,387	0.5260	0.4660
City of Breckenridge Hills	General Revenue	21,238,220	0.2140	0.2100	0	0.0000	0.0000	8,804,706	0.2180	0.2100	4,214,975	0.0000	0.0000
City of Brentwood	General Revenue	141,076,380	0.0000	0.0000	0	0.0000	0.0000	99,447,686	0.2170	0.1960	31,473,848	0.2070	0.2070
	Library	141,076,380	0.3090	0.2000 B	0	0.3000	0.0000 B	99,447,686	0.3110	0.2160 B	31,473,848	0.3090	0.2290 B
	Pension	141,076,380	0.3650	0.3650	0	0.0000	0.0000	99,447,686	0.4110	0.4110	31,473,848	0.3850	0.3850
City of Bridgeton	General Revenue	103,601,310	0.2500	0.1600	117,020	0.0000	0.0000	247,775,991	0.2500	0.2500	75,951,624	0.0000	0.0000
Village of Calverton Park	General Revenue	8,648,500	0.2990	0.2990	0	0.0000	0.0000	528,019	0.2770	0.2770	1,590,871	0.2980	0.2980
City of Charlack	General Revenue	6,804,690	0.2200	0.2200	0	0.0000	0.0000	2,609,348	0.2310	0.2310	1,763,499	0.2570	0.2570
City of Clarkson Valley	General Revenue	95,711,220	0.1210	0.1210	4,100	0.1950	0.1950	12,208,290	0.1250	0.1250	10,755,170	0.1530	0.1530
City of Clayton	General Revenue	456,025,800	0.6480	0.6590 C	0	0.0000	0.0000	326,521,170	0.7090	0.7370 C	74,289,860	0.7070	0.7070
	Police	456,025,800	0.1280	0.0000	0	0.0000	0.0000	326,521,170	0.1280	0.0000	74,289,860	0.1230	0.0000
	Debt Service	456,025,800	0.1300	0.1300	0	0.1300	0.1300	326,521,170	0.1300	0.1300	74,289,860	0.1300	0.1300
City of Cool Valley	General Revenue	6,586,900	0.2270	0.2270	0	0.0000	0.0000	6,003,327	0.3500	0.3500	2,636,567	0.1650	0.1650
City of Country Club Hills	General Revenue	4,244,030	0.7970	0.7970	0	0.0000	0.0000	925,150	0.8010	0.8010	1,211,203	0.7150	0.7150
	Parks & Recreation	4,244,030	0.3690	0.3690	0	0.0000	0.0000	925,150	0.3440	0.3440	1,211,203	0.3300	0.3300
	Health	4,244,030	0.2000	0.2000	0	0.0000	0.0000	925,150	0.2000	0.2000	1,211,203	0.1880	0.1880
Village of Country Life Acres	General Revenue	6,285,720	0.3780	0.3780	240	0.0000	0.0000	74,041	0.4200	0.4200	460,014	0.4200	0.4200
City of Crestwood	General Revenue	170,394,430	0.2410	0.2410	150	0.0000	0.0000	63,645,591	0.3910	0.3910	28,026,698	0.2790	0.2790
	General Revenue-Temp	170,394,430	0.2000	0.0000	150	0.0000	0.0000	63,645,591	0.2000	0.0000	28,026,698	0.2000	0.0000
City of Creve Coeur	General Revenue	443,965,500	0.0880	0.0700	2,270	0.0880	0.0750	350,209,685	0.0820	0.0750	0	0.0000	0.0000

APPENDIX VIII-B
2013 PROPERTY TAX RATES
LISTING OF 2012 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Crystal Lake Park	General Revenue	14,813,700	0.6720	0.6720	0	0.0000	0.0000	150,006	0.3210	0.3210	1,315,784	0.8080	0.8080
City of Dellwood	General Revenue	25,465,970	0.2240	0.2240	0	0.0000	0.0000	7,495,843	0.2320	0.2320	6,866,851	0.2350	0.2350
City of Des Peres	General Revenue	213,747,980	0.0000	0.0000	222,550	0.0000	0.0000	114,468,500	0.0000	0.0000	41,396,313	0.0000	0.0000
	Debt Service	213,747,980	0.3260	0.0000	222,550	0.3260	0.0000	114,468,500	0.3260	0.0000	41,396,313	0.3260	0.0000
City of Edmundson	General Revenue	4,368,230	0.0000	0.0000	0	0.0000	0.0000	18,594,540	0.5000	0.5000	15,905,739	0.0000	0.0000
City of Ellisville	General Revenue	145,170,700	0.4060	0.1500	830	0.1210	0.1210	94,358,363	0.4400	0.1500	0	0.0000	0.0000
City of Eureka	General Revenue	133,035,070	0.4640	0.3900	114,060	0.4290	0.3900	55,569,664	0.4610	0.3900	33,379,427	0.3880	0.3880
City of Ferguson	General Revenue	113,615,170	0.8310	0.8310 B	8,220	0.8270	0.8270 B	38,474,560	0.8240	0.8240 B	33,584,140	0.8240	0.8240 B
	Parks & Recreation	113,615,170	0.1960	0.1960	8,220	0.1950	0.1950	38,474,560	0.1950	0.1950	33,584,140	0.1980	0.1980
	Debt Service	113,615,170	0.3640	0.3640	8,220	0.3640	0.3640	38,474,560	0.3640	0.3640	33,584,140	0.3640	0.3640
City of Flordell Hills	General Revenue	2,765,460	0.6820	0.6820	0	0.0000	0.0000	822,738	1.0000	1.0000	570,805	0.0000	0.0000
City of Frontenac	General Revenue	176,038,020	0.4900	0.4900	0	0.0000	0.0000	41,566,600	0.5340	0.5340	17,842,670	0.5530	0.5530
Village of Glen Echo Park	General Revenue	1,150,410	0.4530	0.4530	0	0.0000	0.0000	7,480	0.4950	0.4950	202,940	0.5000	0.5000
	Debt Service	1,150,410	0.0000	0.0000	0	0.0000	0.0000	7,480	0.0000	0.0000	202,940	0.0000	0.0000
City of Glendale	General Revenue	134,412,070	0.4220	0.4220	0	0.0000	0.0000	5,072,201	0.4720	0.4720	14,521,469	0.5190	0.5190
	Pension	134,412,070	0.0810	0.0810	0	0.0000	0.0000	5,072,201	0.0940	0.0940	14,521,469	0.1000	0.1000
Town of Grantwood Village	General Revenue	20,411,240	0.2300	0.2300	46,740	0.4920	0.4920	1,379,767	0.1640	0.1640	2,487,956	0.2610	0.2610
City of Greendale	General Revenue	5,221,890	0.5250	0.5250	0	0.0000	0.0000	157,820	0.6000	0.6000	0	0.0000	0.0000
Village of Hanley Hills	General Revenue	9,930,060	0.5000	0.5000	0	0.0000	0.0000	286,030	0.5000	0.5000	1,993,558	0.4500	0.4500
City of Hazelwood	General Revenue	187,651,150	0.7670	0.7670	197,100	0.7780	0.7780	193,025,912	0.7700	0.7700	108,135,124	0.7540	0.7540
	Debt Service	187,651,150	0.2220	0.2220	197,100	0.2220	0.2220	193,025,912	0.2220	0.2220	108,135,124	0.2220	0.2220
Village of Hillsdale	General Revenue	4,019,147	0.5000	0.5000	0	0.0000	0.0000	1,867,290	0.5000	0.5000	2,047,504	0.5000	0.5000
City of Huntleigh	General Revenue	37,945,360	0.2070	0.2070	5,900	0.2880	0.2880	386,022	0.2760	0.2760	3,318,887	0.2190	0.2190
City of Jennings	General Revenue	57,351,780	1.0000	1.0000	0	0.0000	0.0000	15,357,319	1.0000	1.0000	15,047,816	1.0000	1.0000
	Pension	57,351,780	0.2450	0.2450	0	0.0000	0.0000	15,357,319	0.2450	0.2450	15,047,816	0.2450	0.2450
City of Kinloch	General Revenue	1,099,920	1.0000	1.0000	0	0.0000	0.0000	749,740	1.0000	1.0000	375,460	1.0000	1.0000
City of Kirkwood	General Revenue	535,761,590	0.2960	0.2960	0	0.0000	0.0000	105,291,150	0.3090	0.3090	70,423,780	0.2690	0.2690
	Parks & Recreation	535,761,590	0.1400	0.1330	0	0.0000	0.0000	105,291,150	0.1460	0.1390	70,423,780	0.1210	0.1210
	Library	529,735,900	0.1910	0.1820	0	0.0000	0.0000	89,749,030	0.2460	0.2240	67,329,890	0.2350	0.2350
	Pension	535,761,590	0.1300	0.1190	0	0.0000	0.0000	105,291,150	0.1470	0.1470	70,423,780	0.1720	0.1720
	Library-Temp	529,735,900	0.1200	0.1200	0	0.0000	0.0000	89,749,030	0.1200	0.1200	67,329,890	0.1200	0.1200
	Debt Service	535,761,590	0.0650	0.0650	0	0.0650	0.0650	105,291,150	0.0650	0.0650	70,423,780	0.0650	0.0650
City of Ladue	General Revenue	539,708,230	0.7120	0.7120	1,110	0.9910	0.9910	42,353,073	0.7450	0.7450	43,011,884	0.7560	0.7560
City of Lakeshire	General Revenue	14,569,560	0.3750	0.3750	0	0.0000	0.0000	200,062	0.3750	0.3750	0	0.0000	0.0000
Village of Mackenzie	General Revenue	1,581,130	0.1590	0.1590	0	0.0000	0.0000	55,672	0.1580	0.1580	250,090	0.1850	0.1850
City of Manchester	General Revenue	242,808,100	0.0550	0.0450	0	0.0000	0.0000	62,081,930	0.0570	0.0450	41,893,390	0.0500	0.0500

APPENDIX VIII-B
2013 PROPERTY TAX RATES
LISTING OF 2012 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Manchester	Debt Service	242,808,100	0.0740	0.0740	0	0.0740	0.0740	62,081,930	0.0740	0.0740	41,893,390	0.0740	0.0740
City of Maplewood	General Revenue	72,032,360	0.3590	0.2230	0	0.0000	0.0000	54,703,837	0.5350	0.5350	18,158,624	0.5670	0.5670
	Pension	72,032,360	0.3920	0.3920	0	0.0000	0.0000	54,703,837	0.4470	0.4470	18,158,624	0.4450	0.4450
	Solid Waste	72,032,360	0.1670	0.1600	0	0.0000	0.0000	54,703,837	0.1820	0.1820	18,158,624	0.2180	0.2180
Village of Marlborough	General Revenue	13,359,370	0.1090	0.1090	0	0.0000	0.0000	8,037,123	0.1100	0.1100	4,408,115	0.1110	0.1100
City of Normandy	General Revenue	18,129,690	0.4000	0.4000	0	0.0000	0.0000	3,316,280	0.4000	0.4000	4,108,270	0.4000	0.4000
City of Northwoods	General Revenue	20,180,930	0.4120	0.4060	0	0.0000	0.0000	4,545,415	0.2840	0.2840	4,232,873	0.3600	0.3600
	Debt Service	20,180,930	1.0370	1.0370	0	1.0370	1.0370	4,545,415	1.0370	1.0370	4,232,873	1.0370	1.0370
Village of Norwood Court	General Revenue	3,388,110	0.0000	0.0000	0	0.0000	0.0000	184,790	0.0000	0.0000	647,650	0.0000	0.0000
City of Oakland	General Revenue	24,148,700	0.1940	0.1940	0	0.0000	0.0000	2,612,621	0.2500	0.2500	2,923,770	0.2370	0.2370
City of Olivette	General Revenue	155,647,420	0.6380	0.6380	0	0.0000	0.0000	54,182,502	0.7480	0.7480	27,028,383	0.7710	0.7710
	Pension	155,647,420	0.2310	0.2310	0	0.0000	0.0000	54,182,502	0.2500	0.2500	27,028,383	0.2500	0.2500
City of Overland	General Revenue	108,325,650	0.0990	0.0680	0	0.0000	0.0000	79,365,110	0.1000	0.0840	34,943,270	0.0970	0.0970
	Pension	108,325,650	0.1200	0.1200	0	0.0000	0.0000	79,365,110	0.1200	0.1200	34,943,270	0.1200	0.1200
City of Pagedale	General Revenue	11,261,330	0.2900	0.2900	0	0.0000	0.0000	11,200,978	0.3270	0.3270	5,386,968	0.3500	0.3500
City of Pasadena Hills	General Revenue	11,562,150	0.2660	0.2660	0	0.0000	0.0000	78,280	0.2750	0.2750	1,738,450	0.3100	0.3100
	Debt Service	11,562,150	0.8970	0.8970	0	0.8970	0.8970	78,280	0.8970	0.8970	1,738,450	0.8970	0.8970
Village of Pasadena Park	General Revenue	4,423,806	0.2770	0.2770	0	0.0000	0.0000	23,260	0.0000	0.0000	622,868	0.3090	0.3090
City of Pine Lawn	General Revenue	11,140,060	0.3000	0.3000	0	0.0000	0.0000	3,215,031	0.3000	0.3000	2,298,714	0.2570	0.2570
City of Richmond Heights	General Revenue	176,027,190	0.3360	0.2900	0	0.0000	0.0000	116,178,874	0.3390	0.2900	30,510,836	0.2980	0.2900
	Library	176,027,190	0.1770	0.1770	0	0.0000	0.0000	116,178,874	0.2270	0.2270	30,510,836	0.2120	0.2120
	Pension	176,027,190	0.3140	0.3140	0	0.0000	0.0000	116,178,874	0.3360	0.3200	30,510,836	0.3190	0.3190
Village of Riverview	General Revenue	11,951,130	0.3420	0.3420	0	0.0000	0.0000	2,096,922	0.2950	0.2950	2,228,999	0.3120	0.3120
City of Rock Hill	General Revenue	61,664,370	0.2850	0.2850	0	0.0000	0.0000	19,674,330	0.3360	0.3360	11,122,150	0.3400	0.3400
	Library	61,664,370	0.2850	0.2850	0	0.0000	0.0000	19,674,330	0.3550	0.3550	11,122,150	0.3550	0.3550
	Debt Service	61,664,370	0.3800	0.3800	0	0.3800	0.3800	19,674,330	0.3800	0.3800	11,122,150	0.3800	0.3800
City of St. Ann	General Revenue	85,682,490	0.2000	0.1900	0	0.0000	0.0000	26,811,912	0.2000	0.2000	17,196,969	0.1930	0.1930
City of St. John	General Revenue	39,378,160	0.4050	0.4050	0	0.0000	0.0000	4,265,597	0.5000	0.5000	9,781,183	0.4500	0.4500
City of Shrewsbury	General Revenue	72,719,200	0.4860	0.4860	0	0.0000	0.0000	27,726,670	0.4810	0.4810	15,049,020	0.5770	0.5770
	Debt Service	72,719,200	0.5000	0.5000	0	0.5000	0.5000	27,726,670	0.5000	0.5000	15,049,020	0.5000	0.5000
City of Sunset Hills	General Revenue	209,560,140	0.0560	0.0540	112,970	0.0780	0.0600	96,662,370	0.0600	0.0570	37,628,806	0.0600	0.0600
Village of Sycamore Hills	General Revenue	5,013,640	0.2120	0.2120	0	0.0000	0.0000	476,624	0.2490	0.2490	1,042,794	0.2530	0.2530
	Health	5,013,640	0.0980	0.0980	0	0.0000	0.0000	476,624	0.1160	0.1160	1,042,794	0.1180	0.1180
City of Town and Country	General Revenue	450,562,770	0.0000	0.0000	30,680	0.0000	0.0000	197,530,846	0.0000	0.0000	73,402,364	0.0000	0.0000
	Dispatch	450,562,770	0.0000	0.0000	30,680	0.0000	0.0000	197,530,846	0.0000	0.0000	73,402,364	0.0000	0.0000
Village of Twin Oaks	General Revenue	5,179,810	0.0000	0.0000	0	0.0000	0.0000	8,622,205	0.3260	0.3260	1,336,980	0.0000	0.0000

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		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of University City	General Revenue	481,358,820	0.5640	0.5610	0	0.0000	0.0000	56,554,671	0.5780	0.5780	59,439,226	0.6800	0.6800
	Library	481,358,820	0.2480	0.2480	0	0.0000	0.0000	56,554,671	0.2540	0.2540	59,439,226	0.2800	0.2800
	Pension	481,358,820	0.1590	0.1580	0	0.0000	0.0000	56,554,671	0.1640	0.1640	59,439,226	0.1950	0.1950
	Debt Service	481,358,820	0.0340	0.0340	0	0.0340	0.0340	56,554,671	0.0340	0.0340	59,439,226	0.0340	0.0340
Village of Uplands Park	General Revenue	2,301,830	0.3460	0.3460	0	0.0000	0.0000	71,305	0.3930	0.3930	476,912	0.3910	0.3910
City of Valley Park	General Revenue	73,510,340	0.4550	0.4540	57,940	0.0000	0.0000	35,693,081	0.6830	0.6680	17,844,640	0.5700	0.5700
City of Velda City	General Revenue	6,107,838	0.3620	0.3620	0	0.0000	0.0000	68,350	0.5000	0.5000	1,124,693	0.3820	0.3820
	Debt Service	6,107,838	1.4212	1.4212	0	1.4212	1.4212	68,350	1.4212	1.4212	1,124,693	1.4212	1.4212
Village of Velda Village Hills	General Revenue	4,975,548	0.3270	0.3270	0	0.0000	0.0000	120,410	0.5000	0.5000	1,007,146	0.3780	0.3780
City of Vinita Park	General Revenue	8,036,320	0.2420	0.2420	0	0.0000	0.0000	28,800,450	0.2460	0.2460	5,624,619	0.2300	0.2300
	Debt Service	8,036,320	0.2690	0.2690	0	0.2690	0.2690	28,800,450	0.2690	0.2690	5,624,619	0.2690	0.2690
Village of Vinita Terrace	General Revenue	1,677,320	0.0440	0.0440	0	0.0000	0.0000	482,570	0.0500	0.0500	0	0.0000	0.0000
	Health	1,677,320	0.1300	0.1300	0	0.0000	0.0000	482,570	0.2000	0.2000	0	0.0000	0.0000
City of Warson Woods	General Revenue	50,763,970	0.3680	0.3680	0	0.0000	0.0000	7,159,759	0.4320	0.4320	6,078,397	0.0000	0.0000
City of Webster Groves	General Revenue	398,410,790	0.2330	0.2330	0	0.0000	0.0000	51,868,757	0.2310	0.2310	51,455,386	0.2800	0.2800
	Library	398,410,790	0.1500	0.1500	0	0.0000	0.0000	51,868,757	0.1480	0.1480	51,662,956	0.1800	0.1800
	Streets	398,410,790	0.1500	0.1500	0	0.0000	0.0000	51,868,757	0.1500	0.1500	51,455,386	0.1810	0.1810
	Pension	398,410,790	0.1200	0.1200	0	0.0000	0.0000	51,868,757	0.1190	0.1190	51,455,386	0.1450	0.1450
	Library-Temp	398,410,790	0.1350	0.1350	0	0.0000	0.0000	51,868,757	0.1340	0.1340	51,662,956	0.1350	0.1350
	Debt Service	398,410,790	0.2620	0.2600	0	0.2620	0.2600	51,868,757	0.2620	0.2600	51,662,956	0.2620	0.2600
City of Wellston	General Revenue	3,834,640	0.6000	0.5610	0	0.0000	0.0000	7,144,720	0.6000	0.4800	3,095,789	0.6000	0.6000
Village of Westwood	General Revenue	18,089,710	0.0580	0.0580	0	0.0000	0.0000	251,673	0.0930	0.0930	0	0.0000	0.0000
City of Winchester	General Revenue	14,675,120	0.1970	0.1970	0	0.0000	0.0000	3,020,892	0.1710	0.1710	2,557,108	0.2610	0.2610
City of Woodson Terrace	General Revenue	22,884,780	0.2880	0.2880	0	0.0000	0.0000	16,474,947	0.3450	0.3450	30,223,911	0.2510	0.2510
City of Chesterfield	Debt Service	0	0.0820	0.0300	0	0.0820	0.0300	0	0.0820	0.0300	1,779,780,344	0.0820	0.0300
Ferguson Municipal Pub Library Dist	General Revenue	113,615,170	0.2200	0.2200	8,220	0.0000	0.0000	43,549,143	0.2200	0.2200	35,465,722	0.2200	0.2200
Maplewood Public Library	General Revenue	71,791,240	0.2670	0.2670	0	0.0000	0.0000	54,703,837	0.2660	0.2660	20,906,954	0.3020	0.3020
	Debt Service	71,791,240	0.1730	0.1730	0	0.1730	0.1730	54,703,837	0.1730	0.1730	20,906,954	0.1730	0.1730
St. Louis County Library	General Revenue	11,445,870,680	0.1730	0.1730	4,701,580	0.2000	0.2000	4,931,049,031	0.1900	0.1900	2,997,828,920	0.1500	0.1500
Valley Park Community Library	General Revenue	33,115,351	0.1360	0.1360	16,490	0.0150	0.0150	12,989,440	0.1040	0.1040	10,119,040	0.1700	0.1700
Affton Fire Protection District	General Revenue	364,339,120	1.0196	1.0196 B	240	1.2500	1.2500 B	57,605,941	1.1149	1.1149 B	70,142,301	1.0856	1.0856 B
	Ambulance	364,339,120	0.1400	0.1400	240	0.0000	0.0000	57,605,941	0.1400	0.1400	70,142,301	0.1400	0.1400
	Pension	364,339,120	0.0580	0.0580	240	0.0000	0.0000	57,605,941	0.0670	0.0670	70,142,301	0.0640	0.0640
	Dispatch	364,339,120	0.0250	0.0250	240	0.0000	0.0000	57,605,941	0.0290	0.0290	70,142,301	0.0270	0.0270
Metro West Fire Protection District	General Revenue	1,324,286,440	0.4900	0.4900	745,120	0.5800	0.5800	220,812,548	0.5400	0.5400	206,675,528	0.5610	0.5610
	Ambulance	1,324,286,440	0.2530	0.2530	745,120	0.3000	0.3000	220,812,548	0.2730	0.2730	206,675,528	0.2900	0.2900

APPENDIX VIII-B
2013 PROPERTY TAX RATES
LISTING OF 2012 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Metro West Fire Protection District	Pension	1,324,286,440	0.0930	0.0930	745,120	0.1100	0.1100	220,812,548	0.1010	0.1010	206,675,528	0.1060	0.1060
	Dispatch	1,324,286,440	0.0430	0.0430	745,120	0.0480	0.0480	220,812,548	0.0450	0.0450	206,675,528	0.0480	0.0480
	Debt Service	1,324,286,440	0.1500	0.1500	745,120	0.1500	0.1500	220,812,548	0.1500	0.1500	206,675,528	0.1500	0.1500
Black Jack Fire Protection District	General Revenue	400,636,460	0.9910	0.9910	181,770	0.6990	0.6990	51,094,923	1.0000	1.0000	79,090,630	1.0000	1.0000
	Pension	400,636,460	0.1000	0.1000	181,770	0.1000	0.1000	51,094,923	0.1000	0.1000	79,090,630	0.1000	0.1000
	NCCFA System	400,636,460	0.0500	0.0500	181,770	0.0500	0.0500	51,094,923	0.0500	0.0500	79,090,630	0.0500	0.0500
	Debt Service	400,636,460	0.1200	0.0100	181,770	0.1200	0.0100	51,094,923	0.1200	0.0100	79,090,630	0.1200	0.0100
Monarch Fire Protection District	General Revenue	1,424,471,712	0.4760	0.4330	942,030	0.5300	0.4050	477,344,910	0.5300	0.5240	272,317,698	0.5300	0.5300
	Ambulance	1,424,471,712	0.2940	0.2720	942,030	0.3300	0.2520	477,344,910	0.3300	0.3150	272,317,698	0.3300	0.3300
	Pension	1,424,471,712	0.0880	0.0810	942,030	0.1000	0.0760	477,344,910	0.1000	0.0960	272,317,698	0.1000	0.1000
	Dispatch	1,424,471,712	0.0470	0.0430	942,030	0.0480	0.0370	477,344,910	0.0480	0.0480	272,317,698	0.0480	0.0480
Community Fire Protection District	General Revenue	274,988,020	0.9820	0.9820	0	0.0000	0.0000	161,262,626	1.0000	1.0000	120,112,618	1.0000	1.0000
	Ambulance	274,988,020	0.5000	0.5000	0	0.0000	0.0000	161,262,626	0.5000	0.5000	120,112,618	0.5000	0.5000
	Pension	274,988,020	0.2500	0.2500	0	0.0000	0.0000	161,262,626	0.2500	0.2500	120,112,618	0.2500	0.2500
	Dispatch	274,988,020	0.0290	0.0290	0	0.0000	0.0000	161,262,626	0.0300	0.0300	120,112,618	0.0300	0.0300
	Debt Service	274,988,020	0.2780	0.2700	0	0.2780	0.2700	161,262,626	0.2780	0.2700	120,112,618	0.2780	0.2700
Creve Coeur Fire Protection Dist	General Revenue	654,273,340	0.5400	0.5400	3,580	0.5310	0.5310	455,484,641	0.5400	0.5400	190,560,310	0.5400	0.5400
	Ambulance	654,273,340	0.1700	0.1700	3,580	0.1400	0.1400	455,484,641	0.1700	0.1700	190,560,310	0.1700	0.1700
	Pension	654,273,340	0.1400	0.1400	3,580	0.1400	0.1400	455,484,641	0.1440	0.1440	190,560,310	0.1500	0.1500
	Dispatch	654,273,340	0.0470	0.0470	3,580	0.0500	0.0500	455,484,641	0.0480	0.0480	190,560,310	0.0500	0.0500
Fenton Fire Protection District	General Revenue	432,914,980	0.5770	0.3500	82,720	0.6500	0.6500	287,094,703	0.6040	0.6040	127,360,884	0.5060	0.5060
	Ambulance	432,914,980	0.3000	0.1790	82,720	0.3000	0.3000	287,094,703	0.3000	0.3000	127,360,884	0.3000	0.3000
	Pension	432,914,980	0.1000	0.1000	82,720	0.1000	0.1000	287,094,703	0.1000	0.1000	127,360,884	0.1000	0.1000
	Dispatch	432,914,980	0.0500	0.0320	82,720	0.0500	0.0500	287,094,703	0.0500	0.0500	127,360,884	0.0500	0.0500
Florissant Valley Fire Prot Dist	General Revenue	523,747,290	0.6900	0.6900	154,540	0.6900	0.6900	137,667,638	0.6900	0.6900	113,783,270	0.6900	0.6900
	Ambulance	523,747,290	0.4370	0.4370	154,540	0.4400	0.4400	137,667,638	0.4390	0.4390	113,783,270	0.4400	0.4400
	Pension	523,747,290	0.1000	0.1000	154,540	0.1000	0.1000	137,667,638	0.1000	0.1000	113,783,270	0.1000	0.1000
	Dispatch	523,747,290	0.0300	0.0300	154,540	0.0300	0.0300	137,667,638	0.0300	0.0300	113,783,270	0.0300	0.0300
	Debt Service	523,747,290	0.2090	0.1200	154,540	0.2090	0.1200	137,667,638	0.2090	0.1200	113,783,270	0.2090	0.1200
Kinloch Fire Protection District	General Revenue	1,099,920	0.9000	0.8700	0	0.0000	0.0000	749,740	0.9000	0.8700	549,487	0.9000	0.8700
	Dispatch	1,099,920	0.0000	0.0300 D	0	0.0000	0.0000	749,740	0.0000	0.0300 D	549,487	0.0000	0.0300 D
Lemay Fire Protection District	General Revenue	117,950,680	0.8540	0.8540	1,280	0.1560	0.1560	88,961,297	0.8780	0.8780	57,177,056	0.9900	0.9900
	Ambulance	117,950,680	0.1830	0.1830	1,280	0.0780	0.0780	88,961,297	0.2110	0.2110	57,177,056	0.2500	0.2500
	Pension	117,950,680	0.0860	0.0860	1,280	0.0000	0.0000	88,961,297	0.0890	0.0890	57,177,056	0.1000	0.1000
	Central Alarm Fund	117,950,680	0.0420	0.0420	1,280	0.0000	0.0000	88,961,297	0.0450	0.0450	57,177,056	0.0500	0.0500
West County EMS & Fire Prot Dist	General Revenue	521,855,720	0.4100	0.4100	243,260	0.4400	0.4400	130,964,283	0.4250	0.4250	90,813,881	0.4400	0.4400

APPENDIX VIII-B
2013 PROPERTY TAX RATES
LISTING OF 2012 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
West County EMS & Fire Prot Dist	Ambulance	521,855,720	0.1740	0.1740	243,260	0.2000	0.2000	130,964,283	0.1780	0.1780	90,813,881	0.1940	0.1940
	Pension	521,855,720	0.0860	0.0860	243,260	0.1000	0.1000	130,964,283	0.0900	0.0900	90,813,881	0.0970	0.0970
	Dispatch	521,855,720	0.0440	0.0440	243,260	0.0490	0.0490	130,964,283	0.0440	0.0440	90,813,881	0.0490	0.0490
	Debt Service	521,855,720	0.3880	0.1820	243,260	0.3880	0.1820	130,964,283	0.3880	0.1820	90,813,881	0.3880	0.1820
Maryland Heights Fire Prot Dist	General Revenue	224,752,190	0.8000	0.8000	3,420	0.7900	0.7900	257,338,154	0.8000	0.8000	129,857,670	0.8000	0.8000
	Ambulance	224,752,190	0.3600	0.3600	3,420	0.3220	0.3220	257,338,154	0.3620	0.3620	129,857,670	0.3680	0.3680
	Pension	224,752,190	0.1300	0.1300	3,420	0.1170	0.1170	257,338,154	0.1300	0.1300	129,857,670	0.1300	0.1300
	Dispatch	224,752,190	0.0500	0.0500	3,420	0.0500	0.0500	257,338,154	0.0500	0.0500	129,857,670	0.0500	0.0500
Mehlville Fire Protection District	General Revenue	1,535,327,930	0.5760	0.5760	492,480	0.9580	0.9580	448,303,307	0.7010	0.7010	313,991,168	0.7570	0.7570
	Ambulance	1,535,327,930	0.0000	0.0000	492,480	0.0000	0.0000	448,303,307	0.0000	0.0000	313,991,168	0.0000	0.0000
	Pension	1,535,327,930	0.0350	0.0350	492,480	0.0600	0.0600	448,303,307	0.0380	0.0380	313,991,168	0.0560	0.0560
	Alarm Fund	1,535,327,930	0.0430	0.0430	492,480	0.0500	0.0500	448,303,307	0.0440	0.0440	313,991,168	0.0480	0.0480
Metro-North Fire Protection Dist	General Revenue	82,061,000	1.6098	1.6098	0	0.0000	0.0000	16,108,090	1.5399	1.5399	17,495,733	1.7410	1.7410
	Pension	82,061,000	0.2440	0.2440	0	0.0000	0.0000	16,108,090	0.2430	0.2430	17,495,733	0.2490	0.2490
	Dispatch	82,061,000	0.0520	0.0500 B	0	0.0200	0.0200 B	16,108,090	0.0520	0.0500 B	17,495,733	0.0510	0.0500 B
	Debt Service	82,061,000	0.3420	0.3400	0	0.3420	0.3400	16,108,090	0.3420	0.3400	17,495,733	0.3420	0.3400
Northeast Ambulance & FPD	General Revenue	133,470,880	1.5078	1.5078	5,780	1.5078	1.5078	27,855,350	1.5078	1.5078	35,577,969	1.5000	1.5000
	Ambulance	133,470,880	0.2900	0.2900	5,780	0.2900	0.2900	27,855,350	0.2900	0.2900	35,577,969	0.2900	0.2900
	Pension	133,470,880	0.1000	0.1000	5,780	0.1000	0.1000	27,855,350	0.1000	0.1000	35,577,969	0.1000	0.1000
	Dispatch	133,470,880	0.0420	0.0400	5,780	0.0500	0.0400	27,855,350	0.0420	0.0400	35,577,969	0.0400	0.0400
Pattonville Fire Protection Dist	General Revenue	126,876,940	0.9830	0.9830	383,620	0.9830	0.9830	414,690,357	0.9830	0.9830	278,005,534	0.9830	0.9830
	Ambulance	126,876,940	0.2500	0.2500	383,620	0.2500	0.2500	414,690,357	0.2500	0.2500	278,005,534	0.2500	0.2500
	Pension	126,876,940	0.1500	0.1500	383,620	0.1500	0.1500	414,690,357	0.1500	0.1500	278,005,534	0.1500	0.1500
	Dispatch	126,876,940	0.0500	0.0500	383,620	0.0500	0.0500	414,690,357	0.0500	0.0500	278,005,534	0.0500	0.0500
	Debt Service	126,876,940	0.3360	0.1700	383,620	0.3360	0.1700	414,690,357	0.3360	0.1700	278,005,534	0.3360	0.1700
Riverview Fire Protection District	General Revenue	97,545,390	1.4612	1.4612	2,400	1.4612	1.4612	16,603,477	1.4612	1.4612	20,447,167	1.4544	1.4544
	Pension	97,545,390	0.2500	0.2500	2,400	0.2500	0.2500	16,603,477	0.2500	0.2500	20,447,167	0.2500	0.2500
	Dispatch	97,545,390	0.0500	0.0500	2,400	0.0000	0.0000	16,603,477	0.0500	0.0500	20,447,167	0.0500	0.0500
	Debt Service	97,545,390	0.2210	0.2210	2,400	0.2210	0.2210	16,603,477	0.2210	0.2210	20,447,167	0.2210	0.2210
Robertson Fire Protection District	General Revenue	39,107,120	0.8900	0.8900	223,120	0.8900	0.8900	173,655,985	0.8900	0.8900	95,094,104	0.8900	0.8900
	Ambulance	39,107,120	0.6630	0.6630	223,120	0.7000	0.7000	173,655,985	0.6980	0.6980	95,094,104	0.7000	0.7000
	Pension	39,107,120	0.2000	0.2000	223,120	0.2000	0.2000	173,655,985	0.2000	0.2000	95,094,104	0.2000	0.2000
	Dispatch	39,107,120	0.0500	0.0500	223,120	0.0500	0.0500	173,655,985	0.0500	0.0500	95,094,104	0.0500	0.0500
	Debt Service	39,107,120	0.3520	0.2090	223,120	0.3520	0.2090	173,655,985	0.3520	0.2090	95,094,104	0.3520	0.2090
Spanish Lake Fire Protection Dist	General Revenue	111,103,900	1.4587	1.4587	83,380	1.5000	1.5000	25,922,792	1.3951	1.3951	24,795,097	1.5000	1.5000
	Pension	111,103,900	0.1500	0.1500	83,380	0.1500	0.1500	25,922,792	0.1500	0.1500	24,795,097	0.1500	0.1500

APPENDIX VIII-B
2013 PROPERTY TAX RATES
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		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Spanish Lake Fire Protection Dist	Dispatch	111,103,900	0.0500	0.0500	83,380	0.0500	0.0500	25,922,792	0.0500	0.0500	24,795,097	0.0500	0.0500
	Debt Service	111,103,900	0.2760	0.1640	83,380	0.2760	0.1640	25,922,792	0.2760	0.1640	24,795,097	0.2760	0.1640
Valley Park Fire Protection Dist	General Revenue	150,819,770	0.8010	0.8010	152,880	0.7730	0.7730	53,554,232	0.8460	0.8460	42,907,610	0.8800	0.8800
	Ambulance	150,819,770	0.2740	0.2740	152,880	0.2660	0.2660	53,554,232	0.2880	0.2880	42,907,610	0.3000	0.3000
	Pension	150,819,770	0.0920	0.0920	152,880	0.0890	0.0890	53,554,232	0.0960	0.0960	42,907,610	0.1000	0.1000
	Dispatch	150,819,770	0.0280	0.0280	152,880	0.0260	0.0260	53,554,232	0.0280	0.0280	42,907,610	0.0300	0.0300
Mid-County Fire Protection District	General Revenue	44,557,940	1.7507	1.7507	0	0.0000	0.0000	53,007,946	1.8304	1.8304	30,801,961	1.8500	1.8500
	Ambulance	44,557,940	0.1500	0.1500	0	0.0000	0.0000	53,007,946	0.1500	0.1500	30,801,961	0.1500	0.1500
	Pension	44,557,940	0.2500	0.2500	0	0.0000	0.0000	53,007,946	0.2500	0.2500	30,801,961	0.2500	0.2500
	Dispatch	44,557,940	0.0300	0.0300	0	0.0000	0.0000	53,007,946	0.0300	0.0300	30,801,961	0.0300	0.0300
	Debt Service	44,557,940	0.3430	0.2400	0	0.3430	0.2400	53,007,946	0.3430	0.2400	30,801,961	0.3430	0.2400
West Overland Fire Protection Dist	General Revenue	52,629,980	1.0438	1.0100 B	0	0.3000	0.0000 B	69,651,650	1.0737	1.0100 B	24,424,507	1.0403	1.0100 B
	Ambulance	52,629,980	0.6250	0.6250	0	0.0000	0.0000	69,651,650	0.6300	0.6300	24,424,507	0.6500	0.6500
	Pension	52,629,980	0.1500	0.1500	0	0.0000	0.0000	69,651,650	0.1500	0.1500	24,424,507	0.1500	0.1500
	Dispatch	52,629,980	0.0500	0.0500	0	0.0000	0.0000	69,651,650	0.0500	0.0500	24,424,507	0.0500	0.0500
	Debt Service	52,629,980	0.1820	0.1820	0	0.1820	0.1820	69,651,650	0.1820	0.1820	24,424,507	0.1820	0.1820
Black Creek Sewer	General Revenue	766,703,020	0.0860	0.0000	0	0.0000	0.0000	617,491,725	0.0930	0.0000	141,300,367	0.0950	0.0000
Clayton Central Sewer	General Revenue	59,409,090	0.0930	0.0000	0	0.0000	0.0000	276,983,246	0.0960	0.0000	38,916,844	0.0900	0.0000
Coldwater Creek Sewer	General Revenue	982,001,100	0.1000	0.1000	87,920	0.1000	0.1000	530,107,188	0.1000	0.1000	382,719,816	0.1000	0.1000
Creve Coeur-Frontenac Sewer	General Revenue	318,385,900	0.0750	0.0000	0	0.0000	0.0000	189,682,449	0.0730	0.0000	65,930,899	0.0760	0.0000
Deer Creek Sewer	General Revenue	2,539,551,510	0.0840	0.0840	227,570	0.0790	0.0790	1,078,639,029	0.0830	0.0830	394,580,744	0.0930	0.0930
Fountain Creek Sewer	General Revenue	92,032,370	0.1110	0.0000	0	0.0000	0.0000	21,634,167	0.1060	0.0000	18,557,185	0.1000	0.0000
Gravois Creek Sewer	General Revenue	988,100,770	0.0790	0.0790	151,910	0.1000	0.1000	432,562,658	0.0840	0.0840	205,377,245	0.0860	0.0860
Loretta-Joplin Sewer	General Revenue	21,182,250	0.0770	0.0770	0	0.0000	0.0000	1,912,632	0.0830	0.0830	4,198,493	0.0900	0.0900
Maline Creek Sewer	General Revenue	367,198,600	0.1000	0.1000	25,870	0.1000	0.1000	203,286,460	0.0890	0.0890	127,142,064	0.1000	0.1000
Meramec River Basin Sewer	General Revenue	2,080,612,900	0.0000	0.0000	911,200	0.0000	0.0000	864,877,563	0.0000	0.0000	416,204,816	0.0000	0.0000
Missouri River-Bonfils Sewer	General Revenue	134,789,710	0.0000	0.0000	122,970	0.0000	0.0000	545,910,177	0.0000	0.0000	181,572,340	0.0000	0.0000
North Affton Sewer	General Revenue	60,191,510	0.0790	0.0790	0	0.0000	0.0000	4,715,507	0.0790	0.0790	9,672,781	0.0850	0.0850
Seminary Branch RDP Sewer	General Revenue	228,954,570	0.0680	0.0680	0	0.0000	0.0000	45,254,643	0.0780	0.0780	40,960,914	0.0760	0.0760
Shrewsbury Branch RDP Sewer	General Revenue	21,414,530	0.0620	0.0620	0	0.0000	0.0000	4,478,909	0.0660	0.0660	3,796,404	0.0820	0.0820
Sugar Creek Sewer	General Revenue	288,989,220	0.0590	0.0590	130	0.0000	0.0000	101,755,808	0.0420	0.0420	40,244,722	0.0690	0.0690
University City Branch RDP Sewer	General Revenue	512,862,400	0.0850	0.0850	3,580	0.0000	0.0000	274,013,001	0.0940	0.0940	139,261,858	0.0940	0.0940
Watkins Creek Sewer	General Revenue	96,275,730	0.1000	0.1000	6,060	0.1000	0.1000	32,337,527	0.1000	0.1000	22,614,131	0.0990	0.0990
Wellston Sewer	General Revenue	13,766,270	0.1000	0.1000	0	0.0000	0.0000	13,016,298	0.1000	0.1000	7,716,605	0.1000	0.1000
Hancock Street Light Dist St. Louis	General Revenue	44,474,950	0.1570	0.1570	0	0.0000	0.0000	70,407,370	0.2000	0.2000	38,860,750	0.1700	0.1700
Wheaton Cook Lyndhurst Light Dist	General Revenue	5,953,790	0.1990	0.1990	0	0.0000	0.0000	1,149,900	0.1960	0.1960	1,061,080	0.2000	0.2000

APPENDIX VIII-B
2013 PROPERTY TAX RATES
LISTING OF 2012 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate				Agricultural Real Estate				Commercial Real Estate				Personal Property			
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied		Assessed Value	Ceiling	Levied		Assessed Value	Ceiling	Levied		Assessed Value	Ceiling	Levied	
Castle Point Street Light District	General Revenue	0	0.0000	0.1900	D	0	0.0000	0.0000		0	0.0000	0.1900	D	0	0.0000	0.1850	D
Glasgow Village Street Light Dist	General Revenue	20,191,750	0.1600	0.1600		0	0.0000	0.0000		336,950	0.1600	0.1600		2,806,750	0.1580	0.1580	
Elmwood Park Street Light District	General Revenue	2,114,620	0.0000	0.1000	D	0	0.0000	0.0000		99,160	0.0000	0.1000	D	395,460	0.0000	0.1000	D
Clayton Special Business District	General Revenue	51,099,260	0.1260	0.1210		0	0.0000	0.0000		273,332,970	0.1350	0.1310		0	0.0000	0.0000	
Maplewood Special Business District	General Revenue	495,080	0.2090	0.1410		0	0.0000	0.0000		14,685,340	0.4120	0.3350		0	0.0000	0.0000	
University City Spec Bus Dist BD57	General Revenue	1,026,860	0.5900	0.5900		0	0.0000	0.0000		6,753,400	0.5360	0.5360		0	0.0000	0.0000	
Webster Groves-Old Webster Bus Dis	General Revenue	517,400	0.1740	0.1740		0	0.0000	0.0000		11,772,120	0.3120	0.3120		0	0.0000	0.0000	
Webster Groves-Old Orchard Bus Dis	General Revenue	175,580	0.3690	0.3600		0	0.0000	0.0000		8,004,630	0.3780	0.3600		0	0.0000	0.0000	
Kirkwood Special Business District	General Revenue	0	0.0000	0.0000		0	0.0000	0.0000		30,178,900	0.4540	0.4540		0	0.0000	0.0000	
Jennings Special Business District	General Revenue	39,330	0.4300	0.4300		0	0.0000	0.0000		1,836,130	0.4300	0.4300		0	0.0000	0.0000	
Productive Living Board	General Revenue	13,450,806,500	0.0840	0.0840		4,732,270	0.0900	0.0900		5,486,114,693	0.0900	0.0900		3,323,618,526	0.0900	0.0900	
Parkview Gardens Spec Bus Dist BD3	General Revenue	12,053,660	0.6270	0.6270		0	0.0000	0.0000		2,378,930	0.7220	0.7220		0	0.0000	0.0000	
Crossroads Special Business Dist	General Revenue	0	0.0000	0.0000		0	0.0000	0.0000		4,114,730	0.3890	0.3890		0	0.0000	0.0000	
Robinwood West Community Imp Dis	General Revenue	14,705,920	0.7520	0.7520		0	0.0000	0.0000		0	0.0000	0.0000		0	0.0000	0.0000	
	General Revenue-Temp	14,705,920	0.2800	0.2800		0	0.0000	0.0000		0	0.0000	0.0000		0	0.0000	0.0000	
Crestwood Point Community Imp Dist	Debt Service	0	5.0903	3.0000		0	5.0903	3.0000		1,805,400	5.0903	3.0000		0	5.0903	3.0000	
Crossings Community Imp District	General Revenue	0	0.0000	0.0000		0	0.0000	0.0000		4,522,790	1.9528	1.9528		0	0.0000	0.0000	
Crestwood Market Community Imp D	Debt Service	0	6.1735	5.0000		0	6.1735	5.0000		1,491,040	6.1735	5.0000		0	6.1735	5.0000	
Hazelwood R-I School District	Operating Funds-School	901,446,480	5.2804	5.2804	E	641,510	5.5500	5.5500	E	422,998,080	5.4277	5.4277	E	333,026,840	5.4050	5.4050	E
	Debt Service	901,446,480	1.5320	1.5320		641,510	1.5320	1.5320		422,998,080	1.5320	1.5320		333,026,840	1.5320	1.5320	
Ferguson-Florissant R-II Sch Dist	Operating Funds-School	433,731,540	4.7400	4.7400	E	15,730	4.7400	4.7400	E	334,984,680	4.7400	4.7400	E	218,837,640	4.7400	4.7400	E
	Debt Service	433,731,540	0.3000	0.3000		15,730	0.3000	0.3000		334,984,680	0.3000	0.3000		218,837,640	0.3000	0.3000	
Pattonville R-III School District	Operating Funds-School	402,991,660	4.1100	4.0313		186,700	4.1100	3.9568		586,047,180	4.1100	4.0865	C	386,536,550	3.9305	3.7773	
	Debt Service	402,991,660	0.7590	0.4900		186,700	0.7590	0.4900		586,047,180	0.7590	0.4900		386,536,550	0.7590	0.4900	
Kirkwood R-VII School District	Operating Funds-School	857,774,430	3.1871	3.1871	E	226,550	4.4118	4.4118	E	221,451,800	4.3778	4.3778	E	129,162,850	3.7875	3.7875	E
	Operating Funds-Temp	857,774,430	0.7320	0.7320		226,550	0.6570	0.6570		221,451,800	0.7320	0.7320		129,162,850	0.7320	0.7320	
	Debt Service	857,774,430	0.3650	0.3650		226,550	0.3650	0.3650		221,451,800	0.3650	0.3650		129,162,850	0.3650	0.3650	
Lindbergh R-VIII School District	Operating Funds-School	760,863,240	3.4579	3.4595	G	186,330	5.7261	5.7261	E	272,303,630	3.9337	3.9450	G	140,686,430	3.9096	3.9096	E
	Debt Service	760,863,240	0.4950	0.4950		186,330	0.4950	0.4950		272,303,630	0.4950	0.4950		140,686,430	0.4950	0.4950	
Mehlville R-IX School District	Operating Funds-School	1,171,524,490	3.6174	3.6174	E	336,170	4.0600	4.0600	E	291,139,160	3.5396	3.5396	E	246,961,940	3.9761	3.9761	E
	Debt Service	1,171,524,490	0.0320	0.0320		336,170	0.0320	0.0320		291,139,160	0.0320	0.0320		246,961,940	0.0320	0.0320	
Parkway C-2 School District	Operating Funds-School	2,659,275,230	3.8519	3.5961	E	687,270	5.1198	5.1198	E	1,064,371,430	4.1938	4.2115	G	531,602,650	3.7379	3.7379	E
	Debt Service	2,659,275,230	0.3400	0.3400		687,270	0.3400	0.3400		1,064,371,430	0.3400	0.3400		531,602,650	0.3400	0.3400	
Affton 101 School District	Operating Funds-School	266,893,660	5.3581	5.3523	E	0	0.0000	0.0000	E	59,482,120	5.6189	5.6189	E	55,438,090	5.5131	5.5131	E
Bayless School District	Operating Funds-School	111,971,390	4.2492	4.2492	H	0	0.9200	0.9200	H	12,114,030	4.4184	4.4184	H	21,423,720	4.9131	4.9131	H
	Debt Service	111,971,390	0.7200	0.5240		0	0.7200	0.5240		12,114,030	0.7200	0.5240		21,423,720	0.7200	0.5240	

APPENDIX VIII-B
2013 PROPERTY TAX RATES
LISTING OF 2012 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Brentwood School District	Operating Funds-School	146,299,230	3.4699	3.6729 C	0	0.0000	0.0000	97,345,680	4.0178	4.5757 C	36,645,330	3.3950	3.3383 C
	Debt Service	146,299,230	0.5190	0.2800	0	0.5190	0.2800	97,345,680	0.5190	0.2800	36,645,330	0.5190	0.2800
Clayton School District	Operating Funds-School	494,085,130	3.3718	3.3850 C	0	0.0000	0.0000	414,551,100	3.7052	3.6958 C	91,252,570	3.4615	3.3718
	Debt Service	494,085,130	1.0161	0.6230	0	1.0161	0.6230	414,551,100	1.0161	0.6230	91,252,570	1.0161	0.6230
Hancock Place School District	Operating Funds-School	43,763,490	3.2267	3.2267 E	0	0.0000	0.0000 E	70,359,860	3.7777	3.7777 E	38,734,060	4.3000	4.3000 E
	Debt Service	43,763,490	1.1945	1.0100	0	1.1945	1.0100	70,359,860	1.1945	1.0100	38,734,060	1.1945	1.0100
Jennings School District	Operating Funds-School	64,604,160	5.5500	5.5500 E	0	0.0000	0.0000 E	14,340,340	5.5500	5.5500 E	21,152,940	4.8034	4.8034 E
	Debt Service	64,604,160	1.4385	0.9900	0	1.4385	0.9900	14,340,340	1.4385	0.9900	21,152,940	1.4385	0.9900
Ladue School District	Operating Funds-School	1,085,665,810	3.3398	3.2400 B	4,690	3.3475	3.2400 B	229,540,900	3.3377	3.2400 B	130,712,420	3.3372	3.2400 B
	Debt Service	1,085,665,810	0.7810	0.3900	4,690	0.7810	0.3900	229,540,900	0.7810	0.3900	130,712,420	0.7810	0.3900
Maplewood-Richmond Heights SD	Operating Funds-School	166,680,170	4.2565	4.2603 G	0	0.0000	0.0000 E	62,631,880	4.3164	4.3267 G	31,083,000	4.9158	4.9158 E
	Debt Service	166,680,170	1.0600	1.0600	0	1.0600	1.0600	62,631,880	1.0600	1.0600	31,083,000	1.0600	1.0600
Normandy School District	Operating Funds-School	165,697,850	4.6600	4.6600 F	5,780	4.6540	4.6540 F	39,985,600	4.6600	4.6600 F	50,253,390	4.6600	4.6600 F
	Debt Service	165,697,850	2.2906	1.7314	5,780	2.2906	1.7314	39,985,600	2.2906	1.7314	50,253,390	2.2906	1.7314
Ritenour School District	Operating Funds-School	265,687,940	4.0211	4.0580 G	0	0.0000	0.0000 E	166,932,950	4.2864	4.3493 G	126,057,720	4.0492	4.0492 E
	Debt Service	265,687,940	1.5562	0.9100	0	1.5562	0.9100	166,932,950	1.5562	0.9100	126,057,720	1.5562	0.9100
Riverview Gardens School District	Operating Funds-School	178,008,650	4.3500	4.4140 G	2,400	4.3500	4.3500 E	20,590,660	4.3500	4.6161 G	35,355,510	4.1177	4.1177 E
	Debt Service	178,008,650	1.0816	1.0800	2,400	1.0816	1.0800	20,590,660	1.0816	1.0800	35,355,510	1.0816	1.0800
University City School District	Operating Funds-School	483,450,850	4.1291	4.0774 E	0	0.0000	0.0000 E	57,173,020	4.6409	4.5876 E	63,211,520	5.1824	5.1223 E
	Debt Service	483,450,850	0.7520	0.7380	0	0.7520	0.7380	57,173,020	0.7520	0.7380	63,211,520	0.7520	0.7380
Valley Park School District	Operating Funds-School	95,154,220	4.3562	4.3562 E	17,370	4.5423	4.5423 E	39,179,600	4.5106	4.5106 E	29,955,680	4.6500	4.6500 E
	Debt Service	95,154,220	1.0587	0.7025	17,370	1.0587	0.7025	39,179,600	1.0587	0.7025	29,955,680	1.0587	0.7025
Webster Groves School District	Operating Funds-School	548,120,530	5.1889	5.1889 E	0	0.0000	0.0000 E	79,388,820	5.6228	5.6228 E	75,772,470	5.9100	5.9100 E
	Debt Service	548,120,530	1.2393	0.5699	0	1.2393	0.5699	79,388,820	1.2393	0.5699	75,772,470	1.2393	0.5699
St. Louis County	General Revenue	13,450,760,470	0.2630	0.2000	4,716,310	0.3500	0.2000	5,477,719,003	0.2870	0.2000	3,323,618,526	0.2810	0.2000
	Parks & Recreation	13,450,760,470	0.0660	0.0500	4,716,310	0.0700	0.0500	5,477,719,003	0.0700	0.0500	3,323,618,526	0.0700	0.0500
	Road & Bridge	13,450,760,470	0.1690	0.1050	4,716,310	0.1800	0.1050	5,477,719,003	0.1800	0.1050	3,323,618,526	0.1800	0.1050
	Health	13,450,760,470	0.2250	0.1400	4,716,310	0.3000	0.1400	5,477,719,003	0.2470	0.1400	3,323,618,526	0.2410	0.1400
	Debt Service	13,450,760,470	0.1040	0.0280	4,716,310	0.1040	0.0280	5,477,719,003	0.1040	0.0280	3,323,618,526	0.1040	0.0280

APPENDIX VIII-B
2013 PROPERTY TAX RATES
LISTING OF 2012 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied

LEGEND:

* Levy was not certified due to insufficient substantiating data; however, it does not appear that a rate was levied.
** Levy did not exist.
A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy. No newly approved tax rates were passed in St. Louis County in 2012 and therefore none are listed in this appendix.
B A voter approved increase or decrease to an existing levy.
C Levy includes a recoupment rate authorized by state law.
D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Report No. 2013-012, Review of 2012 Property Tax Rates.
E School district has a full Proposition C (sales tax) waiver allowing the district to reduce its required Proposition C reduction to $0.000 and levy up to its calculated tax rate ceiling.
F School district has a partial Proposition C (sales tax) waiver allowing the district to waive a portion of its required Proposition C reduction to the extent necessary to collect $2.7500 or the amount stated on the ballot.
G Levy includes a recoupment rate authorized by state law. School district has a full Proposition C (sales tax) waiver allowing the district to reduce its required Proposition C reduction to $0.000 and levy up to its calculated tax rate ceiling.
H A voter approved increase or decrease to an existing levy. School district has a full Proposition C (sales tax) waiver allowing the district to reduce its required Proposition C reduction to $0.000 and levy up to its calculated tax rate ceiling.

NOTES:

This Appendix contains levy information for political subdivisions wholly in St. Louis County and the City of Gladstone in Clay County. Previous legislation required taxing authorities wholly in St. Louis County and allowed the City of Gladstone in Clay County to calculate a separate tax rate on each subclass of property. Political subdivisions partially in St. Louis County and partially in another county(ies) were also required by previous legislation to levy a single rate on all property when one or more counties opted in and one or more counties opted out of the provisions requiring the multi rate calculation. See Appendix VII for a listing of 2013 and 2012 taxing authorities that calculated a single tax rate to apply to all property.

All rates in the levied column represent the rate extended and certified to the State Auditor's office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation the property tax is levied against.

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Thirteenth Judicial Circuit
Callaway County

March 2014

Report No. 2014-020

http://auditor.mo.gov

Thirteenth Judicial Circuit, Callaway County
Follow-Up Report on Audit Findings
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Status of Findings

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2. Accounting Controls and Procedures 3

THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge and Court en Banc
and
Circuit Clerk of the
Thirteenth Judicial Circuit
Callaway County, Missouri

We have conducted follow-up work on audit report findings contained in Report No. 2013-110, *Thirteenth Judicial Circuit, Callaway County*, issued in October 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the court about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the court, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed supporting documentation provided by the Circuit Clerk and met with relevant court officials. Documentation included a report from the Circuit Clerk on the status of the recommendations, new court financial procedures, monthly independent reviews of transactions, daily and monthly financial reports from October 2013 through January 2014, and manual receipt slip books. This report is a summary of the results of this follow-up work, which was substantially completed during February 2014.

Thomas A. Schweich
State Auditor

Thirteenth Judicial Circuit, Callaway County
Follow-Up Report on Prior Audit Findings
Status of Findings

1. Missing Funds and Other Questionable Transactions

In September 2012 the Office of State Courts Administrator (OSCA) performed a routine accounting review of the circuit court and identified 60 questionable transactions between January 1, 2012, and September 13, 2012, totaling $8,845 for which monies could be missing. Based on these discrepancies, the Presiding Judge contacted the State Auditor's office to request an audit of court operations.

In addition to the amounts identified by OSCA, our audit determined from January 2011 through December 2011, receipts totaling at least $355 were received but not deposited, and additional funds totaling at least $2,447 were likely missing, based on voided cash receipts, unsupported non-monetary transactions, and improper reduction or non-assessment of fines and court costs in the computerized system. Further, some manual receipt slips were removed from the receipt slip books and could not be located, indicating possible additional missing funds during 2012 and 2011.

The Clerk Supervisor primarily responsible for the cases with identified problems was placed on administrative leave on September 14, 2012, and was subsequently terminated on October 6, 2012. The OSCA information was turned over to the Callaway County Sheriff's office and a Special Prosecutor after the OSCA review was completed.

Recommendation

The Court en Banc and the Circuit Clerk continue to work with law enforcement officials regarding criminal prosecution related to the missing funds and other questionable transactions, including restitution of missing funds.

Status

Implemented

The Circuit Clerk indicated a case has been filed by the Special Prosecutor and a Judge has been assigned to the case. Three Class C Felony charges for forgery were filed against the former Clerk Supervisor on November 1, 2013. The case remains ongoing.

2. Accounting Controls and Procedures

Significant weaknesses were identified with accounting controls and procedures. As a result, some receipts were not accounted for properly.

2.1 Segregation of duties and supervisory review

The Circuit Clerk had not adequately segregated the duties of receiving and recording receipts, preparing deposits, and disbursing funds and had not established supervisory reviews to detect errors.

Neither the Circuit Clerk nor clerk personnel independent of the cash custody and record-keeping functions provided adequate supervision or review of the work performed by various clerks to ensure transactions were appropriate.

Because of inadequate supervision over receipts, questionable transactions were not identified and monies were missing. Additionally, checks from the bank account could be issued by any court clerk, required only one signature, and were not reviewed by a person independent of the disbursement function.

Recommendation

The Circuit Clerk segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures. In addition, the Circuit Clerk should require dual signatures on all checks.

Status

Implemented

The Circuit Clerk has implemented additional accounting controls and procedures to segregate duties and increase supervisory reviews. A Clerk Supervisor, with no receipting capability, is now responsible for reviewing accounting records on a monthly basis, including lists of liabilities, outstanding checks, deposits, manual receipt slips, voided receipts, and non-monetary transactions. The Circuit Clerk is also responsible for periodic reviews of voided receipts, non-monetary transactions, and manual receipt slips. Checks now can only be signed by the Circuit Clerk or the Clerk Supervisor. In addition, the Circuit Clerk established a positive pay system with the bank to reduce the risk of check fraud. As of our February follow-up meeting, monthly reviews of October 2013 through January 2014 accounting records had been documented.

2.2 Non-monetary transactions

Non-monetary transactions, voids, and adjustments in the Justice Information System (JIS), the Missouri courts automated case management system, were not properly documented and the Circuit Clerk had not established procedures for review and approval of such transactions by persons independent of the receipting process. Additionally, the Circuit Clerk's office did not maintain documentation for numerous non-monetary transactions, voids, and adjustments that occurred during the audit period. Some of these transactions were possibly used to conceal missing monies.

Recommendation

The Circuit Clerk require an independent review and approval of non-monetary transactions, voids, and adjustments made in the JIS, and retain adequate documentation to support these transactions.

Status

In Progress

Clerks must now include documentation supporting all non-monetary transactions, voids, and adjustments with daily cashier session reports. The Clerk Supervisor is responsible for reviewing voids, adjustments, and select non-monetary transactions on a monthly basis. As of our February follow-up meeting, monthly reviews of October 2013 through January 2014 accounting records, including voids, adjustments, and select non-monetary

transactions, had been documented. The Circuit Clerk indicated a quarterly report of all non-monetary transactions will be generated and reviewed on a test basis.

2.3 Manual receipt slips

The Circuit Clerk had not established proper controls or procedures for manual receipt slips. Manual receipt slips issued were not recorded timely in the JIS, reviewed by a supervisor, or reconciled to the JIS, and the related monies were not deposited timely. In addition, the method of payment was not always indicated and these receipt slips were not accounted for properly.

Recommendation

The Circuit Clerk continue to ensure manual receipt slips are prenumbered and their use is limited. The Circuit Clerk should also ensure manual receipt slips are recorded timely in the JIS and deposited timely. In addition, the method of payment should be indicated for all manual receipts and the numerical sequence should be accounted for properly. Further, manual receipts should be reviewed and reconciled to the JIS and to the related deposits by someone independent of the receipting process.

Status

Implemented

Use of manual receipt slips is now limited to when the JIS is unavailable or with written permission from the Presiding Judge, in accordance with the September 2013 revisions to Supreme Court Operating Rule 4.53. According to court procedures, on a monthly basis the Clerk Supervisor reviews all manual receipt slips issued, accounts for the numerical sequence, and ensures all manual receipt slips have been recorded timely in the JIS and deposited timely. This review includes ensuring a JIS receipt number is recorded on all manual receipt slips. We reviewed the prenumbered manual receipt slip book for 2013 and noted JIS receipt numbers, method of payment, and the monthly supervisory reviews were documented. In addition, the number of manual receipt slips issued during 2013 decreased significantly. The Circuit Clerk took action to further reduce the use of manual receipt slips when she became aware of the proposed revisions to the Supreme Court Operating Rule. The court has not issued any manual receipt slips since August 2013.

2.4 Receipting and deposit procedures

The Circuit Clerk had not established procedures to log or restrictively endorse mail receipts immediately upon receipt or issue receipt slips immediately for these monies. In addition, garnishment receipts were not always maintained in a secure location and deposits of garnishment receipts were not made intact or on a timely basis.

Recommendation

The Circuit Clerk require an initial record of monies received by mail be prepared and reconciled to the JIS, restrictively endorse checks and money orders immediately upon receipt, and require receipt slips be issued for all monies on a timely basis. In addition, the Circuit Clerk should maintain

garnishment monies collected in a secure location and deposit these receipts timely and intact.

Status

Partially Implemented

The Circuit Clerk implemented procedures to restrictively endorse all checks and money orders immediately upon receipt and to store monies collected in the locked safe. Garnishment monies collected are now receipted and deposited at least once a week. The Circuit Clerk indicated she is implementing new procedures to ensure garnishment monies collected will be receipted and deposited at least twice a week. However, she also indicated staffing limitations will not allow the court to receipt and deposit garnishment monies intact with other receipts. In addition, due to time constraints, the Circuit Clerk indicated it would not be feasible for court personnel to prepare an initial record of monies received by mail and she does not plan to implement such a record.

2.5 Accrued costs

The Circuit Clerk did not periodically review accrued costs owed totaling $1,014,529 as of December 31, 2012, to the court (fines and court costs, incarceration costs, and court-ordered restitution). The court did not follow its formal administrative plan for collection of court debt, including establishing payment plans and reviewing outstanding balances to write off amounts deemed uncollectible. In addition, the court had not consistently enforced collection of the time payment fee.

Recommendation

The Circuit Clerk follow established policy and ensure collection of accrued costs and fees in accordance with court operating rules.

Status

In Progress

Effective August 28, 2013, the Thirteenth Judicial Circuit, Boone and Callaway counties, adopted a revised formal administrative plan for collection of court debt to improve debt collection and ensure compliance with Supreme Court Operating Rule 21. A report is run weekly to identify and assess the time payment fee to all cases not paid within 30 days of disposition. In addition, the Circuit Clerk is working with the Court en Banc to review accrued costs owed, write off amounts deemed uncollectible, establish payment plans, and participate in tax intercept and debt collection programs.

2.6 Open items

Prior to February 2013 the court did not adequately review monthly lists of liabilities to ensure bonds were disbursed in a timely manner.

Recommendation

The Circuit Clerk continue recent efforts to review the status of liabilities to determine the appropriate disposition of funds.

Status

Implemented

The Clerk Supervisor continues to be responsible for reviewing the lists of liabilities on a monthly basis to ensure the appropriate disposition of bonds and other funds. We observed the documented monthly review of the January 2014 list of liabilities, which indicated any dispositions and other actions taken as a result of the review.

2.7 Case entry and disposition

Court personnel did not always properly record the initial entry and final disposition of each case in the JIS. Some cases had been suspended and had been inactive for periods ranging from 8 to 14 months because court personnel canceled a future court date and did not reschedule a new court date. Personnel caused other case errors by entering incorrect case numbers in the JIS. In addition, we identified several cases in which court costs totaling $374 were not assessed prior to disposition.

Recommendation

The Circuit Clerk implement procedures to ensure the initial entry and disposition of cases and associated costs are properly recorded in the JIS. Various case reports should be reviewed on a monthly basis to detect erroneously entered and suspended cases and to ensure proper treatment of disposed cases.

Status

In Progress

The Clerk Supervisor is responsible for reviewing fee adjustments, cases disposed, and cases with no scheduled court dates on a monthly basis. Monthly Case Age reports showing old outstanding cases are printed and reviewed to ensure all cases on the report have a scheduled court date or have reasons for not having a court date scheduled. Because the reviews of the fee adjustments and disposed cases are done within the JIS, it is difficult to document these reviews. We observed a screen print of the query run for fee adjustments during the month of January 2014 and the review of one case from that query. The Circuit Clerk indicated she has requested the OSCA to develop reports to facilitate reviews performed. We confirmed with the OSCA that a report of fee adjustments was developed within the last 6 months and was shared with the Circuit Clerk. The OSCA personnel indicated they are currently working on a report of cases disposed with no costs or fees.

Thomas A. Schweich

Missouri State Auditor

ADMINISTRATION

Reemployment of State Retirees

March 2014

Report No. 2014-021

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Reemployment of State Retirees

Background

This audit reviewed issues associated with state retirees reemployed in state government positions and procedures to ensure compliance with state laws regarding reemployment of retirees. Most full-time state employees participate in defined-benefit public employee retirement plans. General state employees participate in plans operated by the Missouri State Employees' Retirement System (MOSERS) and employees of the Missouri Department of Transportation and the Missouri State Highway Patrol participate in plans operated by the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS). State laws permit the reemployment of state retirees in state government benefit eligible and non-benefit eligible positions. When reemployed in a non-benefit eligible position, the retiree receives no employment benefits, the reemployment has no impact on an individual's retirement payments, and the retiree receives a monthly retirement payment in addition to compensation for work performed. To be benefit eligible, the employee must be assigned to a position that normally requires the performance of duties during not less than 1,040 hours per year. Currently, state law requires most retirees' retirement payments be suspended while the retiree is actively reemployed in a benefit eligible position.

According to various state agency and retirement system personnel, there are both benefits and costs associated with reemploying retirees. During the 2 years ended December 31, 2012, at least 1,662 state retirees worked as employees in state government positions. During this period, 189 of these retirees were reemployed in full-time, benefit eligible positions; 1,487 were reemployed in part-time, non-benefit eligible positions; and 14 were reemployed in both types of positions. In addition, at least 15 state agencies utilized 132 retirees as vendors during the 2 years ended December 31, 2012.

Statewide Oversight of Reemployed Retirees

There is no statewide oversight of retirees rehired in state government positions, and our review noted instances of noncompliance with reemployment restrictions and incorrect benefit eligibility classifications. Personnel of the various state agencies are responsible for classifying benefit eligibility and tracking and monitoring reemployments of retirees, but procedures used are not always sufficient. Several state agencies that reemployed a significant number of retirees do not fall under Office of Administration (OA) oversight and OA has provided no guidance for ensuring proper benefit eligibility classification.

State Law Allowing Retirement Payments while Reemployed Full-Time in Benefit Eligible Positions	State law pertaining to certain plans allows some retirees reemployed in full-time state government positions to receive their retirement payments while reemployed. Thirty-one of the 189 retirees working in full-time benefit eligible state positions drew wages and retirement payments simultaneously, receiving $2.8 million in retirement payments in addition to $3.1 million in wages during the 2 years ended December 31, 2012. By providing these retirees with wages and retirement payments simultaneously, the state is providing extra compensation to a small select group of state employees, which is generally prohibited for most state employees. Many current and future retirees of certain plans could similarly avail themselves of these provisions.
Retirees Reemployed Part-Time in Non-Benefit Eligible Positions	Many state agencies lacked adequate procedures to ensure retirees reemployed part-time are properly classified. Some reemployed retirees may have been incorrectly classified as part-time, and therefore received their retirement payments while reemployed, when not eligible to do so. Audit staff found 107 of the 1,487 (7 percent) retirees working in part-time, non-benefit eligible positions worked 1,040 or more hours during their anniversary year(s). When a retiree working in a non-benefit eligible position works 1,040 hours or more in a year, agencies should determine whether (1) the employee has exceeded this limit due to short-term, unforeseen circumstances and should continue to be classified as non-benefit eligible, or (2) the position has effectively changed and should be reclassified as benefit eligible. Our review noted numerous weaknesses and inconsistencies among state agency procedures. Several state agencies had centralized procedures or tracking systems to monitor actual hours worked by part-time retirees, while some state agencies delegated monitoring procedures to individual divisions or units within their agencies. Two state agencies tracked hours separately by position, which appears to violate state law when collectively the positions require 1,040 or more hours; state agencies defined work year inconsistently and did not always comply with state law; and some state agencies had established hour maximums other than the maximum provided by state law. State laws do not require a standard or minimum separation period between retirement and reemployment.
Retiree Vendors	State laws and regulations that address hiring retirees as vendors are inadequate, and most state agencies lacked adequate procedures to ensure these vendor arrangements are proper. Several retirees were hired as vendors when it appears they should have been classified as full-time, benefit eligible employees; and, as a result, these retirees received retirement payments that would have been suspended if they had been classified as employees.

Because of the compound nature of this audit report, no overall rating is provided.

Reemployment of State Retirees
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
and
Douglas Nelson, Commissioner
Office of Administration
Jefferson City, Missouri

Due to concerns regarding inconsistencies and weaknesses in state laws and policies governing reemployment of state retirees, we have conducted an audit of the Reemployment of State Retirees. The objectives of our audit were to:

1. Identify retirees reemployed in state government positions.

2. Evaluate state laws governing reemployment of state retirees.

3. Evaluate internal controls related to reemployment of state retirees.

4. Evaluate compliance with certain legal provisions.

For the areas audited, we identified (1) at least 1,662 state retirees reemployed in state government positions during the 2 years ended December 31, 2012, (2) inconsistencies and weaknesses in state laws and policies governing reemployment of state retirees, (3) deficiencies in internal controls, and (4) noncompliance with legal provisions.

While Missouri laws concerning state retiree reemployment generally limit the retirement payments of retirees reemployed in state positions, our review identified some inconsistencies in the laws that allow certain reemployed retirees to receive benefits not afforded to most state retirees. In addition, our review identified instances where laws containing restrictions were likely violated, and state agencies lacked adequate procedures to ensure compliance with the laws. We also identified ways the laws could be strengthened.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Douglas J. Porting, CPA, CFE
Audit Manager:	Kim Spraggs, CPA
In-Charge Auditor:	James M. Applegate, MBA
Audit Staff:	Tessa Oates
	Rachelle Thompson

Reemployment of State Retirees
Introduction

Background

In recent years, the General Assembly has made changes to reduce the state's share of costs of retirement benefits as well as retirement benefits provided to future employees. This audit reviewed issues associated with retirees reemployed in state government positions and procedures to ensure compliance with state laws regarding reemployment of retirees. Our audit focused on retirees of the two state employee retirement systems, and did not include retirees of other public employee retirement systems. The retirement systems and plans referenced in this report include:

Missouri State Employees' Retirement System (MOSERS)

Missouri State Employees' Plan (MSEP)
MSEP 2000
Judicial Plan
Administrative Law Judges and Legal Advisors' Plan (ALJLAP)

Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS)

MPERS Closed Plan
MPERS Year 2000 Plan

Retirement Plans

Most full-time state employees participate in defined-benefit public employee retirement plans administered by the MOSERS or MPERS. General state employees participate in MOSERS and employees of the Missouri Department of Transportation (MoDOT) and the Missouri State Highway Patrol (MSHP) participate in MPERS. Each system administers multiple plans including the original plan (also called the Closed plan), the Year 2000 plan, and the 2011 tier of the Year 2000 plan. Generally, all full-time state employees hired before July 1, 2000, are eligible for membership in the closed plans: MSEP or MPERS Closed Plan. These employees and full-time employees first hired on or after July 1, 2000, and before January 1, 2011, are eligible for membership in the Year 2000 plans: MSEP 2000 or MPERS Year 2000 Plan. Employees first hired on or after January 1, 2011, are eligible for membership in the 2011 tier of the respective Year 2000 plan.

In addition, MOSERS administers the Judicial Plan for judges. Judges first hired before January 1, 2011, are eligible for membership in the Judicial Closed Plan. Judges first hired on or after January 1, 2011, are eligible for membership in the Judicial 2011 tier of the Judicial Plan. The Administrative Law Judges and Legal Advisors' Plan (ALJLAP), also administered by MOSERS, was terminated; and individuals first hired in these positions after April 26, 2005, participate in the MSEP or MSEP 2000. The MOSERS contracts with a third party provider to administer the College and University Retirement Plan for education employees at regional colleges and universities. The various state employee retirement plans are governed by Chapters 104, 105, 287, and 476, RSMo.

Retirement benefits are funded through a combination of state contributions, investment earnings, and employee contributions (2011 tier members only). State contribution rates are determined annually through actuarial valuations. During fiscal year 2012, the state contributed approximately 14 percent of employees' (other than judges) salaries to MOSERS; and approximately 45 percent to MPERS for civilian members and 59 percent for uniformed members. State contributions to the Judicial Plan were 57 percent in fiscal year 2012. Members of the 2011 tiers are also required to contribute 4 percent of their salary to the applicable plan. Required state contributions to the MOSERS and MPERS for approximately 59,200 state employees during fiscal year 2012 totaled approximately $455 million, or a little less than 2 percent of the state's budgeted expenditures.

Members of the closed and Year 2000 plans can retire with regular benefits as early as age 48, with age and service years equaling 80 or more (Rule of 80); and members of the 2011 tier of the Year 2000 plans (other than uniformed members of MPERS) can retire as early as age 55, with age and service years equaling 90 or more (Rule of 90). Active uniformed members of MPERS 2011 can retire at age 55 with 10 years of service. Judges can retire with regular benefits as early as age 55 (Judicial Plan) or 62 (Judicial 2011), with 20 years of service. Members of closed plans can choose to retire from the closed plan or the applicable Year 2000 plan. Additional information regarding various plan provisions and benefits is available on the systems' websites (<www.mosers.org> and <www.mpers.org>). At December 31, 2012, MOSERS had approximately 35,300 retirees and MPERS approximately 6,100 retirees.

Benefit Eligibility

State employees and reemployed retirees classified as benefit eligible receive various employment benefits including subsidized health care coverage, vacation leave, sick leave, and participation in a state retirement plan. Non-benefit eligible employees generally do not receive these benefits and do not earn creditable service towards a retirement benefit. To be benefit eligible, the employee must be assigned to a position that normally requires the performance of duties during not less than 1,040 hours per year. Considering a standard 2,080 hour work year, benefit eligible employees are generally expected to work at least half time. State law governing Year 2000 (including 2011 tier) plan retirees who are reemployed defines a work year as the 12-month period beginning on the first day of employment; while state laws governing the closed plans do not define work year.

For purposes of this audit, benefit eligible employees (those classified in positions that normally require a minimum of 1,040 hours of work per year) are called "full-time" employees and non-benefit eligible employees (those classified in positions limited to less than 1,040 hours per year) are called "part-time" employees.

Reemployment of Retirees

State laws permit the reemployment of state retirees in state government benefit eligible and non-benefit eligible positions. When reemployed in a non-benefit eligible position, the retiree receives no employment benefits, the reemployment has no impact on the individual's retirement payments, and the retiree receives a monthly retirement payment in addition to compensation for work performed. Some state laws have been revised over the past 13 years to restrict the ability of certain state retirees to simultaneously receive retirement payments and be reemployed in benefit eligible positions. There are no restrictions on retirement payments when state retirees take positions outside of state government.

Currently, statutory provisions applicable to most state retirees (other than those plans noted at MAR finding number 2) require the retiree's retirement payment be suspended while the retiree is actively reemployed in a benefit eligible position. While reemployed, the benefit eligible employee may accrue additional service credit towards another retirement benefit. For example, MSEP and MSEP 2000/MPERS Year 2000 (including 2011 tier) retirees reemployed in MSEP/MSEP 2000-covered positions and MSEP 2000/MPERS Year 2000 retirees reemployed in MPERS-covered positions, generally must be reemployed continuously for at least 1 year in order to earn an additional benefit. MSEP retirees reemployed in MPERS-covered positions and MPERS Closed Plan retirees reemployed in MOSERS-covered positions must work at least 5 additional years to earn an additional benefit. MPERS officials indicated MPERS Closed Plan retirees are not allowed to be reemployed in an MPERS-covered position. Once the employee retires again, he or she will receive his or her original monthly retirement payment, plus any additional monthly benefit earned during the reemployment period(s).

As noted in MAR finding number 2, reemployment laws for some plans have not been revised, allowing situations where certain retirees' retirement payments are not suspended during the period of reemployment in benefit eligible positions.

Cost-Benefit

According to various state agency and retirement system personnel, there are both benefits and costs associated with reemploying retirees. Determining whether the benefits outweigh the costs can be difficult because of the complexity of valuing benefits and quantifying costs. State agencies can benefit by reemploying retirees who possess skill sets, experience, and institutional knowledge necessary for the positions. When temporary part-time positions become available, agencies often look to experienced retirees to avoid costs associated with training.

The costs of employing retirees instead of new employees in full-time or part-time positions may be higher, lower, or cost neutral, and the costs will vary in each situation because of factors specific to each retiree and

position. Such factors include position classification (full-time or part-time), rate of pay, purpose and length of reemployment, and retiree vesting status and years of service. Reemployed retirees are sometimes paid more than new employees, resulting in higher salary, employment taxes, and retirement contribution costs. In addition, state laws governing reemployment of retirees provide an additional retirement benefit when retirees are reemployed full-time as little as 12 months; while non-retired employees currently have a 5 or 10-year vesting period.

Scope and Methodology

The scope of our audit included statewide, state agency, MOSERS, and MPERS internal controls over reemployment of retirees; state laws, policies and procedures; and other management functions in place during, but not necessarily limited to, the 2 years ended December 31, 2012.

Our methodology included conducting interviews with appropriate officials and staff of MOSERS, MPERS, and 21 different state agencies/divisions; obtaining and reviewing available policies and procedures; reviewing applicable state laws and other information; researching other states' laws and procedures regarding reemployment of retirees; and performing data analysis and testing.

To identify state retirees reemployed in state government positions during the 2 years ended December 31, 2012, we obtained retiree data from MOSERS and MPERS for this period as of December 31, 2012. We matched these retiree records to the employment records in the state's human resources accounting system for all state employees who worked at some point during the 2 years ended December 31, 2012. Our match results included all retirees reemployed in state positions, except employees of universities, because those employees' payroll records are maintained separately from the statewide accounting system.

To identify the benefit eligibility status of each reemployed retiree, we obtained documentation of state retirement contribution payments made to MOSERS and MPERS from the statewide accounting system for the 2 years ended December 31, 2012. Those reemployed retirees for which state retirement contributions were made while reemployed during this period were identified as full-time, benefit eligible employees. Reemployed retirees for which retirement contributions were not made were determined to be part-time, non-benefit eligible employees.

To review for proper benefit eligibility classification, we obtained records of hours worked for each reemployed retiree from the state's human resources accounting system for the 2 1/2 year period ended June 30, 2013. We then calculated the hours each retiree worked during each of their anniversary years within that period. Each retiree's calculated hours worked were compared to the number of required hours for his/her benefit eligibility

classification. Payroll and retirement data for retirees reemployed full-time were analyzed to ensure retirement payments were suspended upon reemployment, unless the applicable statutory provisions did not require such suspension.

To identify state retirees hired as vendors (rather than employees) during the 2 years ended December 31, 2012, we matched the retiree records obtained from MOSERS and MPERS to vendor payment records in the statewide accounting system during this period. These match results were limited to those retirees whose vendor number on the statewide accounting system is the same as their retiree number. The match results were analyzed based on the assigned accounting system object code. Retiree vendor payments from the nine consulting services object codes with the highest total payments to retirees were selected for review. These object codes included educational services, other professional services, program consultant services, physical exam services, attorney services, medical and dental services, other business services, medical assistance services, and agriculture related services.

Officials from state agencies interviewed or contacted regarding retiree reemployment and vendor practices, and data included: Missouri Department of Agriculture (MDA), Office of Attorney General (AGO), Missouri Department of Conservation (MDC), Department of Corrections (DOC), Department of Economic Development (DED), Department of Elementary and Secondary Education (DESE), Department of Health and Senior Services (DHSS), House of Representatives, Judiciary, Department of Labor and Industrial Relations (DOLIR), Department of Mental Health (DMH), Office of Administration (OA), Department of Social Services (DSS), State Auditor, MoDOT, Senate, Committee on Legislative Research, Department of Natural Resources (DNR), Department of Public Safety (DPS), Missouri State Highway Patrol (MSHP), and Missouri Gaming Commission.

To verify the correctness, we provided personnel of most state agencies that hired retirees with data regarding the retirees reemployed or hired as vendors at their agencies during the 2 years ended December 31, 2012. This verification process confirmed approximately 96 percent of the total retiree reemployment data and 85 percent of the total identified retiree vendor data. The remaining agencies, which we did not ask to verify data, each had only a few instances of reemployed retirees or vendor retirees.

This report outlines the general benefit requirements of the various retirement plans. For more information refer to each plan's specific provisions.

Reemployed Retirees

During the 2 years ended December 31, 2012, at least 1,662 state retirees worked as employees in state government positions. These retirees represented approximately 4 percent of the total retirees and approximately 3 percent of the state employee workforce as of December 31, 2012. As noted in the following table, 189 (11 percent) of these retirees were reemployed in full-time, benefit eligible positions; 1,487 (89 percent) were reemployed in part-time, non-benefit eligible positions; and 14 of these retirees were reemployed in both types of positions during the period reviewed. Many of these retirees began their reemployment prior to 2011.

Reemployed Retirees - Full-Time vs. Part-Time

	Reemployed during year(s) ended December 31,			
	2011 Only	2012 Only	2011 and 2012	Total
Full-Time	34	34	121	189
Part-Time	284	362	841	1,487
Both	0	0	(14)	(14)
Total	318	396	948	1,662

Of these 1,662 retirees, over half (928 or 56 percent) were hired by 5 state agencies: DMH, DPS, MDC, DESE, and Judiciary.

Reemployed Retirees - Hiring State Agency

State Agency	Part-Time	Full-Time	Both	Total
Mental Health	303	21	(3)	321
Public Safety[1]	243	26	(3)	266
Conservation	120	0	0	120
Elementary and Secondary Education	108	8	(1)	115
Judiciary	94	12	0	106
Labor and Industrial Relations	89	7	0	96
Transportation	88	0	0	88
Health and Senior Services	77	9	0	86
Office of Administration	65	13	0	78
Natural Resources	60	5	(1)	64
Legislature[2]	53	11	(1)	63
Social Services	43	14	(1)	56
Corrections	21	35	0	56
Revenue	32	4	(1)	35
Agriculture	32	1	0	33
Insurance, Financial Institutions, and Professional Registration	24	3	(1)	26
Economic Development	17	9	(2)	24
Attorney General	8	4	0	12
Secretary of State	5	2	0	7
Public Defender	1	2	0	3
State Auditor	2	1	0	3
State Treasurer	2	0	0	2
Higher Education	0	1	0	1
Lieutenant Governor	0	1	0	1
Total	1,487	189	(14)	1,662

[1] Includes MSHP, Missouri Gaming Commission, and other DPS divisions.
[2] Includes Committee on Legislative Research, House of Representatives, and Senate.

State agencies hired retirees for various types of full and part-time positions. For example, the DMH, the largest employer of retirees, hired retirees for a number of different positions including nursing staff and direct care aides. The MSHP hired approximately 150 part-time temporary employees for a statewide communications project, of which almost half were retirees. Nearly all of DESE's reemployed retirees had retired from the DESE, and approximately half were reemployed as substitute teachers. MoDOT personnel indicated MoDOT retirees are typically hired part-time to perform seasonal work, such as snow plow drivers, and to work on special projects. DHSS and DOLIR personnel indicated retirees are sometimes hired after their retirement to train their replacement. DSS personnel stated retirees are employed for various short-term special projects or efforts to reduce

excessive workloads. Retired judges (Senior Judges) hear cases on an as-needed basis when determined by the Supreme Court.

State agency personnel provided various reasons for hiring retirees, including (1) retirees already possess the knowledge and skills necessary for the positions, (2) retirees can work more efficiently because they are familiar with agency procedures and computer systems, (3) retirees are needed to train their replacement, and (4) retirees possess required licenses for certain professional positions.

Our analysis found 43 percent of reemployed retirees returned to work in state government positions within 1 month of their retirement, and another 29 percent returned between 1 month and 1 year after retirement. Our analysis identified 7 state agencies in which at least 50 percent of their reemployed retirees were hired within 1 month of retirement. These state agencies include MDC, DMH, Secretary of State, DESE, Legislature, State Treasurer, and AGO. The MDC had the highest percent, with 78 percent of retirees rehired within 1 month of retirement (see Appendix A). In addition, these retirees were reemployed an average of 4 years, with a range of less than 1 month to more than 9 years (see Appendix A).

Reemployment of State Retirees
Management Advisory Report
State Auditor's Findings

1. Statewide Oversight of Reemployed Retirees

There is no statewide oversight of retirees rehired in state government positions. As a result, our review noted various instances of noncompliance with reemployment restrictions and incorrect benefit eligibility classifications.

The state lacks centralized procedures to track and monitor the extent and costs associated with the reemployment of retirees; and as a result, trends and the associated costs and impact to the state are unknown. Because no statewide record or list is maintained, we performed various data matches and analyses to identify reemployed retirees. The state's lack of historical data regarding reemployments limited our ability to analyze this data.

In addition, there are no statewide procedures to ensure proper benefit eligibility classification of reemployed retirees and compliance with reemployment laws. State agency personnel are responsible for classifying benefit eligibility and tracking and monitoring reemployments of retirees, but procedures used are not always sufficient. While OA personnel approve the benefit eligibility classification of positions at the time employees are hired by those state agencies for which the OA has oversight, the OA performs no further monitoring to ensure employees are classified properly based on time actually worked. Several state agencies that reemployed a significant number of retirees do not fall under OA oversight. In addition, the OA has provided no guidance to the state agencies for ensuring proper benefit eligibility classification.

Centralized statewide oversight of reemployed retirees would reduce the risk of noncompliance with laws regarding reemployment of retirees. Such oversight could include tracking and monitoring of retiree reemployments and associated costs, providing guidance and policies to state agencies, and monitoring for compliance with reemployment laws.

Recommendation

The Office of Administration work with the General Assembly to establish oversight of and policies regarding retirees rehired in state government positions.

Auditee's Response

The Office of Administration provided the following response:

For background purposes, the decentralized human resources (HR) structure within Missouri state government limits the ability of the OA to dictate and enforce specific HR practices that have not been codified into the Missouri Constitution, state statutes or regulations. OA's authority is further limited by the need to respect built in separations between the various branches of state government. Specifically, the legislative and judicial branches maintain even more independence in their actions than some of the executive branch departments. In addition, the Missouri Constitution provides enhanced

autonomy to particular executive branch departments such as the MDC and the MoDOT.

OA is in a position to advise and consult with state agencies. For example, one tool is the monthly State Human Resource Management Council meetings hosted by OA. These meetings provide an opportunity for dialogue regarding some of the concerns raised through this audit. If needed, additional meetings could be planned with key stakeholders in the state HR community.

Some of the statutory changes recommended in the audit report involve sensitive and complex issues, and may require a thorough legal review regarding possible Constitutional implications of retroactively changing retirement provisions. Also, changes to the retirement systems seem to lie within the purview of the legislative process. While considering several changes to the retirement statutes, legislators have had several relatively recent opportunities to address any desired changes to these statutes. In those instances, statutes were not changed to address some of the concerns raised through this audit. OA will, of course, work with the legislature on these issues by providing technical assistance in order to provide background and resources to advance the understanding of possible impact to the state.

The decentralized human resource structure also limits OA's ability to verify the audit figures for each of the various state agencies regarding the number of reemployed retirees and the hours each individual worked, other than our own internal figures. OA understands the State Auditor's office has been in contact with the other agencies regarding their data. Further, each agency is in the best position to evaluate the cost benefits of rehiring retirees.

The audit report also discusses the use of the term "not normally" in context of the 1,040 hour mark for retirees working in non-benefit eligible positions. The use of this term may require further exploration as to the parameters.

In response to Audit Finding 1, although OA may currently lack statutory authority to require compliance in this area, OA is in a position, working with the retirement administrators, to help facilitate reporting tools to assist agencies to better monitor the work provided by reemployed retirees. At this point, some preliminary investigation is underway, including identifying an appropriate counting period (year) for hours worked, accurately calculating hours worked for salaried employees versus those employees paid on an hourly basis, automating a report protocol in order to minimize the resources needed to run the

report, and acquiring and using data sets from different retirement systems to ensure all retirees are identified in reports, etc.

2. State Law Allowing Retirement Payments while Reemployed Full-Time in Benefit Eligible Positions

State law allows some retirees reemployed in full-time state government positions to receive their retirement payments while reemployed.

During the 2 years ended December 31, 2012, 189 reemployed retirees were working full-time. These persons were reemployed by 21 different state agencies with DOC, DPS, and DMH hiring approximately 43 percent of the total full-time reemployed retirees. Personnel of some state agencies, such as MoDOT, MSHP, and MDC, told us they have a policy or practice generally prohibiting reemployment of retirees full-time, and permit only part-time reemployments.

State law allowed 31 of the 189 retirees working in full-time benefit eligible state positions during the 2 years ended December 31, 2012, to draw wages and retirement payments simultaneously. These persons received retirement payments totaling approximately $2.8 million in addition to wages totaling approximately $3.1 million, an average of $96,000 annually per retiree. Annual payments to these retirees during the period of reemployment ranged from approximately $1,500 to $191,000.

State laws prohibit most state retirees from receiving retirement payments while reemployed in full-time, benefit eligible positions. While several state laws have been revised within the past 13 years to prohibit this practice for most plans some statutes allowing these payments continue to exist for certain closed plan retirees, including the MPERS Closed Plan, Judicial Closed Plan, and the ALJLAP. For example, prior to 2001, both the MOSERS (MSEP) and MPERS closed plans (Chapter 104, RSMo) prohibited this practice for retirees reemployed in full-time positions covered by the same plan from which they retired. However, this practice was not initially prohibited for retirees reemployed full-time in positions covered by the other system (e.g., MSEP retirees reemployed in MPERS-covered positions and MPERS Closed Plan retirees reemployed in MOSERS-covered positions). A 2001 revision to the MSEP (Section 104.380, RSMo) prohibited these payments for future full-time reemployments of MSEP retirees in any MPERS-covered positions. No similar revision has been made to the MPERS Closed Plan, and therefore MPERS Closed Plan retirees are still permitted to receive retirement payments while reemployed full-time in MSEP/MSEP 2000-covered positions.

Similar prohibitions were instituted with the implementation of the MSEP 2000 and MPERS Year 2000 Plans (Section 104.1039, RSMo), the Judicial 2011 Plan (Section 476.521, RSMo), and the termination of the ALJLAP (Section 287.813, RSMo). The various new provisions require that

retirement payments be suspended while retirees of these particular plans are reemployed full-time in positions covered by any of these plans.

The following table summarizes the retirees who received retirement payments while reemployed full-time during the 2 years ended December 31, 2012, because they retired from plans that did not prohibit such payments. Information by retiree is detailed at Appendix C.

Retirees Who Received Retirement Payments during Full-time Reemployment

		Pension and Pay During Reemployment 2 Years Ended December 31, 2012			
Retirement Plan - First Retirement	Retirees	Total Pension	Total Pay	Total Pension and Pay	Average Annual Payments per Retiree
ALJLAP	3	$ 286,712	214,578	501,290	83,548
Judicial Plan	5	371,435	701,061	1,072,496	107,250
MPERS Closed Plan	23	2,180,265	2,189,194	4,369,459	94,988
	31	$ 2,838,412	3,104,833	5,943,245	95,859

As noted at Appendix C, these 31 retirees worked at 12 different state agencies, with almost half reemployed at the DPS. The Missouri Gaming Commission reemployed 10 of these retirees, other DPS divisions reemployed 4 of these retirees, and other state agencies each reemployed between 1 to 4 retirees. All four of the AGO's retirees reemployed full-time were in plans that provide retirement payments during full-time reemployment. Our analysis of the retirement dates and reemployment dates for these 31 retirees noted 17 were reemployed during the month following retirement.

The following sections further discuss the information listed in the table. As of December 31, 2012, 5 of the 31 retirees had retired in 2 different retirement plans with 2 reemployed again and earning service credit toward a third retirement benefit.

MPERS Closed Plan retirees reemployed in MSEP/MSEP 2000-covered positions

A total of 23 MPERS Closed Plan retirees were reemployed full-time in MSEP/MSEP 2000-covered positions during the 2-year period reviewed. Because the MPERS Closed Plan does not prohibit retirees from receiving retirement payments while reemployed full-time in these positions, these retirees simultaneously received retirement and wage payments totaling approximately $4.4 million, or an average of $95,000 annually, while working during this period.

Three of these retirees (Retirees 29, 30, and 31 at Appendix C) retired a second time during the period reviewed and began receiving additional

monthly retirement payments from MOSERS of $1,476, $828, and $748, respectively, for the service credit earned during the period reemployed.

Of these 23 MPERS Closed Plan retirees, 21 were uniformed patrol members and 2 were civilian members. Ten of the 23 (43 percent) retirees were reemployed by the Missouri Gaming Commission, and 7 of those 10 retirees were reemployed immediately after retirement. Commission personnel told us the commission has a close relationship with the MSHP and the agency frequently hires MSHP retirees to various positions, such as investigators, electronic gaming device specialists, and senior staff. The personnel indicated MSHP retirees often possess the knowledge, skills, and abilities needed for these positions.

All existing MPERS Closed Plan retirees, as well as active and terminated vested members who can elect the MPERS Closed Plan upon retirement, are similarly eligible to receive retirement payments during future full-time reemployment in MOSERS-covered plans because the MPERS Closed Plan statutes have not been amended. As of December 31, 2012, there were 3,243 MPERS Closed Plan retirees. As of June 30, 2012, there were 5,650 MPERS active and terminated vested members eligible to retire from the MPERS Closed Plan because they were first hired in an MPERS-covered position prior to July 1, 2000. Because 43 percent of individuals retiring in fiscal year 2013 chose the MPERS Closed Plan, we estimate about 2,400 of the 5,650 active and terminated vested members might choose the MPERS Closed Plan upon retirement. Although many of these current and future MPERS Closed Plan retirees will not choose to return to work, each of them would currently be eligible to receive retirement payments during full-time reemployment.

Judicial Closed Plan retirees reemployed in MSEP 2000 or ALJLAP-covered positions

Four Judicial Closed Plan retirees were reemployed full-time in MSEP 2000-covered positions and one was reemployed full-time in an ALJLAP-covered position during the 2 year period reviewed. As previously noted, the Judicial Closed Plan does not prohibit these retirees from simultaneously receiving retirement payments and wages while reemployed full-time in positions covered by those plans. These retirees received retirement and wage payments totaling approximately $1.1 million, or an average of $107,300 annually, during this period. One of these individuals (Retiree 8 at Appendix C) retired a second time during the period reviewed and began receiving additional monthly retirement payments of $805 from MOSERS for service credit earned during the period reemployed.

As of December 31, 2012, there were 366 Judicial Closed Plan retirees and 432 active and terminated vested members eligible to retire from the Judicial Closed Plan who could benefit similarly.

ALJLAP retirees reemployed in MSEP 2000-covered positions

Three ALJLAP retirees were reemployed full-time in MSEP 2000-covered positions during the 2 year period reviewed. As previously noted, the ALJLAP does not prohibit these retirees from simultaneously receiving retirement payments and wages while reemployed full-time in positions covered by the MSEP 2000. These retirees received retirement and wage payments totaling approximately $500,000, or an average of approximately $83,500 annually, while working during this period. One of these individuals (Retiree 3 at Appendix C) had also retired in the Judicial Closed Plan prior to the period reviewed, and continued to receive retirement payments from both of these plans while working and earning service credit toward a third retirement in the MSEP 2000.

As of December 31, 2012, there were 32 ALJLAP retirees and 68 active and terminated vested members eligible to retire from the ALJLAP who could benefit similarly.

MSEP retirees reemployed in MPERS-covered positions

Our review found 9 years after applicable MSEP statutes were amended, there are no longer any MSEP retirees reemployed full-time in MPERS covered positions and receiving retirement payments while reemployed. As of January 1, 2011, none of the retirees grandfathered in when statutes were amended in 2001 were still reemployed full-time in MPERS-covered positions. Section 104.380, RSMo, as revised in 2001, provides that a retiree who becomes reemployed full-time as an employee on or after August 28, 2001, in a position covered by MPERS, shall not be eligible to receive retirement payments or additional creditable service from MOSERS while reemployed.

Conclusion

By providing these retirees with wages and retirement payments simultaneously, the state is providing extra compensation to a small select group of state employees, which is generally prohibited for most state employees. Many current and future retirees could similarly avail themselves of these provisions. Furthermore, eligible employees may forego continued employment in their current positions to instead retire and utilize these provisions, which may be more expensive to the state. To provide fair and equitable treatment to all state employees, the General Assembly should consider legislation to amend the applicable statutes.

Recommendation

The Office of Administration work with the General Assembly to review statutes that allow retirees to return to work full-time and receive wages and retirement payments simultaneously, and consider revisions to these statutes to provide consistent reemployment requirements for all state retirees.

Auditee's Response

The Office of Administration provided the following response:

As previously discussed, some of the statutory changes recommended in the audit report involve sensitive and complex issues, and may require

a thorough legal review regarding possible Constitutional implications of retroactively changing retirement provisions. Also, changes to the retirement systems seem to lie within the purview of the legislative process. While considering several changes to the retirement statutes, legislators have had several relatively recent opportunities to address any desired changes to these statutes. In those instances, statutes were not changed to address some of the concerns raised through this audit. OA can work with the legislature on these issues by providing technical assistance in order to provide background and resources to advance the understanding of possible impact to the state.

3. Retirees Reemployed Part-Time in Non-Benefit Eligible Positions

Many state agencies lacked adequate procedures to ensure retirees reemployed part-time are properly classified. As a result, some reemployed retirees may have been incorrectly classified as part-time, and therefore received their retirement payments while reemployed.

During the 2 years ended December 31, 2012, 1,487 reemployed retirees were working in part-time, non-benefit eligible positions. These retirees were reemployed by 22 different state agencies; with DMH, DPS, MDC, and DESE, hiring over 50 percent of the part-time reemployed retirees.

Our review found most retirees reemployed part-time worked less than 1,040 hours during their anniversary years ended during the period January 1, 2011 to June 30, 2013. However, 107 of these 1,487 (7 percent) retirees worked 1,040 or more hours during their anniversary year(s) ended during this period, with 45 working more than 10 percent over that threshold (1,144 hours or more).

Various state laws require that state retirees (other than retirees of plans identified in MAR finding number 2 that allow retirement payments during full-time reemployment) reemployed in positions normally requiring 1,040 or more hours per year shall have their retirement payments suspended while reemployed. Determining compliance with these laws and evaluating whether part-time employees are properly classified can be difficult because the law is based on position requirements rather than actual hours worked. While a position may normally require less than 1,040 hours per year, there are reasons a retiree may work 1,040 or more hours in a year, such as project extensions, employee illnesses, or delays in hiring replacements. When a retiree working in a non-benefit eligible position works 1,040 hours or more in a year, agencies should determine whether (1) the employee has exceeded this limit due to short-term, unforeseen circumstances and should continue to be classified as non-benefit eligible, or (2) the position has effectively changed and should be reclassified as benefit eligible. None of the agencies contacted regarding instances of part-time retirees working significantly more than 1,040 hours per year had re-evaluated those positions to ensure proper classification.

Most of the state agencies we contacted indicated compliance should be ensured by tracking and monitoring actual hours worked during a 1-year period by each part-time employee. MDC officials indicated because all retirees are hired in non-benefit eligible positions, there has been no demonstrated need to monitor their hours related to retirement benefits. Without monitoring actual hours worked, state agencies are unable to ensure retirees are properly classified.

Some of the retirees noted above who worked more than 1,040 hours in their anniversary year may have been improperly classified and received retirement payments while reemployed, when not eligible to do so. Our review noted there are no statewide monitoring procedures to ensure proper benefit eligibility classification of reemployed retirees and many state agencies lacked sufficient procedures to ensure these retirees were properly classified. In addition, some state agencies classified certain retirees as part-time although they were allowed to work 1,040 or more hours a year. The following table shows information regarding the part-time retirees who worked 1,040 or more hours during one or both anniversary years ended in the period January 1, 2011 to June 30, 2013:

Part-Time Retirees Reemployed during the 2 years ended December 31, 2012

State Agency	Retirees	Retirees who worked 1,040 or more hours[1]	Retirees who worked 1,144 or more hours[1]	1,144 or more hours Range	
				Low	High
Mental Health	303	41	24	1,158	2,048
Labor and Industrial Relations	89	14	7	1,174	1,691
Public Safety	243	11	0	NA	NA
Conservation	120	10	7	1,220	1,722
Health and Senior Services	77	9	1		1,204[3]
Legislature	53	7	1		1,560[3]
Office of Administration	65	5	1	1,322	1,358
Elementary and Secondary Education	108	3	2	1,262	1,295
Insurance, Financial Institutions and Professional Registration	24	2	0	NA	NA
Social Services	43	2	0	NA	NA
Attorney General	8	1	1		1,377[3]
Agriculture	32	1	0	NA	NA
Economic Development	17	1	1	1,387	1,733
9 Other State Agencies[2]	305	0	0	NA	NA
Total	1,487	107	45		

[1] Hours worked during one or both anniversary years ended in the period January 1, 2011 to June 30, 2013.

[2] Judiciary, Natural Resources, Public Defender, Secretary of State, State Auditor, State Treasurer, Transportation, Revenue, and Corrections (Higher Education had no retirees reemployed part-time)

[3] The employee worked 1,144 or more hours in only one of the anniversary years.

The hours worked by the 45 retirees who worked significantly over the 1,040 hour threshold ranged from 1,158 to 2,048 hours per anniversary year.

Varied monitoring procedures

Most instances of retirees working 1,040 or more hours in a year appeared to occur because of inadequate state agency monitoring procedures. Our review noted numerous weaknesses and inconsistencies among state agency procedures.

Several state agencies had centralized procedures or tracking systems where the human resources or other administrative department monitored actual hours worked by part-time retirees on a monthly or bi-monthly basis. For example, MoDOT human resources personnel prepare monthly reports of retiree hours worked to date, and send notices to those retirees (and their supervisors) who have exceeded 700 hours in their anniversary year. The time tracking system maintained by the MSHP automatically sends emails to those retirees (and their supervisors) who have exceeded 920 hours in their anniversary year. DHSS, DED (excluding Missouri Public Service Commission), and House of Representatives human resources personnel maintain spreadsheets of hours worked by a retiree during his/her anniversary year and notify the retiree's supervisor when nearing 1,040 hours. The Missouri Gaming Commission, AGO, DOLIR, and the Senate also have centralized monitoring procedures.

Some state agencies, including DESE, DPS, MDA, and OA delegate monitoring procedures to individual divisions or units within their agencies. The Office of State Courts Administrator (OSCA) delegated monitoring of reemployed retirees, other than Senior Judges, to the various appointing authorities in the circuit courts. Some state agencies, such as DSS and DMH, delegate monitoring procedures to individual employee supervisors. MDC personnel indicated although they believe monitoring of actual hours worked is not necessary, individual supervisors have the ultimate responsibility for monitoring and ensuring retirees do not work more than the maximum allowed number of hours.

Our analysis determined some state agencies with centralized procedures had no or less significant instances of part-time retirees who worked 1,040 or more hours per anniversary year. Conversely, some state agencies that lacked centralized procedures had the highest number of retirees who worked 1,040 or more hours. DMH personnel indicated many of their instances resulted from supervisors' failure to appropriately monitor hours worked, and corrective action was being taken to improve monitoring procedures and prevent future occurrences. Likewise, OA personnel indicated they plan to take a more proactive, centralized approach to monitoring future work hours for reemployed retirees. Because the MDC delegated the monitoring responsibilities to supervisors, MDC central office

personnel were unable to explain why certain reemployed retirees were allowed to work significantly more than 1,040 hours.

Benefit eligibility

We noted one retiree classified improperly as part-time, although he was required to work in excess of 1,040 hours per year. As a result, this retiree received retirement payments while reemployed.

The Committee on Legislative Research made an arrangement with an employee under which he would retire and continue to work in the same position for at least 3 years while the committee hired, and the retiree trained, a replacement. Under this arrangement, the retiree is to work at least 30 hours per week (1,560 hours a year) at a salary of $60,000, and be classified as non-benefit eligible.

Because the retiree was required to work in excess of 1,040 hours per year, this arrangement appears to violate state law requiring retirees reemployed in positions normally requiring 1,040 or more hours per year to be classified as benefit eligible, and retirement payments be suspended while reemployed. Committee personnel indicated this employee is considered a contract employee rather than a part-time employee. They further indicated because state statutes do not prohibit the employment of contract employees, regardless of their status with the state retirement system, they believe no violation of law has occurred. State law does not differentiate between contract and normal employees, therefore it appears the law applies to all employees and requires this retiree to be classified as benefit eligible.

Multiple positions

While most state agencies tracked total hours worked by retiree for a year, two state agencies tracked hours separately by position, which appears to violate state law when collectively the multiple positions constitute a single position that normally requires 1,040 or more hours.

Both DOLIR and DMH reemployed retirees simultaneously in multiple positions within the department and tracked and monitored the hours worked by those retirees separately by position. As a result, several reemployed retirees at each of these state agencies worked less than 1,040 hours in each position, but more than 1,040 hours in total during their respective anniversary years. This practice accounted for 9 of 14 (64 percent) of DOLIR's reemployed part-time retirees who worked in excess of 1,040 hours in their anniversary years. Similarly, multiple positions accounted for 14 of 41 (24 percent) of DMH's reemployed part-time retirees who worked in excess of 1,040 hours. For example, our review of 5 of these 14 DMH reemployed retirees noted they worked as direct care aides or nurses in multiple units simultaneously within a DMH facility. Subsequent to our review, DOLIR officials told us the department changed procedures in October 2013 and began tracking and monitoring hours worked in total by employee for all positions.

Sections 104.010.1(21)(d), RSMo, (MSEP and MPERS Closed Plan), and 104.1003.1(13)(c), RSMo, (Year 2000 plans) provide that a person who is employed in multiple positions simultaneously within a single agency should be considered to be working in a single position for purposes of determining whether the person is or is not benefit eligible.

Work year definitions

State agencies defined work year inconsistently and did not always comply with state law. While most state agencies defined a work year as the 12-month period beginning on the first day of reemployment (anniversary year), some state agencies defined a work year as a calendar year (ending December 31), a fiscal year (ending June 30), or another period. For example, the DESE defines work year as the calendar year and the MDC defines work year as the fiscal year. The MDA's practice and DSS's employment policy defines a work year as the 12-month period beginning with the month of retirement. Personnel at the House of Representatives indicated they switched from anniversary year to calendar year in January 2013.

Some state laws governing reemployment of retirees do not define work year. Section 104.1003.1(13)(d), RSMo, which governs the MSEP 2000 and MPERS Year 2000 Plans, defines a work year as the 12-month period beginning on the first day of employment. However, the state laws governing the MSEP and MPERS Closed Plan do not define work year.

Maximum number of hours

Most state agencies' policies or practices provided that reemployed retirees working in part-time positions must work less than 1,040 hours per year, as provided by reemployment laws. However, some state agencies had established other hour maximums.

The maximum for reemployed retirees of the MSHP and OSCA employees (other than Senior Judges) is 1,000 hours, while the maximum for most MDC employees is 975 hours. DHSS's letter to part-time employees states they cannot exceed 1,040 hours in a 12-month period.

In addition, our review noted many instances of retirees who worked exactly 1,040 hours, or only a few hours more than 1,040 in a year. These instances included most retirees who worked 1,040 or more hours at the DPS and House of Representatives, and most retirees who worked less than 10 percent in excess of 1,040 hours at the OA and DHSS. While it is evident these agencies are generally monitoring the hours worked by retirees reemployed part-time; the individuals performing the monitoring may not have a clear understanding of the requirements since many instances were noted where retirees worked exactly 1,040 hours.

Sections 104.010.1(21) and 104.1003.1(13), RSMo, define benefit eligible employees as those who are employed in a position normally requiring the performance of duties of not less than 1,040 hours.

Separation of employment

State laws do not require a standard or minimum separation period between retirement and reemployment.

Most state agencies did not have requirements regarding separation of employment before reemployment, and the policies varied for the few agencies that had such requirements. MSHP personnel told us they require at least one pay period to lapse after retirement before rehiring retirees; and retirees are hired for a 1-year term with a 5-day separation between each term. DESE personnel indicated there is no separation requirement for most reemployed retirees. DESE personnel further indicated retirees who were Directors must wait 1 year prior to becoming a DESE vendor, and retirees of the Disability Determinations Division must wait 1 month. MDA staff stated retirees typically have a waiting period of 30 days, but there are some instances where this policy is not followed. There are no state guidelines regarding separation of employment before reemployment.

Conclusion

Guidance to state agencies and improved state agency procedures are necessary to reduce the risk of noncompliance with laws regarding reemployment of retirees, and to provide for fair and equitable treatment of retirees and state employees. State agencies should be encouraged to establish uniform policies regarding maximum hours of employment and separation requirements, as well as, procedures requiring periodic review of all retiree positions to ensure proper classification. The laws regarding the MSEP and MPERS Closed Plan should be revised to clearly define work year.

Recommendation

The Office of Administration provide guidance to state agencies for implementing consistent monitoring procedures for reemployed retirees. In addition, the Office of Administration should work with the General Assembly to revise state laws specifically to define work year for the MSEP and MPERS Closed Plan retirees and address the separation period between retirement and reemployment. The Office of Administration should work with state agencies to review employment arrangements with reemployed retirees working 1,040 or more hours per year to ensure benefit eligibility classifications are proper. If it is determined an employee has been incorrectly classified or the nature of a position has changed, corrections should be made to ensure compliance with state laws.

Auditee's Response

The Office of Administration provided the following response:

As mentioned above, the decentralized HR structure within Missouri state government limits the ability of the OA to dictate and enforce

specific HR practices that have not been codified into the Missouri Constitution, state statutes or regulations. OA's authority is further limited by the need to respect built in separations between the various branches of state government. Specifically, the legislative and judicial branches maintain even more independence in their actions than some of the executive branch departments. In addition, the Missouri Constitution provides enhanced autonomy to particular executive branch departments such as the MDC and the MoDOT.

OA is in a position to assist agency staff with a report that could assist with monitoring the work of retirees that have returned to work, and work with the legislature on these issues by providing technical assistance in order to provide background and resources to advance the understanding of possible impact to the state.

4. Retiree Vendors

State laws and regulations that address hiring retirees as vendors are inadequate and most state agencies lacked adequate procedures to ensure these vendor arrangements are proper. As a result, several retirees were hired as vendors when it appears they should have been classified as full-time, benefit eligible employees. In addition, these retirees received retirement payments that would have been suspended if they had been classified as employees. While some vendor relationships reviewed appeared appropriately classified, others did not.

At least 15 state agencies utilized 132 retirees as vendors during the 2 years ended December 31, 2012. As vendors, they were paid at least $2.1 million, or an average of almost $16,000 each, for services provided. Many retirees were paid in multiple years.

Retiree Vendors receiving payments during the 2 years ended December 31, 2012

State Agency	Retiree Vendors	Payments	Average per Retiree
Elementary and Secondary Education	31	$ 553,805	17,865
Social Services	21	552,959	26,331
Judiciary	8	189,568	23,696
Conservation	21	187,128	8,911
Insurance, Financial Institutions, and Professional Registration	2	168,100	84,050
Mental Health	17	147,426	8,672
Public Defender	8	145,261	18,158
Economic Development	1	118,720	118,720
7 Other State Agencies[1]	23	43,108	1,874
Total	132	$ 2,106,075	15,955

[1] Natural Resources, Public Safety, Office of Administration, MoDOT, Agriculture, Health and Senior Services, and Labor and Industrial Relations.

Our review of selected retiree vendor arrangements noted these vendors provide a variety of services on either a full-time or part-time basis. For example, 13 retirees provide driver, reader, and monitoring services on a part-time basis for the DSS Family Support Division, Rehabilitation Services for the Blind. Additionally, DESE contracts with hundreds of vendors, of which 15 were retirees, to evaluate individuals applying for disability services.

State Laws and Regulations

State laws and regulations regarding classifying individuals as vendors or employees do not provide state agencies sufficient guidance to properly classify retirees providing services to the state. We noted most state agencies lacked adequate procedures for classifying individuals as vendors or employees.

Section 288.034.5, RSMo, and 8 CSR 10-4.150(1) provide when determining the existence of an employee or vendor relationship, the common law rules under 26 USC 3306(i) should be applied and the applicable case law, IRS regulations and IRS letter rulings should be considered. However, the statute and regulation provide no additional details or reference to specific IRS guidance. Most state agencies personnel interviewed were not familiar with the statute, regulation, or IRS guidance.

OA personnel provided us copies of memos dated 1996 from a former OA Commissioner to state agency directors providing guidance, similar to IRS guidance, for classifying individuals as contractors and employees. However, this guidance has not been formalized in a policy or current guidance available to state agencies. The MoDOT has developed a policy/guideline for determining whether individuals are employees or vendors. AGO personnel stated they only hire retirees as hourly employees, not vendors.

The 1996 memos outline issues that could result from incorrectly classifying an individual as a contractor instead of an employee, including (1) risk of violating state agency appropriation limitations for specific purposes (such as personal services or expense and equipment), (2) penalties from the IRS and U.S. Department of Labor, (3) liabilities associated with employee rights and benefits not afforded to individuals, and (4) perceptions of unfairness and inconsistency.

Without adequate laws and regulations, there is a risk of state agencies misclassifying retirees as vendors when they should be classified as employees. In addition, the lack of adequate laws and policies increases the possibility of vendor contracts being established simply to circumvent reemployment law limitations.

Improperly Classified Vendors

We reviewed 16 different types of vendor contracts from which payments totaling approximately $1.5 million were made to 41 retiree vendors during the 2 years ended December 31, 2012. Our review of these contracts and selected related payments noted some retirees who we believe, based upon the nature of the arrangements and the work performed, should have been hired as employees rather than vendors. In making this determination, we utilized IRS Ruling 87-41 (IRS 20 Factor Test) and IRS Publication 15-A, which provide guidance for determining whether an individual is an employee or a contractor. Factors the IRS indicates should be considered are included in three categories: behavioral control, financial control, and the type of relationship of the parties.

Because these retirees are paid as vendors, documentation of time worked is not always maintained, making it difficult to determine whether the retiree worked on a full-time or part-time basis. Improperly classifying retiree and non-retiree vendors who work on either a full-time or part-time basis is problematic. Misclassifying retiree vendors who provide services on a full-time basis is even more significant because those retirees are generally required to have their retirement payments suspended if classified as an employee. Examples of retiree vendor relationships we believe should have been considered full-time employees are noted below:

- The highest paid retiree vendor has been working since he retired in July 2003. Prior to his retirement, the retiree served as a DHSS senior official, and among other duties, was responsible for oversight of the Missouri Senior Rx Plan. After retirement, he was reemployed part-time by the DHSS to continue to manage the plan. In October 2005, when the plan was transitioned to the Missouri Rx Plan and transferred to the DSS, he continued to manage the plan as a DSS contractor. This retiree was the only bidder when bids were sought for the contract. Procurement documents indicate the retiree is eminently qualified for the role because he has been continuously associated with the leadership of the program since its inception.

  Classifying this retiree as a vendor rather than an employee is questionable because (1) services provided are a key aspect of regular DSS operations, (2) services are provided full-time, solely for DSS, and on an ongoing basis, (3) the retiree works from space in a DSS office building, and is provided annual leave and all state holidays.

- The DED contracted with a DPS retiree from June 2011 to December 2012, to serve as project manager for a federally funded program to clean up property damaged by the May 2011 Joplin tornado and flooding in southeast Missouri. According to contract documents, the retiree worked in a full-time capacity through May 2012, and less than full-time from June to December 2012. DED personnel indicated they

contracted with this retiree, rather than hiring him as an employee, because the retiree was only needed for this special project, which had limited grant funding. This contract is the only one DED had with a retiree during the time period reviewed. Although the arrangement with this retiree was temporary for a special project, we believe it should be considered an employment because services were provided on a full-time basis, the retiree provided services solely to the DED for this project, and he was paid by the month or hour depending on whether he worked full-time or part-time.

IRS Ruling 87-41 outlines the IRS 20 Factor Test to be used by employers to determine whether their workers should be classified as employees or independent contractors. Those factors are (1) instructions; (2) training; (3) integration; (4) services rendered personally; (5) hiring, supervising, and paying assistants; (6) continuing relationship; (7) set hours of work; (8) full-time required; (9) doing work on employer's premises; (10) order or sequence set; (11) oral or written reports; (12) payment by hour, week, month; (13) payment of business and/or traveling expenses; (14) furnishing of tools and materials; (15) significant investment; (16) realization of profit or loss; (17) working for more than one firm at a time; (18) making services available to general public; (19) right to discharge; and (20) right to terminate. More recently, in addition to the IRS 20 Factor Test, IRS Publication 15-A sets forth the broader categories of (1) behavioral control, (2) financial control, and (3) relationship of the parties. In summary, employees typically have a dependent relationship and work solely for the state agency, while vendors are independent/autonomous and often provide the same or similar services to other entities.

When state agencies misclassify retirees as vendors rather than full-time employees, there is a violation of state law, which prohibits most retirees from receiving retirement payments during full-time reemployment. In addition, this practice denies the individual benefits to which they might be entitled if they were classified as employees rather than vendors; and provides for inconsistent treatment of state employees. Potential liabilities exist when employees are misclassified as vendors, including tax liabilities to the federal government, claims for fringe benefits from misclassified employees, workers compensation claims, and costs associated with not complying with the Fair Labor Standards Act.

Recommendation

The Office of Administration work with the General Assembly to improve state laws and regulations, and establish guidelines for state agencies to follow when classifying individuals as an employee or a vendor. A comprehensive review of all existing retiree and non-retiree vendor arrangements should be performed, state agencies should consult with legal counsel to evaluate if individuals have been properly classified as vendors, and when necessary reclassify them as employees.

Auditee's Response

The Office of Administration provided the following response:

As discussed more fully in response to Audit Finding 1, the concept of OA providing state agencies with guidance related to the distinctions between employees and vendors and the possible consequences is certainly not new. OA has provided general guidance regarding this issue in the past. Similar guidance was provided by Commissioner Hansen several years ago. Although each respective agency would probably retain the authority to address these issues and the accountability for incorrect assessments, OA will provide guidance and reiterate concerns to the various agencies.

Appendix A

Reemployment of State Retirees
Supporting Tables
Retirees at December 31, 2012, Reemployed during the 2 years ended December 31, 2012

Time Reemployed as of December 31, 2012[1]

Months/Years	Retirees	Percentage of Total
Less than 6 months	252	15%
6 to 12 months	197	12
1 to 2 years	235	14
2 to 3 years	167	10
3 to 4 years	142	9
4 to 5 years	119	7
5 to 9 years	312	19
More than 9 years	238	14
Total	1,662	100%

[1] Time between the date first reemployed to the date last reemployed, or December 31, 2012.

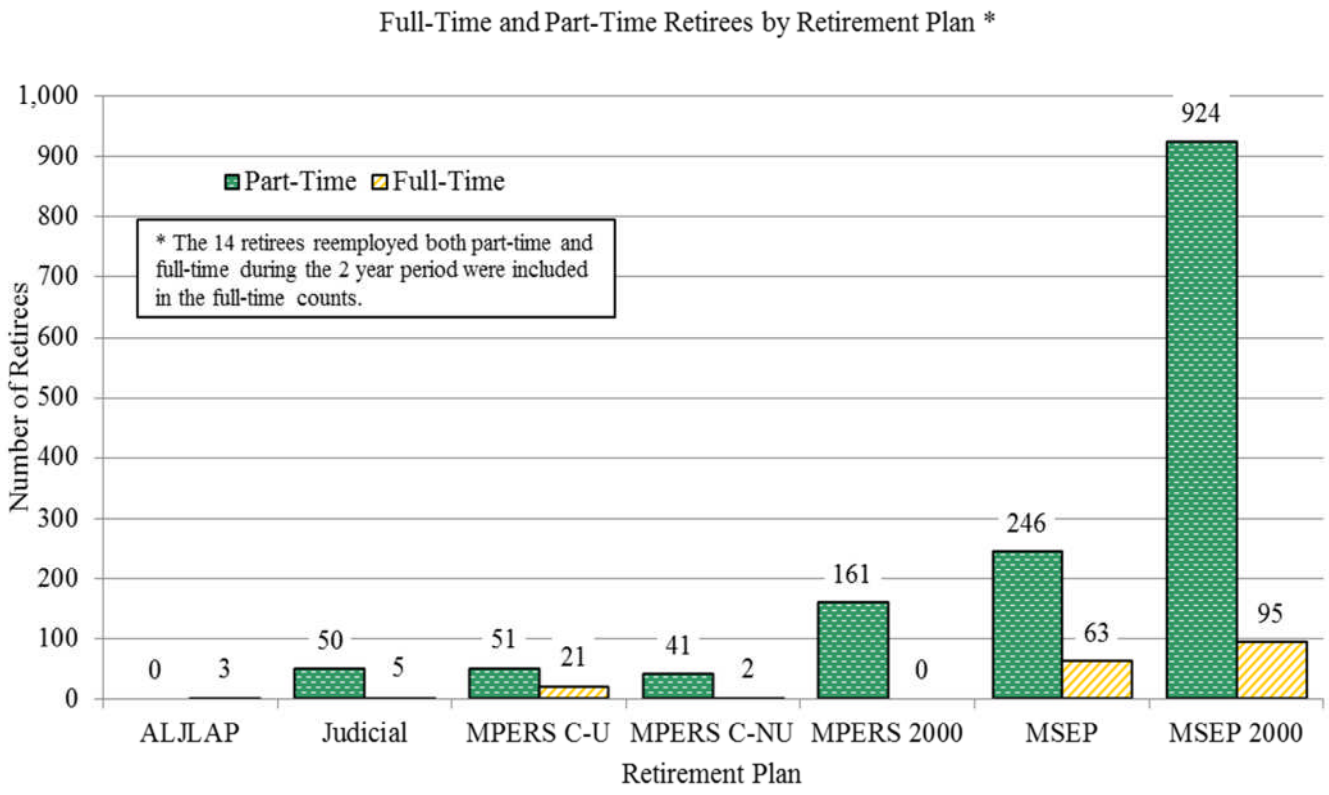
Time between Retirement and Date First Reemployed - Retirees Reemployed on or after January 1, 2002[1]

	Percent of Total				
State Agency Reemployed	1 month or less	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year
Conservation	78%	4%	2%	4%	12%
Mental Health	61	9	8	8	14
Secretary of State	60	0	0	20	20
Elementary and Secondary Education	59	13	2	8	18
Legislature	56	7	4	10	23
Attorney General	55	27	0	9	9
State Treasurer	50	0	0	50	0
Office of Administration	42	12	8	10	28
Transportation	41	10	13	13	23
Insurance, Financial Institutions, and Professional Registration	40	4	12	12	32
Economic Development	39	9	0	13	39
Health and Senior Services	34	10	17	9	30
Public Safety	31	8	7	8	46
Labor and Industrial Relations	31	17	9	12	31
Natural Resources	31	15	16	11	27
Agriculture	28	25	0	19	28
Social Services	27	11	15	9	38
Judiciary	21	18	17	16	28
Corrections	16	7	15	24	38
Revenue	9	14	9	12	56
Public Defender	0	50	0	0	50
State Auditor	0	0	0	0	100
Higher Education	0	0	0	0	100
Lieutenant Governor	0	0	0	100	0
Total	43%	10%	9%	10%	28%

[1] Excludes 124 retirees reemployed prior to January 2002, since reemployment dates were not readily available prior to that period.

Appendix B

Reemployment of State Retirees
Other Statistical Information
Retirees at December 31, 2012, Reemployed during the 2 years ended December 31, 2012



Reemployment of State Retirees
Other Statistical Information
Retirees at December 31, 2012, Reemployed during the 2 years ended December 31, 2012

MOSERS (MSEP, MSEP 2000, ALJLAP, Judicial Plan) Reemployed Retirees[1]
Percentage Reemployed Retirees who Retired from the State Agency Reemployed

	Part-Time[2]		Full-Time[2]	
State Agency Reemployed[3]	Number of Reemployed Retirees	Percentage who Retired from the State Agency	Number of Reemployed Retirees	Percentage who Retired from the State Agency
Mental Health	302	89%	21	100%
Elementary and Secondary Education	108	91	8	100
Public Safety	102	51	12	92
Conservation	113	86	0	0
Judiciary	92	89	10	100
Labor and Industrial Relations	89	91	7	86
Health and Senior Services	77	78	8	100
Office of Administration	62	66	13	100
Legislature	53	70	9	89
Natural Resources	55	78	5	100
Social Services	43	79	13	100
Corrections	21	90	33	97
Revenue	27	59	3	67
Agriculture	27	63	1	100
Economic Development	17	94	9	89
Insurance, Financial Institutions, and Professional Registration	23	43	3	100
Attorney General	8	88	4	0
Secretary of State	5	40	2	100
Transportation	5	20	0	0
Public Defender	1	100	2	50
State Auditor	2	100	1	0
State Treasurer	2	100	0	0
Higher Education	0	0	1	100
Lieutenant Governor	0	0	1	0
Total	1,234	80%	166	93%

[1] Similar data was not readily available for MPERS retirees.

[2] The 14 retirees reemployed both part-time and full-time during the 2 year period were included in both the full-time and part-time columns.

[3] This table does not include those reemployed retirees who returned to the state agency from which they retired before moving to the current employing state agency noted in the table. In addition, some of the retirees in the table may have been initially rehired by a different state agency before moving to the state agency from which they retired.

Appendix C

Reemployment of State Retirees

Retirees Who Received Retirement Payments during Full-Time Reemployment

	Retirement - Reemployment as of December 31, 2012		Pension and Pay During Reemployment, Year Ended December 31,[3]								
			Pension			Pay			Pension and Pay		
Retiree	Retirement Plan(s)[1] - Retired Member	Agency Reemployed [2]	2011	2012	Total	2011	2012	Total	2011	2012	Total
1	ALJLAP	Attorney General	$ 51,607	52,652	104,259	66,195	70,916	137,111	117,802	123,568	241,370
2	ALJLAP	State Auditor[4]	4,583	0	4,583	6,564	0	6,564	11,147	0	11,147
3	ALJLAP, Judicial	House of Representatives	87,358	90,512	177,870	34,988	35,915	70,903	122,346	126,427	248,773 [5]
4	Judicial	Attorney General	70,721	73,550	144,271	116,437	116,437	232,874	187,158	189,987	377,145
5	Judicial	Attorney General	33,298	65,601	98,899	62,500	125,000	187,500	95,798	190,601	286,399
6	Judicial	Attorney General	19,271	0	19,271	20,833	0	20,833	40,104	0	40,104
7	Judicial	Labor and Industrial	8,009	14,117	22,126	60,334	106,520	166,854	68,343	120,637	188,980
8	Judicial, MSEP 2000	Public Defender	54,306	32,562	86,868	60,324	32,676	93,000	114,630	65,238	179,868 [6]
9	MPERS C-Civilian	DPS - Gaming Commission	39,432	41,009	80,441	45,984	49,297	95,281	85,416	90,306	175,722
10	MPERS C-Civilian	Health and Senior Services	0	7,720	7,720	0	19,889	19,889	0	27,609	27,609
11	MPERS C-U	Corrections	16,700	17,368	34,068	35,759	37,272	73,031	52,459	54,640	107,099
12	MPERS C-U	DPS - Gaming Commission	71,531	74,393	145,924	113,424	113,424	226,848	184,955	187,817	372,772
13	MPERS C-U	DPS - Gaming Commission	62,771	65,281	128,052	90,060	90,060	180,120	152,831	155,341	308,172
14	MPERS C-U	DPS - Gaming Commission	50,214	52,222	102,436	70,992	74,013	145,005	121,206	126,235	247,441
15	MPERS C-U	DPS - Gaming Commission	79,035	81,345	160,380	41,712	42,097	83,809	120,747	123,442	244,189
16	MPERS C-U	DPS - Gaming Commission	54,236	56,406	110,642	45,984	47,783	93,767	100,220	104,189	204,409
17	MPERS C-U	DPS - Gaming Commission	61,333	63,786	125,119	37,686	40,207	77,893	99,019	103,993	203,012
18	MPERS C-U	DPS - Gaming Commission	52,145	54,231	106,376	45,984	46,739	92,723	98,129	100,970	199,099
19	MPERS C-U	DPS - Gaming Commission	54,071	61,291	115,362	31,019	38,315	69,334	85,090	99,606	184,696
20	MPERS C-U	DPS - Other	63,116	65,641	128,757	95,004	91,046	186,050	158,120	156,687	314,807
21	MPERS C-U	DPS - Other	65,802	68,434	134,236	76,800	76,800	153,600	142,602	145,234	287,836
22	MPERS C-U	DPS - Other	58,023	60,344	118,367	83,419	83,419	166,838	141,442	143,763	285,205
23	MPERS C-U	DPS - Other	72,994	75,914	148,908	58,008	58,542	116,550	131,002	134,456	265,458
24	MPERS C-U	House of Representatives	51,087	53,130	104,217	34,418	35,915	70,333	85,505	89,045	174,550
25	MPERS C-U	House of Representatives	38,846	39,424	78,270	10,266	9,520	19,786	49,112	48,944	98,056
26	MPERS C-U	Judiciary	63,231	65,761	128,992	21,571	21,769	43,340	84,802	87,530	172,332
27	MPERS C-U	Judiciary	16,510	66,418	82,928	10,433	52,059	62,492	26,943	118,477	145,420
28	MPERS C-U	Revenue	0	7,289	7,289	0	3,109	3,109	0	10,398	10,398
29	MPERS C-U, MSEP	DPS - Gaming Commission	63,822	10,879	74,701	85,008	17,710	102,718	148,830	28,589	177,419 [6]
30	MPERS C-U, MSEP	Social Services	45,625	7,679	53,304	42,504	8,855	51,359	88,129	16,534	104,663 [6]
31	MPERS C-U, MSEP 2000	Corrections	0	3,776	3,776	1,496	53,823	55,319	1,496	57,599	59,095 [5]
			$ 1,409,677	1,428,735	2,838,412	1,505,706	1,599,127	3,104,833	2,915,383	3,027,862	5,943,245

[1] Closed (C), Uniformed (U)

[2] Agency where most recently reemployed as of December 31, 2012.

[3] These amounts include only pension and pay received while reemployed during the 2 year period. Any pay received before retirement or pension received while not reemployed was not included.

[4] Retiree terminated employment at the State Auditor's office on January 10, 2011. Pay includes work performed from December 16, 2010 to January 10, 2011, and unused annual leave.

[5] Retiree had retired from two different retirement plans, and was reemployed again and working toward a third retirement benefit as of December 31, 2012. Retiree 3 received retirement payments from both retirement plans while reemployed. Retiree 31 received retirement payments from only one of the retirement plans while reemployed, because one plan prohibited the monthly $748 retirement payments while reemployed.

[6] Retirees 8, 29, and 30 retired a second time during the 2 years ended December 31, 2012, and began receiving additional monthly retirement payments of $805, $1,476, and $828, respectively.

Thomas A. Schweich

Missouri State Auditor

Economic Development

Brownfield Remediation Tax Credit Program

April 2014

Report No. 2014-023

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Brownfield Remediation Tax Credit Program

Background

The Brownfield Remediation Tax Credit (BRTC) Program was established in 1995. The Department of Economic Development (DED) manages this program, which provides financial incentives for the redevelopment of commercial/industrial sites that are contaminated with hazardous substances and have been abandoned or underutilized for at least 3 years. To be eligible for BRTCs, the Missouri Department of Natural Resources (DNR) must accept the project into the Voluntary Cleanup Program (VCP) and approve the applicant's remedial action plan. Applicants cannot have intentionally or negligently caused the release or potential release of hazardous substances at the project. The DED must project at least 10 new jobs will be created or at least 25 jobs will be retained as a result of the completed BRTC project. Applicants may receive BRTCs for up to 100 percent of the eligible costs of demolition and remediation, but under state law BRTCs are limited to the least amount necessary for the project to occur and limited to the projected state economic benefit as determined by the DED. BRTCs are non-refundable but transferable and may be carried forward for 20 years. The DED authorized over $185 million in BRTCs for 115 projects during fiscal years 2003 to 2013. Audit staff reviewed 15 BRTC projects and interviewed DED staff involved in those projects.

Program Administration and Oversight

The DED has not conducted a formal evaluation of the BRTC to determine whether authorizing BRTCs for 100 percent of eligible costs is the most advantageous to the state, and this practice results in developers having little incentive to minimize remediation and demolition costs. In addition, the DED has not (1) designed a formal procurement process that requires the lowest and best bids to be accepted and restricts conflict of interest situations, (2) compiled a historical listing of reasonable prices for various remediation activities, and (3) required an engineer, architect, or certified public accountant to certify eligible project costs. These weaknesses provide little assurance that projects are completed at a fair and reasonable cost to taxpayers.

For one project, the DED reduced the amount of authorized BRTCs after discovering the developer had obtained, but not submitted to the DED, a lower bid. For that same project, the DED did not reduce the authorized BRTCs for the proceeds from the sale of scrap materials generated during demolition. For another project, the DED issued BRTCs for activity not included in the remedial action plan, and the DNR did not conduct independent verification and testing prior to certifying remediation activities were properly completed.

Program Efficiency and Effectiveness

The DED does not always require developers to enter into clawback agreements in the event the project does not create the projected number of jobs. Audit staff reviewed 15 projects and found, for the 10 projects with completed remediation activities, developers projected 2,500 jobs would be created, but only 116 full-time and 322 part-time jobs were actually created. Because the DED uses these job creation estimates in the annual cost-benefit analysis submitted to the General Assembly, the state economic impact of the BRTC program is significantly overstated.

The General Assembly has not established annual or cumulative limits on BRTCs, or a sunset provision for the BRTC program. State law does not prohibit claiming the same project costs under two or more tax credit programs. This "stacking" of tax credits can be lucrative for developers without generating additional economic activity or state benefit. Previous DED and DNR officials did not require parties responsible for environmental damage to be fully responsible for remediation costs. As a result, state taxpayers will end up primarily funding the remediation costs for a project through the issue of $12.275 million in BRTCs. The DNR also did not hold previous owners responsible for environmental damages for 4 additional projects where some hazardous materials were likely generated by former owners.

In the areas audited, the overall performance of this program was **Poor***

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Brownfield Remediation Tax Credit Program
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Mike Downing, Director
Department of Economic Development
and
Sara Parker Pauley, Director
Department of Natural Resources
Jefferson City, Missouri

We have audited certain operations of the Brownfield Remediation Tax Credit Program in fulfillment of our duties under Chapter 29, RSMo and Section 620.1300, RSMo. The scope of our audit included, but was not limited to, the 3 years ended June 30, 2013. The objectives of our audit were to:

1. Analyze the costs and benefits of the program to determine if it is an effective and efficient use of state resources.

2. Evaluate the internal controls over significant management and financial functions related to the program.

3. Evaluate compliance with certain legal requirements related to the program.

4. Evaluate the economy and efficiency of certain management practices and operations.

For the areas audited, we (1) determined certain aspects of program effectiveness and efficiency could be improved, but due to weaknesses in program data, other aspects of program effectiveness and efficiency could not be adequately determined, (2) identified deficiencies in internal controls, (3) identified significant instances of noncompliance with legal provisions, and (4) identified the need for improvement in management practices and procedures.

Except for the matter discussed in the last paragraph of the Scope and Methodology Section, we conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Management Advisory Report presents our findings arising from our audit of the Brownfield Remediation Tax Credit Program.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Dennis Lockwood, CPA
In-Charge Auditor:	Robert McArthur II
	Toni Wade
Audit Staff:	Sara Lewis, CPA

Brownfield Remediation Tax Credit Program
Introduction

Background

The Brownfield Remediation Tax Credit (BRTC) Program was established in 1995 as a part of the Brownfield Redevelopment Program under Section 447.708, RSMo. The redevelopment program included the BRTC, the jobs/investments tax credit, and the demolition tax credit. The Department of Economic Development (DED) manages this tax incentive program. The program provides financial incentives for the redevelopment of commercial/industrial sites that are contaminated with hazardous substances and have been abandoned or underutilized for at least 3 years.

The BRTC is a discretionary tax credit. Eligible projects must be abandoned or underutilized property to be acquired, established, expanded, remodeled, rehabilitated or modernized for industry, commerce, distribution or research, or any combination thereof, the operation of which, alone or in conjunction with other facilities, will create new jobs or preserve existing jobs and employment opportunities. If the property is not owned by a public entity, the city or county must endorse the project. The Missouri Department of Natural Resources (DNR) must accept projects into the Voluntary Cleanup Program (VCP) to be eligible for BRTCs. Participants in the VCP must submit a remedial action plan, which identifies the known or suspected environmental hazards and how the applicant will remediate those hazards. The DNR must approve the remedial action plan. Applicants cannot be a party who intentionally or negligently caused the release or potential release of hazardous substances at the project. The DED must project at least 10 new jobs will be created or at least 25 jobs will be retained as a result of the completed BRTC project.

Applicants may receive BRTCs for up to 100 percent of the costs of materials, supplies, equipment, labor, professional engineering, consulting and architectural fees, permitting fees and expenses, demolition, asbestos abatement, and direct utility charges for performing voluntary remediation activities for preexisting hazardous substance contamination and releases. Eligible costs may also include up to 100 percent of the costs of demolition that are not directly part of the remediation activities, provided that the demolition is on the property where the voluntary remediation activities are occurring, the demolition is necessary to accomplish the planned use of the facility where the remediation activities are occurring, and the demolition is part of a redevelopment plan approved by the municipal or county government and the DED. The amount of the credit available for demolition cannot exceed the total amount of credits approved for remediation.

Under Section 447.708.3(2), RSMo, BRTCs are limited to the least amount necessary for the project to occur and under Section 447.701.1, RSMo, the total amount of BRTCs for each eligible project shall be limited to the projected state economic benefit, as determined by the DED. The DED estimates the net state economic benefit by using the projected number of new or retained jobs and investments as inputs into an economic modeling

software program. The DED determines the authorized credit amount based on the lesser of the estimated amount of eligible remediation and demolition costs, the proven gap in financing, or the net state economic benefit.

The DED issues BRTCs for actual eligible project costs up to 75 percent of the authorized amount through the completion of remediation and demolition activities. The DED issues the remaining 25 percent (also known as the holdback) after the DNR VCP has issued a certificate of completion letter. The DED may increase the authorized amounts if project remediation costs exceed the estimated costs as long as the total credits do not exceed the financing gap or projected net state economic benefit. The DED, before issuing any BRTCs, requires the developer to submit invoices and proof of payment for any for eligible costs.

BRTCs are non-refundable,[1] but transferable. The credits may be carried forward for 20 years and may be redeemed against the income tax imposed by Chapter 143, RSMo, excluding withholding tax imposed by Sections 143.191 to 143.265, RSMo, the corporate franchise tax imposed by Chapter 147, RSMo, and the financial institution tax imposed by Chapter 148, RSMo.

The DED authorized over $185 million in BRTCs for 115 projects during state fiscal years 2003 to 2013. Ninety-one of those projects were located in the St. Louis metropolitan area, 10 projects in the Kansas City metropolitan area, and 14 projects in other parts of the state.

Credits in other states

According to a recent report,[2] Missouri is one of 13 states that have established state tax credits for brownfield remediation. Nine states treat the credits as an entitlement program and in four states, including Missouri, the credits are discretionary and based upon a needs test. Tax credit percentages for site assessment and remediation costs vary from 12 to 100 percent. Two states base the credit on total investment rather than remediation costs. Six states have established per-project caps ranging from $150,000 to $500,000. Florida has established an annual program cap of $2 million. Iowa has recently increased its annual cap to $10 million. Connecticut, which limits its program to large industrial projects, has set an aggregate cap of $500 million. The report noted Michigan had recently eliminated its Brownfield tax credit because of fiscal concerns. Missouri does not have a per-project, annual or aggregate program cap. In addition, 8 of these 13 states, including

[1] The taxpayer must have a tax liability the credit can be offset against.

[2] Redevelopment Economics, "Analysis of the Economic, Fiscal, and Environmental Impacts of the Massachusetts Brownfield Tax Credit Program," October 2012, <http://www .redevelopmenteconomics.com/yahoo_site_admin/assets/docs/Mass_impact_report_final _NBP.196220244.pdf>, accessed January 3, 2014.

Missouri, allow credits to be transferred or sold. Many other states have some form of incentive for environmental remediation such as direct grants, loan programs, or property tax abatement.

Reporting

The DED provides the General Assembly and the public key program information for the BRTC program through the tax credit activity report.

Agencies administering tax credit programs are required under Section 33.282, RSMo, to submit the estimated amount of tax credit activity for the next fiscal year to the State Budget Director for submission to the Chairmen of the Senate Appropriations and House Budget Committees. In addition to the estimates of tax credit activity, the agencies must also include a cost-benefit analysis of the program for the preceding fiscal year. The annual estimates and cost-benefit analyses are submitted on forms called tax credit analysis forms. State law requires the tax credit activity report be submitted to the State Budget Director by October of each year and to the Chairmen of the Senate Appropriation and House Budget Committees by January 1 of each year.

In addition, Section 135.805, RSMo, requires companies receiving tax credits to submit an annual report to the DED for a period of 3 years after issuance of the credits. This report is required to include the actual number of jobs created as a result of the tax credits for each month of the preceding 12-month period; whether the property is used for residential, commercial, or governmental purposes; the projected or actual project cost and labor cost; and date of completion. The DED makes this information available to the public, as required by Section 135.805, RSMo.

Scope and Methodology

To gain an understanding of the program, we interviewed DED officials involved in the application and approval process as well as staff involved in monitoring these projects. We also interviewed officials of the DNR VCP and officials of a city development agency involved in one remediation project.

To understand how Missouri's BRTC program compares to other states, we obtained information from various Internet searches.

We analyzed BRTC activity for 62 remediation projects that had BRTCs authorized or issued during fiscal years 2010 through 2013. We selected 15 BRTC project files for further review, interviewed DED staff involved in those projects, and determined if DED staff followed required procedures on those projects.

To evaluate potential improvements to the program, we reviewed reports from the Missouri Tax Credit Review Commission. The commission was created by the Governor in July 2010 and charged with reviewing the state's tax credit programs and making recommendations for greater efficiency and

enhanced return on investment. The commission released reports in November 2010 and December 2012.[3]

We obtained aggregate totals of annual tax credit redemptions from the DOR. In accordance with the Missouri Supreme Court decision in the case of *Director of Revenue v. State Auditor* 511 S.W.2d 779 (Mo. 1974), auditors are not provided individual tax returns. As a result, auditors were not able to verify the completeness and accuracy of redemption data provided.

[3] The December 2012 report included a supplemental report that we also reviewed.

Brownfield Remediation Tax Credit Program
Management Advisory Report
State Auditor's Findings

1. Program Administration and Oversight

The DED has not conducted a formal evaluation of the BRTC program to determine whether authorizing BRTCs for 100 percent of eligible costs is the most advantageous to the state, and this practice results in developers having little incentive to minimize remediation and demolition costs. In addition, the DED has not (1) designed a formal procurement process that requires the lowest and best bids to be accepted and restricts conflict of interest situations, (2) compiled a historical listing of reasonable prices for various remediation activities, and (3) required an engineer, architect, or certified public accountant to certify eligible project costs. These weaknesses provide little assurance that projects are completed at a fair and reasonable cost to taxpayers.

For one project, the DED reduced the amount of authorized BRTCs after discovering the developer had obtained, but not submitted to the DED, a lower bid. For that same project, the DED did not reduce the authorized BRTCs for the proceeds from the sale of scrap materials generated during demolition. For another project, the DED issued BRTCs for activity not included in the remedial action plan, and the DNR did not conduct independent verification and testing prior to certifying remediation activities were properly completed.

1.1 Eligible cost percentage and per-project caps

The DED has not conducted a formal evaluation of the BRTC to determine whether authorizing BRTCs for 100 percent of eligible costs is the most advantageous to the state. The DED issues BRTCs for up to 100 percent of the eligible costs, subject to limitations of the proven financing gap and the state net economic benefit provisions. State law[4] provides the DED with the authority to base the credit on a lower percentage. For 6 of 15 projects reviewed, the DED authorized BRTCs for 100 percent of eligible costs. In addition, Missouri has not established a per-project cap. Of the 13 states with brownfield remediation programs, only Missouri and Connecticut authorize tax credits for up to 100 percent of eligible costs. The rates noted for the other states ranged from a low of 12 percent for some types of projects in Iowa to 75 percent in New Jersey. Six states have established per-project caps ranging from $150,000 to $500,000.

The practice of authorizing BRTCs at 100 percent of eligible costs provides little or no incentive for developers to minimize remediation and demolition costs. To contain the cost of the BRTC program, the DED should evaluate and consider lowering the percentage of eligible costs qualifying for BRTCs, and the General Assembly should consider establishing caps on individual projects.

[4] Section 447.708.3(1), RSMo

1.2 Procurement of Project Services

The DED does not require developers to solicit bids for project services on a competitive basis, require detailed unit price/quantity bids, or require bids for some project costs. The DED does not have policies to restrict potential conflicts of interest on BRTC projects. The DED does not compile historical unit costs. As a result, the DED has little assurance BRTC project activities are completed at a fair and reasonable cost.

Competitive procurement

The DED does not require developers to conduct a formal procurement process that includes advertising and posting public notices of bid opportunities, distributing requests for proposals to interested parties, ensuring requests for proposals are sufficiently detailed, requiring the use of sealed bids, publicly opening bids, establishing appropriate conflict of interest policies, ensuring bids are only accepted from qualified and capable contractors, and using a formal bid evaluation process that considers all relevant criteria.

The DED requires applicants to submit three informally obtained cost estimates (bids) for remediation, demolition, and related services that are to be included as BRTC eligible costs. The DED uses the bids to help support the amount of BRTCs authorized for projects. DED staff base the authorized amount on the lesser of the estimated eligible costs, the proven gap in financing, or the net state economic benefit. The DED does not require the bids to be awarded to the lowest and best bidders.

Competitive bidding would help contain the cost of BRTCs by ensuring remediation and development activities are completed at a reasonable cost, and would help ensure all interested parties are provided an opportunity to participate in projects funded by BRTCs.

Unreported bids

The DED does not have adequate procedures in place to ensure developers submit the lowest bids received. In February 2012, the developer for the Northwest Plaza Project (NWP) submitted 3 bids for asbestos abatement, 3 bids for household hazardous waste disposal, and 3 bids for demolition. Using the lowest bid in each category, the DED authorized BRTCs totaling $7,761,225 for the project in October 2012. In October 2013, the DED reduced the amount of authorized BRTCs for the NWP by $288,000 because the developer had not submitted the lowest asbestos abatement bid received.

In August 2012, the NWP developer obtained a substantially lower demolition bid of $1.8 million from the another contractor. The DED had used the previously lowest demolition bid of $3.335 million to determine the authorized amount of BRTCs. The DED eventually learned from a third party the developer had not reported this lower demolition bid. DED officials indicated they did not consider this bid to be a responsive bid. However; this bid raises concerns regarding whether the original bid process

resulted in the least amount necessary for the project to proceed. To ensure the amount of BRTCs issued are limited to the least amount necessary, as required by state law, the DED should establish formal procedures that require developers to submit all bids the developer obtains.

Unit price/quantity bidding

The DED often receives bid documents from developers that do not contain detailed information. For 8 of the 15 projects reviewed, developers submitted lump sum (fixed price) bids that did not include detailed quantities, unit/prices, and unit price adjustment factors.

For the ongoing NWP project, the bids included an estimate to remediate over 1.1 million square feet of asbestos materials. The lowest bid, to remediate the asbestos at the time the developer submitted his application to the BRTC program, was submitted by the environmental consulting firm and totaled approximately $3.7 million. This amount was included in the amount of BRTCs authorized by the DED. The DNR, while conducting VCP monitoring questioned the need for the remediation of the entire estimated quantity of asbestos because the developer decided to remodel rather than demolish 3 large buildings. The environmental consultant revised the estimated quantity of asbestos remediation to about 540,000 square feet, about half of the original amount. DED officials indicated they are aware of the significant change in the quantity of asbestos remediation required for this project. However, since the bid summary did not include unit price adjustment factors for the various types of asbestos abatement, it is unclear what impact, if any, the change in quantity will have on project costs and the amount of BRTCs issued.

To help ensure project cost estimates and related BRTCs issued are reasonable, the DED should require contractors to submit bid information that includes detailed quantities, unit/prices, and unit price adjustment factors.

Project cost analysis

The DED does not compile a historical listing of unit prices for various types of remediation activities to determine if amounts bid are reasonable. Maintaining a database with historical cost information would help the DED to determine the reasonableness of amounts bid.

Other project costs

The DED does not require some project costs to be competitively procured. Examples of project costs not requiring competitive proposals included environmental consulting, monitoring, and testing. These additional project costs can range from a few thousand dollars on smaller projects to several hundred thousand dollars on large projects.

Conflict of interest

In 6 of 15 projects reviewed, the environmental consultants that obtained and evaluated bids for the developer also submitted bids and/or subsequently performed substantial portions of project activities. On one project, the environmental consultant assisted a contractor to prepare a bid

totaling about $6.9 million for remediation services. After the DED required 2 additional bids, the developer submitted bids from the consulting firm for about $14.4 million and from another contractor for about $14.1 million. However, these 2 bids were based on a different technology. The developer selected the environmental consultant as the general contractor for the project. This firm subsequently also performed the remediation activities for which the $6.9 million in BRTCs were authorized. For 2 of these 6 projects, the environmental consultant did not submit a bid but subsequently performed the services and submitted invoices totaling the amount of BRTCs authorized. These 2 projects received BRTCs totaling $1.275 million.

Allowing environmental consultants to obtain and evaluate bids, select firms from which bids are solicited, submit competing bids, and/or then perform project activities creates a conflict of interest and results in little assurance that the BRTCs issued are the least amount necessary for the projects to be completed.

Tax Credit Review Commission

In its 2012 report,[5] the Tax Credit Review Commission recommended the General Assembly "provide agencies more authority to require government procurement and bidding practices of recipients of tax credits for expenses incurred relative to tax credit projects with the intent to assure competitive costs." The commission also recommended the General Assembly "provide agencies more authority to define related party transactions and provide applicable limitations to benefits provided to related parties."

1.3 Cost certification

The DED does not require certification of the actual project costs by a licensed engineer, architect or certified public accountant.

The DED requires the developer to submit source documentation showing actual project costs including invoices and proof of payment prior to issuance of the BRTCs. The developer is also required to attest to the accuracy of all information provided. DED personnel indicated they review the documentation to determine whether the remediation activities invoiced are likely activities included in the remedial action plan and compare invoices to amounts bid. However, personnel indicated invoiced costs often do not agree to specific remediation activity line items in the bid since the

[5] In July 2010 the Governor created the Tax Credit Review Commission to review various tax credit programs and make recommendations concerning how the programs should be changed to achieve greater efficiency and provide a positive return on Missouri's investment. The commission's report was issued November 30, 2010. Neither the 2011 nor the 2012 legislative sessions resulted in any tax credit reform. In September 2012, the Governor asked the commission to review and update its 2010 report. The commission's follow-up report was issued December 15, 2012.

line items are based on estimates and subject to change. In addition, as noted previously, the DED does not require bids to contain enough detailed information.

The DED requires a certification of eligible costs by a certified public accountant (CPA) in other tax credit programs including the Historic Preservation and Low Income Housing Tax Credit programs. Both Iowa and Florida require an independent CPA firm to review eligible costs prior to issuance of Brownfield tax credits. Given the lack of incentive for developers to control costs coupled with the lack of a formal procurement process and the existence of conflict of interest situations, the DED should consider requiring project costs be certified by the project architect, engineer, and/or certified public accountant to help ensure BRTCs issued are reasonable.

1.4 Scrap values

The DED authorized BRTCs for $2,265,000 more than the financing gap for the NWP project because the DED did not reduce the authorized BRTCs for the proceeds from the sale of scrap materials generated during demolition. As a result, the DED authorized BRTCs for more than the least amount necessary for the project to proceed as required by state law. In addition, the DED has not established policies and procedures to handle such situations.

On October 1, 2012, the DED authorized BRTCs totaling $7,761,225[6] for the estimated remediation and demolition costs of the NWP project. Based on bids the developer submitted to the DED to establish the amount of BRTCs authorized, scrap rights were to be retained by the demolition contractor. However, the developer and the contractor entered into a separate agreement requiring the contractor to segregate and deliver the scrap materials to third parties. The third parties were required to submit payment for the scrap materials directly to the developer. The agreement required the contractor to pay the developer any difference if scrap payments amounted to less than $2,265,000, and allowed the contractor to receive any proceeds in excess of $2,265,000. However, the developer did not include scrap proceeds in the sources and uses of funds analysis used by the DED that identified a project financing gap of $7,781,225. DED officials indicated they were aware of the scrap agreement, but produced no documentation to support this statement. DED officials also acknowledged the scrap value was not included in the financing gap calculation. If the scrap proceeds were included in an analysis of sources and uses, the financing gap would have been $5,516,225, and the DED would have authorized $2,265,000 less in BRTCs.

[6] The DED subsequently reduced the authorized amount to $7,473,225 in October 2013 when the developer presented the DED with a lower remediation bid.

The DED, also, does not consider the proceeds of the sale of scrap as a reduction or offset to the eligible demolition costs. The DED limits authorization of BRTCs to estimated remediation and demolition costs and limits issuance of BRTCs to actual remediation and demolition costs. As of January 31, 2014, the DED had not yet issued BRTCs because the project was still in progress.

DED officials indicated this project is the only one that had significant scrap value; however, the DED has not established policies and procedures to handle such situations. The DED is required by Section 447.708.3(2), RSMo, to limit the BRTCs to the least amount necessary to cause the project to occur. The DED has determined the least amount necessary is the lesser of the amount of eligible remediation and demolition costs or the proven gap in financing. It appears reasonable to limit authorization and issuance of BRTCs for demolition to net demolition costs (demolition costs less the proceeds from the sale of scrap, or $5,516,225).

The DED should reduce the authorization award associated with the NWP project by $2,265,000 and establish appropriate policies and procedures to handle scrap proceeds in the future.

1.5 Remediation oversight

The DED authorized BRTCs totaling $1,814,976 for one project in September 2008 and in March 2009 authorized additional BRTCs totaling $604,038. In February 2011, the DNR, unaware of the additional remediation work for which the additional tax credits were authorized, issued a certificate of completion for the project and the DED, unaware that the certificate of completion did not encompass the additional remediation activities, issued BRTCs totaling $2,419,014. In early 2012, after receiving a complaint from a subsequent owner, a joint DNR and DED review determined (1) the site was still contaminated, (2) the developer had not properly completed some remedial activities required by the remediation plan, and (3) the DNR had not approved alternative remediation activities that included repainting rather than removing windows.

The DNR subsequently rescinded its certificate of completion for the project and in September 2012, the Attorney General's office filed a lawsuit against the project developer to recover BRTCs issued. However, in March 2014 the parties agreed to dismiss the case. Also, the DED authorized $462,481 in additional BRTCs for the subsequent owner to perform further remediation activities.

Section 447.708.3(1), RSMo, indicates the DED, with the approval of the DNR, may grant a remediation tax credit to an applicant provided the remediation activities are included in a plan submitted to and approved by the DNR. Section 260.573, RSMo, requires the DNR to issue a letter stating

that no further action need be taken at the site after remedial action has been taken in accordance with the approved remedial action plan.

Lack of communication between the DED and the DNR allowed BRTCs to be issued for a project that was not properly remediated. The DED implemented new procedures to require a copy of the DNR approved remediation plan to be on file with the DED prior to authorization of BRTCs, and to confirm the DNR had approved activities for which the developer requested any additional BRTCs. The DNR modified its project monitoring procedures to include verification of cleanup test results through independent sampling and testing by DNR personnel.

Recommendations

The DED:

1.1 Evaluate and consider decreasing the percentage of eligible costs qualifying for BRTCs.

1.2 Promulgate state regulations to establish procedures requiring BRTC applicants to procure project activities competitively and to select the lowest and best bid, and rules to define and limit conflicts of interest. We also recommend the DED maintain a database of historical cost information for BRTC projects.

1.3 Require certification of actual project costs by a licensed engineer, architect, and/or certified public accountant.

1.4 Reduce the authorization award associated with the NWP project by $2,265,000 and establish policies and procedures to handle scrap proceeds.

The DED and DNR:

1.5 Comply with newly implemented procedures to ensure approved remediation activities are properly completed before issuing BRTCs.

The General Assembly:

1.1 Consider establishing per-project caps for individual projects.

Auditee's Response

The DED and the DNR provided the following responses.

1.1 *As required by law, DED evaluates each application individually for eligibility and to determine the appropriate amount of tax credits that may be awarded. The amount of tax credits awarded may be less than one-hundred percent of the full amount of eligible*

costs consistent with the statutory requirement that any tax credit award be limited to the "least amount necessary to cause the project to occur." Section 447.709.3(2), RSMo.

In determining the least amount necessary to cause the project to occur, DED evaluates the developer's sources and uses, internal rate of return (IRR), market rates for eligible costs, industry employment and wages, and a determination of whether the developer' private debt and equity has been maximized. Eligible projects are awarded tax credits equal to the lesser of:

- *The amount necessary to achieve a positive net fiscal benefit to the state;*
- *The amount of the project financing gap;*
- *The lowest cost estimate provided by qualified firms; or*
- *The actual amount of eligible costs for the project.*

As the audit indicates, nine of the 15 projects reviewed in this audit were awarded tax credits in an amount less than one-hundred percent of eligible costs. Additionally, the projects that were denied were also awarded less than one-hundred percent of eligible costs. For the six projects funded at one-hundred percent of eligible costs, the amount of the award was limited to the least amount necessary to cause the project to occur as required under the statute.

1.2 *As the audit recognizes, DED bases the award of tax credits under the Brownfield Remediation Tax Credit program on the lowest of at least three responsive bids obtained by the applicant from a party unrelated to the developer. Although the developer is not required to contract with the lowest responsive bid, it is the amount of the lowest responsive bid that governs the award of tax credits, even if the eligible costs ultimately end up being higher. To further formalize the required procurement process and conflict of interest prohibitions, DED has filed regulations with the Secretary of State. See 4 CSR 85-10.010-85-10.060.*

The audit references a bid submitted in August 2012 to the NWP developer as raising concerns regarding whether the original bid process resulted in the least amount necessary for the project to proceed. However, this referenced bid was submitted eight months after the applicant's deadline to receive responsive bids, after all of the other bids had been opened, and after the amounts of the others bids had become known. In addition, this bid was offered to the

developer unsolicited and without reference to any bid specifications. Accordingly, this bid was not considered responsive.

The audit also takes issue with the fixed-price contract utilized by the NWP project for certain remediation work. However, under the circumstances, awarding tax credits based on the fixed-price contract provided the maximum protection for taxpayers by ensuring that any cost overruns on the project were the sole responsibility of the developer. Although the NWP project is not yet complete, to date it has experienced an estimated $700,000 in additional costs over and above the fixed-price contract upon which the award of tax credits was based, including an asbestos coated gas main (unearthed by another contractor) that required the removal of 3,000 linear feet of gas line; the mandatory removal of 15,240 square yards of asphalt paving to meet municipal specifications; structural, mechanical, electric and plumbing conditions encountered during interior demolition; a difference in the quantity and size of footings and foundations at two structures beyond the size provided by architectural drawings; remobilization of various buildings to remove remnant floor tile in formerly inaccessible areas exposed by remodeling; and full containment of 18,775 square feet to remove black mastic found under multiple layers of flooring. Because the tax credit award was based on the fixed-price contract, these additional costs will be borne by the developer and will not result in additional tax credits to complete the work.

1.3 *DED has filed rules with the Secretary of State requiring involvement by a licensed engineer in various aspects of a project, including inspection of property, determination of hazardous materials in type and quantity, development and drafting of any remedial action plan, development and drafting of any preliminary cost estimate, developing and drafting and bid specifications and solicitation of bids. See 4 CSR 85-10.050.*

1.4 *By law, DED is required to limit the amount of any tax credit award to the least amount of state assistance necessary to cause the project to occur. Section 447.709.3(2), RSMo. The referenced scrap value was taken into account in DED's analysis of the least amount necessary and is already reflected in the amount of tax credits awarded for the NWP project. Applying the audit's recommendation to reduce the authorization would result in the scrap value being double-counted.*

DED accounted for the scrap value as a property sale revenue in the first two years of the project, along with all of the developer's

additional property sale revenues and lease income the developer would realize as part of the project, in determining the internal rate of return (IRR), an evaluation tool commonly used in real estate development projects that involve discretionary public funding. DED evaluates the IRR to ensure that it is reasonable—if the IRR is too high, the amount of the tax credit award is lowered. If the developer can achieve a reasonable IRR without state funding, then no tax credits are awarded. Accordingly, the IRR is a component in the required determination of the "least amount necessary to cause the project to occur." See Section 447.709.3(2), RSMo. Because DED included the scrap value in the IRR to determine the least amount of tax credits necessary to cause the NWP project to occur, further reducing the amount of tax credits authorized by including the scrap value as a developer's source in the developer's sources and uses would result in the scrap value being counted twice in determining the tax credit award.

Additionally, to provide greater clarity for future projects, DED has filed rules with the Secretary of State that address salvage rights in detail. See 4 CSR 85-10.050.

Auditor Comment

DED officials, after multiple requests by auditors, failed to provide any documentation to support their claim scrap value was accounted for as property sale revenue. We noted in the project file an email from an attorney for the developers to the DED project manager stating the property sales line on the IRR shows sales revenues from the sale of lots. It appears the scrap value was not reflected in the amount of BRTCs issued.

The DED's proposed rules were first published March 17, 2014. Under proposed rule 4 CSR 85-10.020(3)(D)(2), salvage rights must be considered as part of the cost of remediation. The applicant may retain the salvage in which case the reimbursable costs should be reduced by the value of the salvage retained. If this rule had been in effect at the time the DED authorized the BRTCs for the NWP project, the BRTC eligible costs and the amount of BRTCs authorized would have been reduced by $2,265,000.

1.5 DED and DNR will continue to comply with all procedures to ensure approved remediation activities are properly completed before issuing tax credits.

2. Program Efficiency and Effectiveness

The DED does not always require developers to enter into repayment agreements in the event the project does not create the projected number of jobs. The BRTC does not have an annual or cumulative limit, or a sunset provision. BRTC eligible costs may also be eligible costs under other tax credit programs. DED and DNR officials made decisions that resulted in parties responsible for environmental damage not being held fully

accountable for the remediation costs. As a result, taxpayers paid remediation costs through the BRTC program.

2.1 Job Creation

The DED does not require developers to enter into legally binding clawback agreements requiring repayment of the value of the BRTCs issued in the event that projected economic activity does not occur.

For the 15 projects we reviewed, no project had the amount of authorized BRTCs limited because of the state economic benefit calculation. The economic benefit calculation seldom impacts the amount of BRTCs authorized, because developers overestimate the number of jobs to be created. Most BRTC projects do not create the projected number of new jobs. Of the 15 projects reviewed, 10 had completed remediation activities. For these 10 projects, developers projected approximately 2,500 jobs would be created, however only 116 full-time and 322 part-time jobs actually were created according to the annual reports developers submitted to the DED. Only 1 of the 10 projects created the number of proposed jobs indicated in the initial application used by the DED to determine the state's economic benefit. In addition, because the DED uses the developers' estimates in the annual cost-benefit analysis submitted to the General Assembly, the state economic impact of the BRTC program is significantly overstated.

Clawback provisions

The DED does not usually include clawback provisions that require developers to repay portions of the BRTCs if the number of projected new jobs are not created. According to DED personnel, the DED has required clawback provisions for only three projects since programs inception. DED officials indicated the clawback provisions are only used when they determine there is an unusually high risk the project will not create the estimated number of jobs. The DED placed additional restrictions on the following projects we reviewed.

- On December 17, 2010 (and later amended March 26, 2012), the DED entered into a redemption agreement for one project (Carondelet Coke) that allows the DED to withhold previously authorized BRTCs if the 400 projected jobs were not created by December 31, 2017. DED officials indicated this agreement was the first usage of a clawback provision.

  The redemption agreement; however, amounts to only $1,393,750, or approximately 11.4 percent of the total BRTC authorizations for this project. If the environmental contractor cleans up the properties in accordance with the remedial action plan, but the developer never creates a single new job, the developer will own the project and the DED will have issued BRTCs totaling approximately $10.9 million.
  DED officials indicated another project that we did not select for review had a similar redemption agreement.

- For another project (NWP), the DED required the developer to enter into a repayment agreement totaling up to $6,850,000 (88 percent of credits authorized) if the developer did not create the 500 projected jobs in certain parts of the development within 5 years. DED officials said at the time of the agreement, the developer did not have letters of intent from businesses interested in occupying the development, so the DED required a repayment agreement to mitigate the risks associated with additional phases of the project.

Tax Credit Review Commission

In its 2012 report, the Tax Credit Review Commission reaffirmed its recommendation from its 2010 report that the General Assembly impose a statutory clawback on the program requiring repayment of the value of the credits in the event that estimated jobs and investment do not occur.

The commission recommended that strict statutory clawbacks be enforced in cases of non-compliance with program requirements and applicants for state incentives be required to enter into a contract with the agency administering the tax credit specifying standards of performance, program requirements, and penalties in the event of non-compliance.

Clawback provisions are needed to ensure state economic benefits are received in return for BRTCs issued.

2.2 Annual and cumulative limits

The General Assembly has not established annual or cumulative limits on the BRTC. During the period of state fiscal years 2003 through 2013, the DED issued BRTCs totaling approximately $174 million and redemptions have totaled approximately $168 million. The General Assembly should consider implementing annual and cumulative limits on the BRTC to better contain the cost of this tax credit program.

2.3 Sunset Provision

As noted in Report No. 2010-47, *Tax Credit Cost Controls*, issued in April 2010, state law does not include a sunset provision for many tax credits, including the BRTC program. The Sunset Act, passed in 2003, provides for new programs to sunset after a period of not more than 6 years unless reauthorized by the General Assembly or the program is exempted from the Sunset Act. The Act requires the Committee on Legislative Research to review applicable programs before the sunset dates and present a report to the General Assembly regarding the sunset, continuation, or reorganization of each affected program. However, the BRTC program was created prior to the Sunset Act and is exempted.

By adopting a sunset provision for the BRTC program, the General Assembly can better determine whether the program is achieving its intended purpose and whether program funding should be increased, decreased, or eliminated.

2.4 Use of multiple incentives

As noted in Report No. 2012-117, *Division of Business and Community Services*, issued in September 2012, state law does not prohibit claiming the same project costs under two or more tax credit programs. This "stacking" of tax credits can be lucrative for developers and additional tax credits are issued while no additional economic activity or state benefit is generated.

Companies may claim certain project costs under the Historic Preservation, Low Income Housing, Brownfield Remediation, and the Neighborhood Preservation Tax Credit programs. Between fiscal years 2000 and 2011, the state issued tax credits totaling approximately $738 million for 117 projects that received funding from two or more of these tax programs.

In December 2012, the Tax Credit Review Commission recommended changes when Brownfield, Historic Preservation, and Low Income Housing Tax Credits or any combination thereof are awarded to a single project. The commission recommended a specific ordering process and Brownfield credits would be calculated first based on eligible remediation expenditures. Next, the eligible Historic Preservation credit expenditures would be reduced by the amount of Brownfield credits. Finally, the Brownfield and Historic Preservation credits would be deducted from the total expenditures eligible for the Low Income Housing Tax Credit. The DED should work with the General Assembly to establish cost containment provisions regarding project costs claimed under multiple tax credit programs.

2.5 Carondelet Coke Project

Previous DED and DNR officials did not require parties responsible for environmental damage to be fully responsible for remediation costs. As a result, state taxpayers will end up primarily funding remediation costs for one project through the issue of $12.275 million BRTCs.

Project History

In 1992, the St. Louis Land Reutilization Authority (LRA), acquired 42 acres in the City of St Louis through a tax foreclosure sale. The LRA operates under the oversight of the St. Louis Development Corporation (SLDC), a governmental economic development agency. The property is known as the Carondelet Coke or Broadway Business Center project. A local utility company had owned the site from 1902, developed it into a manufactured gas plant by 1915 and operated it through 1950. The plant converted coal into coal gas for use in the utilities gas supply system and industrial coke. In 1950, the plant was sold to another company that concentrated on coke production. In 1980, the plant was again sold to an owner that continued producing industrial coke and then abandoned the site in 1987.

When the LRA acquired the property, it contained several buildings that needed to be demolished, known surface and aboveground hazardous conditions, and suspected significant subsurface hazardous conditions. In August 1995, the DNR notified the three former owners the hazardous waste cleanup would be enforced under the Comprehensive Environmental

Response, Compensation and Liability Act (CERCLA), also known as Superfund, unless the former owners entered the site into the VCP.

In October 1995, the local utility enrolled the site in the VCP and undertook some site assessment activities to determine the nature and extent of the subsurface contamination. The utility indicated the expectation was for other responsible parties to participate in the cost of conducting the site investigation and cleanup. In early September 1996, the LRA also applied to the VCP to demolish the above ground structures and clean up the surface of the site. In September 1996, the DNR Superfund Section completed a site investigation documenting surface and subsurface contamination, and potential risks to human health and the environment. The investigation documented the site had Hazard Ranking System score of 28.5 or greater, making it eligible to be proposed to the National Priorities Listing and enforcement under CERCLA. The DNR in a letter to the U.S. Environmental Protection Agency (EPA) indicated, "Should [this responsible party] become ineligible or withdraw from this voluntary cleanup program, the Carondelet Coke site should be addressed under Superfund authority." In October 1996, the EPA agreed to allow the cleanup to remain in the VCP "as long as [this responsible party] entered into an agreement with the state for site evaluation and remediation, as determined necessary by the state." The utility performed additional assessment and monitoring activities; however, it was unwilling to undertake remediation activities unless other responsible parties were included.

In August 2004, the Land Clearance Redevelopment Authority (LCRA), also under the oversight of the SLDC, submitted an application to the DED requesting $6.7 million in BRTCs to remediate the structures on the site. In April 2005, the DNR approved an amendment to the VCP agreement allowing the SLDC to address the subsurface contamination. The SLDC indicated it continued to negotiate an agreement with the local utility and second previous owner for financial assistance. In March 2009, the DED authorized issuance of BRTCs totaling $150,000 to fund additional site investigation activities. The DED indicated the SLDC would be required to have a fully executed remediation agreement between the City of St. Louis and the two companies for their financial participation in the cleanup efforts and agreements with the developer and the environmental remediation contractor before approving additional BRTCs. The SLDC remediation agreement with two responsible parties required the two companies to contribute a total of $942,500, about 8 percent of the total cleanup costs, and in exchange, the companies were relieved of further liability related to the remediation project. As part of the agreements, the LCRA purchased an additional 7.5 acres from the local utility for $500,000 and the developer also purchased 4.1 acres from the utility.

In August 2009, the DED authorized $6.7 million of BRTCs for the project. In December 2010, the DED authorized an additional $5.575 million in BRTCs to address subsurface conditions for the original and additional acreage and surface conditions on the additional acreage. The BRTCs of $12.275 million funded about 93 percent of total cleanup costs.

In December 2013, the DNR issued a certificate of completion for 9 acres of the 53.6 acre site. Test results on the remaining acreage indicated remediation efforts had not reduced the contamination to acceptable levels and the DNR is requiring the environmental consultant to continue groundwater monitoring for at least one year. As of December 2013, the DED has issued approximately $9.1 million in BRTCs. Issuance of the remaining credits is subject to the issuance of a DNR certificate of completion and a repayment agreement if the projected number of jobs are not created.

Past decisions

In retrospect, a number of past decisions made several years ago by the DED and DNR appear questionable. While documentation to fully explain the analytic processes no longer exist, these decisions resulted in previous owners not being required to pay the majority of the cost to remediate environmental issues. Instead, the DED will issue $12.275 million in BRTCs to fund the cleanup costs through the BRTC program, while the 2 of 3 responsible parties will pay a total of $942,500. Questionable decisions include:

- Not taking legal action against the most recent owner that produced industrial coke.

- Not requiring the other 2 previous owners to fund more of the costs to remediate the site. One option available to the DNR was to request the EPA to enforce the cleanup under Superfund authority.

DED officials indicated former DED officials had discussed the adequacy of the financial commitments by the two companies and the failure to include the third company or its officials in the agreement. However, the former DED officials, in consultation with former DNR officials, determined seeking additional compensation from those parties would likely require legal action (with no certain outcome) resulting in several years delay to address the environmental concerns. DNR personnel indicated the third and most recent owner refused to engage in negotiations, had filed for bankruptcy, and was believed to have no resources that could be accessed to fund the remediation. However, according to media reports, the owner also owned several industrial coke plants in other states at the time.

Other projects

The DNR also did not hold previous owners responsible for environmental damages caused. Of 15 projects reviewed, the DNR had identified 4 project

sites that had some hazardous materials that were likely generated by former owners. These projects included (1) the sites of automotive repair shops previously operated by prominent national chains, (2) a former site of a major automotive manufacturer, (3) a former site of a regional brick manufacturer, and (4) a project site that had large quantities of asbestos containing materials that had been buried during prior demolition activities and other hazardous substances left untreated by former owners. The DNR has identified at least 10 other former manufactured gas plants that warrant a site investigation.

Section 260.375(29), RSMo, requires the DNR to clean up any hazardous wastes placed into or on the land in a manner that may endanger the health of humans or the environment, and to recover remediation costs from the person responsible for the waste. Section 447.700(3), RSMo, prohibits parties that intentionally or negligently caused the release or potential release of hazardous substances from receiving BRTCs. The DED did not authorize BRTCs to parties causing the environmental issues for any of the projects reviewed. The DED and the DNR should take all reasonable efforts to hold responsible parties accountable for environmental damages on BRTC projects.

Recommendations

The DED:

2.1 Include clawback provisions for BRTC projects.

The General Assembly:

2.2 Evaluate and consider implementing an annual limit on the amount of BRTCs awarded.

2.3 Establish a sunset provision for the BRTC program.

2.4 Establish cost containment provisions regarding project costs claimed under multiple tax credit programs.

The DED and the DNR:

2.5 Ensure all reasonable efforts are made to hold responsible parties accountable for environmental damages on BRTC projects.

Auditee's Response

The DED and the DNR provided the following responses.

2.1 Section 447.708.4, RSMo, outlines a procedure for terminating and revoking tax credits awarded under the program. As recognized by the audit, DED has also required applicants to enter into repayment agreements that require repayment of the value of any tax credits

issued upon a failure to perform. DED has also filed rules with the Secretary of State requiring mandatory repayment agreements for all Brownfield tax credit projects. See 4 CSR 85-10.030.

2.5 DNR will continue to work to hold responsible parties accountable for environmental damages as warranted while working with DED to assist in the remediation of contaminated properties in order to protect the environment and return such properties to productive reuse. As indicated in the audit, DED has not authorized tax credits to any parties causing environmental issues for any of the projects reviewed. A number of decisions regarding efforts by DNR to hold potentially responsible parties liable for contamination in the project primarily discussed in the audit were made during the 1990s. DNR will continue to insure the remediation of contaminated properties.

Brownfield Remediation Tax Credit Activity

The following table lists BRTCs authorized, issued, and redeemed for fiscal years 2003 through 2013.

Fiscal Year		Amount Authorized	Amount Issued	Amount Redeemed
2003	$	18,770,621	15,600,763	5,669,489
2004		9,647,043	4,250,346	16,101,975
2005		15,515,319	14,808,297	10,627,870
2006		32,148,894	14,159,740	10,611,324
2007		32,737,068	33,012,124	16,710,519
2008		23,481,361	20,424,920	26,466,007
2009		10,527,923	22,121,637	29,194,784
2010		21,710,015	13,978,902	17,590,273
2011		5,734,035	18,410,524	11,432,109
2012		3,234,873	7,717,895	16,967,400
2013		11,913,711	9,851,350	6,378,613
Totals	$	185,420,863	174,336,498	167,750,363

Source: Department of Economic Development annual reports on tax credits administered.

Tax Credit Redemptions

The following table shows redeemed tax credits for fiscal years 2010 through 2013 for all state tax credit programs. We did not audit the information.

Program	Year Ended June 30, 2010	2011	2012	2013
Adoption (Special Needs)	$ 1,894,187	1,346,454	1,036,226	744,155
Affordable Housing Assistance	11,647,956	4,880,797	5,629,466	7,406,988
Agricultural Product Utilization Contributor	114,674	466,048	1,468,156	1,267,239
Alternative Fuel Vehicle Refueling Property[1]	0	23,365	45,690	69,454
Bank Franchise	2,013,584	4,233,673	2,333,619	2,559,444
Bank Tax Credit for S Corporation Shareholders	1,823,612	2,787,708	5,523,276	4,533,837
Brownfield Jobs/Investment	1,650,222	1,620,384	1,660,626	68,693
Brownfield Remediation	17,590,273	11,432,109	16,967,400	6,378,613
Business Use Incentives for Large-Scale Development (BUILD)	8,306,413	10,976,914	6,591,948	8,212,533
Business Facility	2,883,729	5,682,965	4,867,041	4,572,711
Certified Capital Business[2]	495,459	586,135	411,014	590,235
Charcoal Producers[1]	14,642	521,380	59,595	0
Children in Crisis	420,857	587,137	629,456	792,368
Community Development Corporation[2]	5,915	22,703	224	231
Development	1,589,618	1,001,142	3,856,648	3,863,814
Developmental Disability Care Program	n/a	n/a	0	7,819
Disabled Access	12,526	26,273	24,791	14,603
Distressed Areas Land Assemblage	6,731,635	13,534,347	7,558,203	1,651,415
Domestic Violence	789,233	757,609	988,996	851,517
Dry Fire Hydrant[1]	2,634	7,715	3,124	0
Enhanced Enterprise Zone	2,916,392	4,000,689	7,324,093	6,451,698
Enterprise Zone	1,479,702	1,128,432	232,990	557,312
Examination Fees and Other Fees	5,227,134	4,974,981	4,926,191	5,886,105
Family Development Account	3,000	25,000	10,616	95
Family Farms Act	104,798	49,825	53,948	32,032
Film Production	1,925,158	1,563,218	4,839,217	56,665
Food Pantry	793,734	1,081,076	796,156	72,822
Health Care Access Fund	0	0	0	0
Historic Preservation	107,973,542	107,767,393	133,937,747	78,814,711
Homestead Preservation[1]	2,478,624	773,465	0	0
Life and Health Guarantee Association	0	3,260,829	3,306,409	5,664,124
Low Income Housing	142,141,458	143,055,387	164,208,547	144,082,976
Maternity Home	762,701	726,355	1,354,431	1,138,969
MDFB Bond Guarantee	0	0	0	0
MDFB Infrastructure Development	13,970,215	25,597,348	33,444,754	14,804,416

Appendix B
Tax Credit Redemptions

Program	Year Ended June 30, 2010	2011	2012	2013
Missouri Automotive Manufacturing Jobs Act	n/a	0	0	0
Missouri Health Insurance Pool	7,896,391	10,931,565	14,318,218	16,874,865
Missouri Property and Casualty Guarantee Association	592,308	(53)	0	0
Missouri Quality Jobs	14,238,179	27,936,799	35,431,828	39,278,156
Neighborhood Assistance	10,065,993	8,513,472	9,757,095	7,392,113
Neighborhood Preservation	6,739,123	4,427,639	2,159,654	1,232,214
New Enterprise Creation[2]	77,098	11,499	25,000	0
New Generation Cooperative Incentive	3,287,882	1,984,424	826,953	2,100,091
New Jobs Training	3,228,601	3,175,559	4,090,193	3,081,261
New Market	0	1,199,285	15,385,989	12,934,464
Pregnancy Resource	1,198,394	1,103,384	1,892,183	1,194,477
Property Tax	118,594,589	114,886,668	117,603,638	113,962,551
Public Safety Officer Surviving Spouse	11,910	16,861	32,793	78,249
Qualified Beef	0	9,447	219,062	522,858
Rebuilding Communities	1,553,894	1,277,135	1,388,190	1,430,329
Qualified Research Expense[1]	890,135	n/a	n/a	n/a
Residential Dwelling Accessibility	23,040	20,086	6,501	10,258
Residential Treatment Agency	47,599	323,376	283,501	292,396
Retain Jobs	8,145,996	5,758,163	2,403,687	1,960,931
Self-Employed Health Insurance	652,850	1,428,143	1,847,045	1,811,060
Shared Care	159,222	44,152	70,004	41,645
Small Business Incubator	219,014	107,549	166,336	68,441
Small Business Investment (Capital)[1]	0	1,701	(19,395)	0
Transportation Development[1]	9,176	52,124	9,342	12,510
Wine and Grape Production	112,057	29,411	61,598	15,301
Wood Energy	1,546,453	3,818,378	2,282,401	3,563,209
Youth Opportunities	4,405,158	3,589,991	4,979,138	3,906,263
Total	$ 521,458,689	545,145,614	629,311,552	512,911,236

n/a - Tax credit did not exist in this fiscal year.

[1] The tax credit has expired or has been repealed. Redemptions may be reported due to carry forward provisions.
[2] The tax credit program has met the cumulative program cap.

Source: Office of Administration, Department of Revenue, and tax credit administering agencies

Thomas A. Schweich

Missouri State Auditor

HIGHER EDUCATION

St. Charles Community College

April 2014

Report No. 2014-024

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Department of Higher Education, St. Charles Community College

Budget Procedures and Subsidy	The college did not prepare budget documents for several operating funds, including, the Unrestricted Funds, Federal Financial Aid Fund, Plant Fund, Agency Fund, 29 restricted funds, and 4 auxiliary funds. Budget documents approved by the Board of Trustees for the year ended June 30, 2013, did not include some budgetary information required by law. The college subsidizes the operating costs of the Child Development Center (CDC), which is a state-licensed on-campus facility. In fiscal year 2013, the college transferred $87,000 (from the General Revenue Fund and bookstore operations) to cover the CDC's operating shortfalls. The college should analyze ways to make the program more cost-effective and maximize program resources and review the adequacy of the fees currently charged.
Accounting Controls and Procedures	CDC personnel do not account for the numerical sequence of receipt slips. Cashier's office and bookstore personnel allowed students and employees to cash personal checks from daily cash receipts, which prevents daily receipts from being deposited intact. The college bookstore maintains a change fund of $6,100, which may be excessive, and the bookstore has not performed an analysis to determine if such a large change fund amount is necessary during slower months.
Rental Fees, Disbursements, Bids and Contracts	The college rents its facilities to the public, but lacks supporting documentation detailing how it determined what fees to charge. The college has not conducted a formal cost study or reviewed the amounts charged since 2006. The college did not always solicit bids for professional services or other goods and services and did not always enter into formal written agreements. The college has continued to renew its contract for legal services since March 2002 without soliciting competitive proposals, does not solicit bids for fuel purchased, and has not entered written contracts with either textbook buy back vendor.
Capital Assets	The college needs to improve its procedures and records to account for college property. An annual inventory of all capitalized assets costing greater than $5,000 and all technology equipment is performed. However, inventory worksheets are not maintained and the missing assets report for the fiscal year ended June 30, 2013, could not be located; and personnel did not always update the manual capital asset log to document assets had been properly tagged and identified as college property.
Credit Card Convenience Fees	The college absorbs the credit card fees rather than passing them on to the students who pay with credit cards. The college paid $139,000 in related credit card fees during fiscal year 2013.

Vehicle Usage and Fuel Logs	The college needs to improve controls and procedures over fuel purchases and usage. The college operated 28 non-street licensed vehicles and equipment and maintains one diesel tank and one gasoline tank that are not metered. The grounds supervisor does not maintain a log documenting fuel purchases, usage, or on hand and no procedure is performed to periodically reconcile those items.
College Foundation	The college subsidizes certain operating expenses of its not-for-profit foundation, which may violate the Missouri Constitution. The college covered approximately 84 percent of the money the foundation spent in fiscal year 2013 and could not quantify the amount of salary and benefit costs for other college employees providing operational support attributable to foundation activities. The college does not have a formal agreement or contract with the foundation, which would clarify the duties and responsibilities of both parties. The foundation does not timely adopt a budget, and its budgets do not include the actual beginning and estimated ending available resources or a budget message.

In the areas audited, the overall performance of this entity was **Good**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

St. Charles Community College
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Board of Trustees of the St. Charles Junior College District
and
Dr. Ronald Chesbrough, President
St. Charles Community College
Cottleville, Missouri

We have audited certain operations of the St. Charles Junior College District (St. Charles Community College), in fulfillment of our duties under Chapter 29, RSMo. The college engaged Schmersahl Treloar and Company, Certified Public Accountants (CPAs), to audit the college's financial statements for the year ended June 30, 2012, and June 30, 2013. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm for the year ended June 30, 2012, since the year ended June 30, 2013, audit had not been completed at the time we started our audit. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2013. The objectives of our audit were to:

1. Evaluate the college's internal controls over significant management and financial functions.

2. Evaluate the college's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

4. Evaluate selected records and activities of the college's foundation.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the college as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the college's management and was not subjected to the procedures applied in our audit of the college.

For the areas audited, we identified (1) deficiencies in internal control, (2) noncompliance with legal provisions, (3) the need for improvement in management practices and procedures, and (4) weaknesses with the procedures of the college's foundation. The accompanying Management Advisory Report presents our findings arising from our audit of the St. Charles Community College.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Chris Vetter, CPA
In-Charge Auditor:	Steven Re', CPA
Audit Staff:	David Olsen
	Gina Henley, MBA
	Mariam Ahmedbani
	Devin Jackson
	Andrew Roley

1. Budget Procedures and Subsidy

The college budget documents did not include some operating funds and did not include some information required by state law. In addition, the college has to subsidize the Child Development Center (CDC) due to the program's annual operating losses.

1.1 Budgets

State law requires each political subdivision of the state to prepare an annual budget, which shall present a complete financial plan for the ensuing budget year. The college is subject to these provisions. A review of the college's compliance with budgetary law and its budgetary practices disclosed the following concerns:

- The college budget documents did not include several operating funds of the college for the fiscal year ended June 30, 2013. Annual budgets were not prepared for the Unrestricted Funds, Federal Financial Aid Fund, Plant Fund, Agency Fund, 29 restricted funds, and 4 auxiliary funds. College officials stated these funds have not been budgeted in the past. In addition, although budgets are prepared and reviewed for the General Revenue Fund, Corporate & Community Development Fund, Capital Improvements Fund, four restricted funds, and three auxiliary funds, the board only approves the General Revenue Fund.

- The budget documents approved by the Board of Trustees for the year ended June 30, 2013, did not include some budgetary information required by state law. Required information missing in the approved budget included the beginning and estimated ending available resources for each fund, comparative statements of actual or estimated revenues and expenditures for the two previous years, and amounts related to the debt service requirements.

Section 67.010, RSMo, requires the budget to present a complete financial plan for the ensuing budget year and outlines the various information to be included in the budget. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area.

1.2 Subsidy

The college subsidizes the operating costs of the CDC. The college transferred $55,000 from the General Revenue Fund and $32,000 from bookstore operations during the year ended June 30, 2013, to cover operating shortfalls. The CDC generated revenues of approximately $1 million during the year ended June 30, 2013.

The CDC is a state-licensed on-campus facility, which provides child care and learning services for children of students, college faculty and staff, and members of the community. The CDC offers programs for infants/toddlers, 2 year old children and 3-5 year old children. Fees charged are based on the age group with college employees and students receiving a 20 percent

discount from the fees charged to the general public. As of June 30, 2013, the CDC had 18 full-time employees and 11 part-time employees.

Operating the CDC at a deficit requires other college funds to subsidize its operations and activities. The college should perform a cost-benefit analysis to evaluate ways to make the CDC more cost effective and ensure program resources are maximized. In addition, the college should also review the adequacy of fees currently charged for these services.

Recommendations

The Board of Trustees:

1.1 Ensure the budget documents prepared by the college include all planned financial activity of the college and all budgetary information required by state law.

1.2 Review operations of the CDC to determine how the program can be operated as a self-sustaining entity.

Auditee's Response

1.1 The Board of Trustees concurs with the finding and recommendation, and is satisfied that this recommendation has already been adopted. The Fiscal Year 2014 budget process, completed in June 2013, included all budgetary information required by state law.

1.2 The Board of Trustees is aware of the subsidy of the CDC and is aware of ongoing efforts to reduce the subsidy. Operations of the CDC are reviewed regularly, including during the annual budget process and following the completion of each fiscal year. Rates for childcare services are reviewed annually and adjusted frequently. As a result, subsidies for the CDC have been reduced by 68% from Fiscal Year 2009. Efforts will continue to make the operations of the CDC self-sustaining.

2. Accounting Controls and Procedures

CDC personnel do not account for the numerical sequence of receipt slips. In addition, the bookstore maintains a large change reserve throughout the year and the bookstore and cashiers office cash personal checks.

2.1 Receipts

CDC personnel do not account for the numerical sequence of receipt slips. The CDC's automated accounting system issues single copy prenumbered receipts slips, but does not generate a management report that accounts for the numerical sequence of receipt slips issued. The CDC had receipts of approximately $999,000 for the year ended June 30, 2013.

To properly account for monies received and reduce the risk of loss, theft, or misuse of funds, the numerical sequence of receipt slips should be accounted for and receipt slip amounts reconciled to deposits.

2.2 Personal checks

Cashier's office and bookstore personnel allowed students and employees to cash personal checks, despite the availability of an on-campus ATM machine. As a result, monies receipted are not always deposited intact. Cashier's office personnel indicated 112 personal checks totaling approximately $2,200 were cashed during the year ended June 30, 2013. Bookstore personnel were unable to provide information concerning the number or amount of personal checks cashed due to system constraints.

Cashing personal checks from daily cash receipts is a poor practice and reduces the accountability of monies received. To help ensure cash receipts are accounted for properly, daily receipts should be deposited intact. If the college wishes to continue providing check-cashing services for its students and employees, the checks should be cashed from a separate cash drawer maintained on an imprest basis and not from daily cash receipts.

2.3 Bookstore change fund

The college bookstore maintains a change fund of $6,100, which may be excessive. The bookstore manager indicated the bookstore maintains this amount to ensure cash reserves are adequate for making change and refunds during the months when the semesters begin and end due to the high volume of transactions. However, the bookstore has not performed an analysis to determine if such a large change fund amount is necessary during slower months.

To reduce the potential for fraud or theft occurring any excessive change fund amounts should be decreased for months with low sales transactions.

Recommendations

The Board of Trustees:

2.1 Update the CDC accounting software to account for the numerical sequence of receipt slips.

2.2 Discontinue the practice of cashing personnel checks for students and employees.

2.3 Determine the minimum amount of monies needed for book store change fund.

Auditee's Response

2.1 The accounting software for the CDC does generate a report of all funds for which a receipt was issued to a parent that includes an itemized listing of those payments. This report is used by CDC personnel to reconcile the monies receipted to the funds deposited. The CDC software will be evaluated to determine if a report showing receipt numbers in sequential order can be implemented.

2.2 The Board of Trustees is satisfied that the practice of cashing personal checks was discontinued in August 2013.

2.3 The Board of Trustees is satisfied that the amount of monies needed for the bookstore was reduced in October 2013.

3. Rental Fees, Disbursements, Bids, and Contracts

The college's procedures for determining rental fees charged, soliciting bids for goods and services and entering into written agreements are in need improvement.

3.1 Rental fees

The college could not provide supporting documentation for the procedures utilized to determine the rental fees charged. The college has annual rental agreements with three entities and rents the use of college facilities to the public for daily meetings or events. The college received rental revenue totaling $57,000 for the year ended June 30, 2013.

The college has not conducted a formal cost study or reviewed the amounts charged since 2006. As a result, there is no assurance fees charged for renting out college facilities are adequate. College personnel indicated the amount of rent charged is comparable to fair market value in the area or slightly below.

To ensure property rentals are cost effective or represent fair market value, the college should establish procedures to periodically determine the amount of the rent to be charged and maintain the related documentation.

3.2 Soliciting bids and contracts

The college does not always solicit bids for professional services or other goods and services or enter into formal agreements. We noted the following problems:

- The college does not solicit competitive proposals for legal services and the college has continued to renew this contract since March 2002 without periodically requesting or reviewing proposals from other firms. The fee is renegotiated when the contract is renewed. Any changes in fees charged are reviewed and approved by the board of trustees. The college paid $23,000 for legal services for the year ended June 30, 2013.

  College officials indicated they follow Chapter 34, RSMo, for bidding requirements, but the chapter does not specifically address professional services. In addition, the officials stated they have continued to use the same legal firm due to the firm's expertise in higher education and knowledge of the college's legal history. While professional services, such as attorneys, are not subject to standard bidding procedures, the college should solicit proposals for professional services to the extent practicable.

- The college does not solicit bids for fuel purchased. The college purchases fuel from two vendors for licensed vehicles and refilling fuel tanks located at the college for non-licensed vehicles and equipment. College officials indicated they do not seek bids due to the small amount of fuel purchased and their preference to utilize vendors in close proximity to the campus. In addition, the college has not entered into written contacts with either vendor. The college purchased approximately $21,000 in fuel for the year ended June 30, 2013.

- The college obtains the services of two vendors to conduct textbook buy backs at the end of the fall and spring semesters. The vendors are allowed to purchase books directly from students for resale and in return the college receives a 10 percent commission. No written contract has been entered into with either vendor documenting the amount of commission to be paid or how it is calculated. The bookstore manager indicated the bookstore has verbal agreements with the vendors. The college received $6,000 in commissions for the year ended June 30, 2013.

Soliciting proposals and subjecting such services to a competitive selection process does not preclude the college from selecting the vendor or individual best suited to provide the service required. Such practices help provide a range of possible choices and allow the college to make a better-informed decision to ensure necessary services are obtained from the best-qualified vendor at the lowest and best cost. In addition, formal agreements are necessary to ensure the college and the vendor are aware of their duties and responsibilities and to provide protection to both parties.

Recommendations

The Board of Trustees:

3.1 Periodically conduct formal cost studies to ensure the amount of the rent charged for the use of college facilities is reasonable.

3.2 Ensure competitive proposals are solicited for good and services to the extent practicable and enter into a written agreements with vendors detailing the goods or services to be provided.

Auditee's Response

3.1 The Board of Trustees is satisfied that rates charged for the use of college facilities were evaluated in February and March 2014. Adjustments for recurring leases will be made at the time of renewal. Future rate evaluations will occur no less frequently than every three years as part of the budget process.

3.2 The college is strongly committed to soliciting competitive proposals and entering into formal written agreements, in accordance with Board policy and applicable laws. Exceptions

noted in the State Auditor's findings will be addressed by the end of Fiscal Year 2014. The Board of Trustees finds the opening language of this section of the auditor report - "The college does not always solicit bids for professional services or other goods and services or enter into formal agreements" - to be potentially misleading and excessive in relation to the very limited finding of evidence to that effect. As correctly stated in the finding in this section, "professional services, such as attorneys, are not subject to standard bidding procedures." The Board of Trustees has routinely evaluated the quality of current legal services and has placed a priority on retaining the highest quality of service possible in this area. We will evaluate whether a voluntary formal bid process for legal services will provide an advantage to the college in this regard. The Board of Trustees is satisfied that the competitive selection process, including written contract, for textbook buy-back services was completed in March 2014. The remaining item cited in the audit report - fuel purchases - will be addressed by the end of Fiscal Year 2014.

4. Capital Assets

Procedures and records to account for college property are not adequate. The current threshold for capitalizing assets is $5,000; however, assets with a minimum cost of $1,000 and all technology assets are tagged as college property. According to college records capital assets totaled $103 million as of June 30, 2013.

4.1 Annual inventory

The college conducts an annual inventory of all capitalized assets costing greater than $5,000 and all technology equipment. However, documentation of the inventory worksheets are not maintained and the missing assets report for the fiscal year ended June 30, 2013, could not be located.

Annual physical inventories are necessary to ensure the accuracy of capital asset records and to detect the loss, theft, or misuse of assets. The college should conduct annual physical inventories, reconcile the results of the inventories to the detailed capital asset records, and maintain supporting documentation.

4.2 Capital asset tags

College personnel did not always update the manual capital asset log to document the asset had been properly tagged and identified as college property. The purchasing department maintains a manual capital asset log documenting items to be added to the college's master capital asset listing. The log includes the asset number, description, date purchased, acquisition cost, asset identification number, and the tag number. A review of the log for the fiscal years 2007 through 2013 indicated several items had not been assigned an asset tag number. The purchasing director indicated all assets are tagged; however, the log is not always updated to reflect tagged assets

because testing of the asset is required prior to installation and some assets are delivered directly to other buildings.

Complete and accurate records are essential to reduce the potential for the loss, theft, or misuse of capital assets.

Recommendations

The Board of Trustees:

4.1 Ensure college officials reconcile the inventory results to the detailed capital asset records and maintain all supporting documentation.

4.2 Ensure all capital assets are properly recorded in the capital asset log.

Auditee's Response

4.1 The Board of Trustees is satisfied that the college will continue to conduct an annual physical inventory of capitalized assets. The college defines capitalized assets as assets with an initial acquisition cost of $5,000 or more and a useful life of more than one year. This annual inventory practice reconciles over 95% of the total value of the college's recorded assets. By the end of Fiscal Year 2014, the college will develop procedures to document physical inventories and reconciliations of all assets, capitalized and non-capitalized.

4.2 The Board of Trustees is satisfied that all capital assets are properly recorded in the college's official capital asset system. The log referenced in the State Auditor's findings is an unofficial, working document. It has been modified to avoid confusion in the future.

5. Credit Card Convenience Fees

The college allows student accounts to be paid with personal credit cards; however, credit card users are not charged a convenience fee to offset the related costs to the college. Currently, credit card fees are absorbed by the college. The college paid approximately $139,000 in related credit card fees for the year ended June 30, 2013.

According to the college personnel, the cost of credit card convenience fees is considered a cost of doing business and indicated the cost of convenience fees would be very complex to calculate and pass on to the students.

The college should reconsider if absorbing credit card fee costs outweighs the benefits of not charging credit convenience fees.

Recommendation

The Board of Trustees reconsider its decision to absorb credit card convenience fees.

Auditee's Response

The Board of Trustees believes credit card fees are a necessary cost of doing business. When students pay with credit cards, the transactions are processed quickly and efficiently; labor costs for staff to process payments are reduced when transactions are processed through the college website; students can make payments during times when the college is closed; the funds are available to the college quickly; and collections issues associated with payments made by check are avoided. The college surveyed the other eleven community colleges in Missouri and none charge a convenience fee for accepting credit cards. In a competitive higher education environment, it is rare to find the imposition of a credit card convenience fee for student payment of bills. The Board feels that to impose a credit card convenience fee in this environment would place the college at a competitive disadvantage. The college feels its current practice regarding credit card acceptance is in the best interest of students and the institution.

6. Vehicle Usage and Fuel Logs

The College needs to improve controls and procedures over fuel purchases and usage by the campus facility and grounds departments.

The college operated 28 non-street licensed vehicles and equipment as of June 30, 2013. The campus-only vehicles include tractors, utility vehicles, and micro minivans. The college maintains one diesel tank and one gasoline tank that are not metered for fueling these campus only vehicles and equipment. The grounds supervisor does not maintain a log documenting fuel purchases, usage, or on hand and no procedure is performed to periodically reconcile those items. As a result, there is less assurance fuel usage is accounted for, invoices for fuel purchased are correct, and theft would be detected promptly. The college purchased approximately $9,500 of fuel for these tanks during the year ended June 30, 2013.

Procedures for reviewing fuel used and reconciling use to fuel purchases are necessary to ensure the reasonableness and propriety of fuel use and disbursements. Mileage logs are necessary to document the appropriate use of vehicles, to support fuel charges, and to ensure vehicles are being utilized. The failure to account for fuel use could result in theft and misuse going undetected.

Recommendation

The Board of Trustees ensure a documented periodic reconciliation of fuel purchased to fuel used is performed, and investigate any significant discrepancies. In addition, the Board should ensure mileage logs are maintained for all college vehicles.

Auditee's Response

Though there is no indication of loss, theft or misuse, the college agrees to implement a reconciliation process, including fuel usage logs. The Board of Trustees is satisfied that this process was implemented in March 2014.

7. College Foundation

The college subsidizes certain operating expenses of its foundation, which may violate the Missouri Constitution. In addition, the college has no formal contract or agreement with the foundation to document the duties and responsibilities of both parties. Also, the foundation's budget was not approved timely for the fiscal year ended June 30, 2013.

The St. Charles Community College Foundation, established in 1991, is a not-for-profit 501(c)(3) tax exempt public benefit corporation. Its mission is to improve the quality of life in the community by securing private and public funds to strengthen educational and cultural opportunities, and to enhance community awareness of the college and the foundation The business and affairs of the foundation are managed by a board of directors that includes a college official and community and business leaders.

7.1 Subsidies

The college subsidized a substantial portion of the operating costs of the foundation, financing approximately $240,000 of $287,000 (84 percent) spent during the year ended June 30, 2013. In addition, the college could not quantify the amount of salary and benefit costs for other college employees providing operational support actually attributable to foundation activities.

- The college does not receive reimbursement from the foundation for the foundation's Vice President for College Advancement Director, the Development and Foundation Relations Manager, and two foundation assistants. During the year ended June 30, 2013, the college paid $232,000 in salary and benefits to foundation personnel.

- The college paid $8,000 for some operating costs associated with the foundation that included advertising and printing, community activities, supplies, and other miscellaneous expenses for the year ended June 30, 2013. In addition, the college provides office space and equipment on campus for the foundation.

- Several finance office employees including the Director of Financial Services perform minimal work for the foundation and are paid entirely by the college. In each instance, college officials indicated employee timesheets do not indicate the hours worked on foundation versus college activities nor has the college performed a time study to serve as a basis for allocating these costs. Therefore, it is unclear exactly how much of each employee's time was related to foundation activities and should have been reimbursed by the foundation.

The practice of subsidizing the foundation with college funds may constitute the granting or lending of public funds to a private entity, which is prohibited by Article III, Section 38(a) and Article III, Section 39(1), Missouri Constitution.

7.2 No formal agreement

The college has not entered into a formal agreement with the foundation.

A formal agreement is necessary to ensure the college and foundation are aware of their duties and responsibilities and to provide protection to both parties. Such an agreement might include, but not necessarily be limited to, the overall goals and objectives of the partnership between the entities; anticipated activities, such as scholarship and other direct support provided to the college by the foundation; accounting system services, and equipment management services provided to the foundation by the college.

7.3 Budgets

The foundation prepared a budget that does not include the actual beginning and estimated ending available resources or a budget message. In addition, the foundation does not always adopt budgets in a timely manner. The budget for the fiscal year ended June 30, 2013, was approved at the August 29, 2012 board meeting. As a result, the foundation's board is not using all available information in a timely manner to assist in effectively managing foundation finances.

A complete and well-planned budget along with effective budgetary monitoring procedures can serve as useful management tools by establishing specific revenue and expenditure expectations. In addition, the budget should be approved prior to the beginning of the fiscal year.

Recommendations

The Board of Trustees:

7.1 Discontinue the practice of subsidizing salaries and benefits for college employees who perform activities for the foundation. The college employees should track actual time worked for each activity or perform time studies to determine an allocation basis and request reimbursement for the foundation-related costs.

7.2 Enter into a written agreement with the foundation that documents the duties and responsibilities of both parties.

The Foundation Board:

7.3 Ensure annual budgets are approved timely and contain the actual beginning and estimated ending available resources and a budget message.

Auditee's Response

7.1 The Board of Trustees finds it puzzling that the state audit report indicates that the college subsidization of certain operating

expenses of its foundation "may violate the Missouri constitution." It would seem incumbent upon the auditors in this case to provide a definitive statement in this regard. That said, the Board of Trustees is satisfied that the college will evaluate the practice of subsidizing certain costs of the foundation and will seek to ascertain on its own whether this practice is or is not a violation of the Missouri Constitution. If it is determined that a violation has occurred, the college and foundation will remedy the situation.

7.2 The Board of Trustees is satisfied that the college and foundation will enter into a written agreement by the end of Fiscal Year 2014.

7.3 The foundation's budget for Fiscal Year 2015 and going forward will comply with the requirements noted in the State Auditor's findings.

St. Charles Community College
Organization and Statistical Information

The St. Charles Junior College District was established as a result of a public election on April 1, 1986, in accordance with enabling legislation by the Missouri General Assembly (Section 178.770, RSMo). The district was given the legal designation, the St. Charles County Community College District in February 1987. Its main campus is located in Cottleville. The residents within the district pay a property tax to support the operations of the college.

The college first opened for classes in the summer of 1987 and operated in several temporary locations for 5 years. In February 1989, the Board of Trustees authorized the purchase of a 135 acre tract that was destined to be located directly in the county's center of population growth for the year 2000. The campus has expanded to include 12 buildings, which have been constructed in four phases from June 1990 to August 2006. The Board of Trustees purchased adjacent parcels of land in 1998, 1999, and 2003 to increase the campus size to 235 acres. The land and construction costs have been funded through bond issuances approved by district voters.

The college is a comprehensive 2-year community college with associate degrees and certificate programs in the arts, business, sciences and career-technical fields. The college provides workforce training and community-based personal and professional development as well as cultural, recreational and entertainment opportunities. In addition to the main campus the district executed a 5 year lease in March 2013 with Lindenwood University at an offsite location to provide classes associated with its Nursing and Allied Health programs. In addition, the college offers a variety of courses on-line.

In the spring of 2013 and fall of 2012, the college's student enrollment totaled 7,242 and 7,724, respectively. However, due to numerous part-time students, the full-time equivalent student enrollment totaled 4,609 and 5,080 in each of those semesters, respectively. The college employed 411 full-time and 527 part-time employees as of June 30, 2013.

The college is governed by a 6-member Board of Trustees, who are elected in the April general election on even-numbered years, with each term running for 6 years. These individuals serve without compensation; however, they receive reimbursement for any expenses incurred in performing their duties. The Board functions as the legislative and policy-making body of the district, charged with the oversight and control of the college. The Board is responsible for defining the purpose of the college, developing and adopting the mission statement, appointing the president of the college, and approving all personnel and financial dealings. Board of Trustees meetings are held the third Monday of each month in the Social Sciences Building and are open the public.

Board of Trustees

The Board of Trustees as of June 30, 2013, consisted of the following members:

Name	Position	Term Ends
Ryan Robertson	President	April 2016
Robert R. Proost	Vice President	April 2014
Rose Mack	Secretary	April 2016
Judge William Lohmar	Treasurer	April 2014
Jean Ehlmann	Member	April 2018
William R. Pundmann	Member	April 2018

Executive Officers

The direction of daily operations is the responsibility of the administrative employees who serve under the leadership of the college president. These employees and their annual compensation as of June 30, 2013, were as follows:

Name	Position	Compensation
Dr. Ronald Chesbrough	President	$ 205,980 (1)
Donna Davis	Vice President for Human Resources	104,671
Todd Galbierz	Vice President for Administrative Services	135,417
Chris Breitmeyer	Vice President for Academics and Student Affairs	131,183
Heather McDorman	Vice President for Marketing and Communications	90,236
Kasey McKee	Vice President for Advancement	90,480
William Strecker	Associate Vice President for Technology and Online Learning	91,768

(1) Includes $198,900 salary, $6,000 automobile allowance, and $1,080 phone allowance.

Financial Activity

Financial information and an organization chart follow:

Appendix A

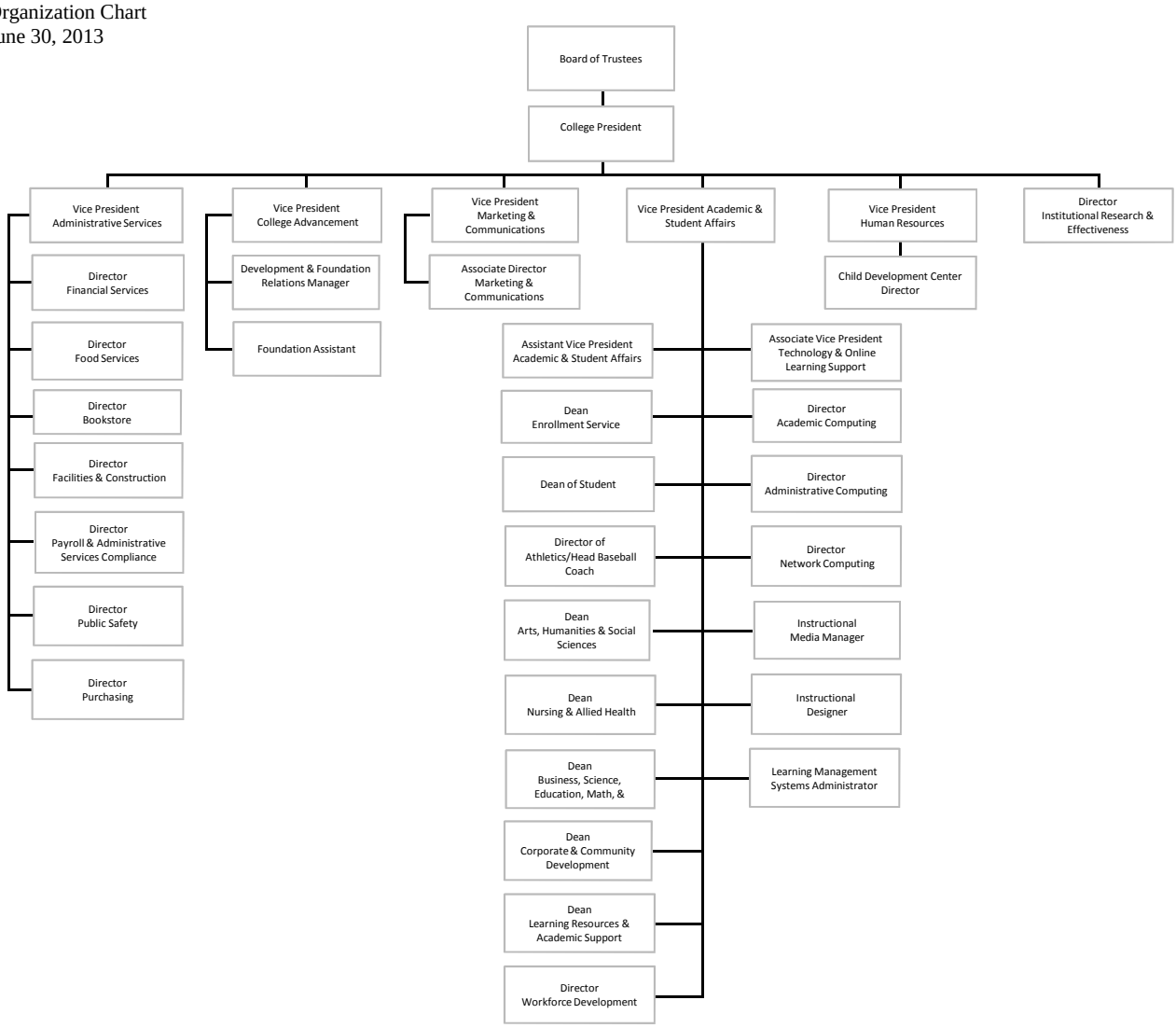
St. Charles Community College
Revenues, Expenses, and Changes in Net Assets

		Year Ended June 30, 2013
OPERATING REVENUES		
Student tuition and fees (net scholarship allowances)	$	13,614,115
Auxiliary enterprises (net scholarship allowances)		2,277,035
Governmental grants and contracts		11,166,492
Private gifts and contributions		62,650
Other operating revenues		1,148,099
Total Operating Revenues		28,268,391
OPERATING EXPENSES		
Instruction		24,510,729
Institutional support		6,891,285
Operation and maintenance of plant		5,596,747
Student services		3,309,507
Academic support		913,114
Library		944,202
Student aid		4,033,403
Auxiliary enterprise expenses		2,317,921
Depreciation		2,617,485
Total Operating Expenses		51,134,393
Operating Loss		(22,866,002)
NON-OPERATING REVENUES (EXPENSES)		
Taxes		15,763,443
State appropriations		7,319,492
Investment income		19,987
Interest on capital asset-related debt		(1,607,651)
Amortization of bond discount		84,001
Total Non-Operating Revenues (Expenses)		21,579,272
DECREASE IN NET ASSETS		(1,286,730)
NET ASSETS, Beginning of Year		47,873,599
NET ASSETS, End of Year	$	46,586,869

Source: St. Charles Community College audited financial statements. The financial statements of the foundation are not included.

Appendix B

St. Charles Community College
Organization Chart
June 30, 2013



Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

City of Buckner

April 2014

Report No. 2014-025

http://auditor.mo.gov

City of Buckner
Follow-Up Report on Audit Findings
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*Includes selected findings

THOMAS A. SCHWEICH
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Buckner, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2013-022, *City of Buckner*, issued in March 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the city about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the city, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we met with the City Administrator and reviewed city documents. Those documents included bank reconciliations, city budgets, meeting minutes, and credit card statements and supporting documents. This report is a summary of the results of this follow-up work, which was substantially completed during December 2013 and March 2014.

Thomas A. Schweich
State Auditor

City of Buckner
Follow-Up Report on Prior Audit Findings
Status of Findings

1.1 Accounting Controls and Procedures - Accounting records

The city failed to ensure all financial transactions were posted to the accounting system. Transactions and financial reports were not monitored to ensure all activity was properly recorded in the accounting system. The city developed a fund accounting system, but did not maintain accurate records to allow monthly financial reports to be prepared by fund, showing receipts, disbursements and cash balances. The city engaged a private accounting firm to compile financial statements for the year ended September 30, 2011, but the compilation report indicated the balances and activity reported for some city funds may have been inaccurate and the discrepancies had not been resolved. Receipts, disbursements, and cash balances reported on the monthly financial statements prepared by the city were not accurate.

Recommendation

The Board of Aldermen ensure accounting records and financial reports accurately reflect the financial activity of the city.

Status

In Progress

The City Administrator indicated the city hired an accounting firm to help with its bank reconciliations after the city purchased and installed a new accounting software package in May 2013. She also indicated all transactions are being properly recorded in the system and city personnel are becoming familiar with the system. She believes the accounting records and financial reports are now accurate.

1.2 Accounting Controls and Procedures - Bank reconciliations

Bank balances had not been reconciled to book balances for the operating bank account since 2008 and several other bank accounts had not been reconciled in the past several years. The city last attempted to reconcile the operating bank account in October 2010, and at that time a $247,349 difference existed between bank records and balances in the individual cash ledgers. No efforts were made to resolve the difference and no other attempts to reconcile the operating account had been made. In addition, a reconciliation of the payroll bank account was last performed in March 2011.

Bank reconciliations for the other six city bank accounts were not current as of September 30, 2011, but the city hired a local accountant to help reconcile these accounts for the period November 2011 through April 2012 and reconciliations for these accounts were current as of April 2012.

Recommendation

The Board of Alderman ensure bank reconciliations are performed each month and any differences are investigated. If adjusting entries are needed, documentation of the adjustments should be retained.

Status

Implemented

We reviewed the October 31, 2013, bank reconciliation for the pooled account and verified the balance reconciled to the general ledger. This reconciliation required no adjustments. The City Administrator indicated bank reconciliations are now performed monthly for all bank accounts.

1.3 Accounting Controls and Procedures - Fund accounting

The city did not properly track and record various restricted monies and did not properly allocate some payments for services and expenses to various funds. Water and sewer monies were deposited into the general operating bank account instead of a separate bank account. The city maintained a separate accounting of water and sewer fees; however, a cash balance for each type of fee was not maintained. As a result, the city could not determine at a point in time what portion of the Water/Sewer Fund represented restricted water or sewer monies.

In addition, law enforcement training (LET) monies were deposited into the General Fund, and while LET receipts and disbursements were tracked, the cash balance of LET monies was not tracked.

Recommendation

The Board of Aldermen establish separate funds for the water and sewer activities and maintain those monies in a separate bank account. Records should also be maintained in a manner to account for the receipts, disbursements, and accumulated balance of LET monies.

Status

Partially Implemented

Water and sewer monies are now deposited into their own bank account, although both utilities are still accounted for within the same fund. The City Administrator indicated the city is still considering establishing separate funds for these activities. LET monies are still accounted for within the General Fund.

1.4 Accounting Controls and Procedures - Segregation of duties and monitoring

There was insufficient segregation of duties and no supervisory review of the work performed by the City Administrator or her staff. Detailed financial reports were not prepared monthly for review by the Board of Aldermen. The City Administrator, Administrative Clerk, and City Clerk were responsible for all record-keeping and accounting functions of the city and independent reviews of their work were not performed. While some segregation of duties was possible with the number of staff available, each of these employees had the ability to receipt monies and post transactions without any review or oversight by other employees or elected officials.

Recommendation

The Board of Aldermen segregate accounting duties to the extent possible and implement appropriate and documented reviews and monitoring procedures.

Status

In Progress

The City Administrator indicated the Board is now reviewing monthly reports of financial activity and the City Clerk is performing a review of deposits prepared by the Administrative Clerk. The City Clerk has the ability and does occasionally receive payments. The City Administrator indicated an alderman has been designated to periodically review receipts to deposits and bank reconciliations; and although reviews have yet to occur, they are scheduled to begin soon.

1.6 Accounting Controls and Procedures - Budgets

While annual budgets were prepared and adopted, they did not contain all elements required by state law and were prepared by city department, rather than by fund. The budget for the year ended September 30, 2011, did not include a budget message and general budget summary or actual beginning and ending cash balances.

Recommendation

The Board of Aldermen ensure budgets are prepared for each city fund and contain all information required by state law.

Status

Not Implemented

We reviewed the budget for fiscal year 2014 and while funds have been established, these funds do not correlate to the various funds the city maintains. For example, Fund 25 includes receipts and disbursements for streets and park capital improvements; however, each of these activities involve restricted monies and should be maintained in its own fund. The budget did not contain a budget message, summary of budgets, or beginning and estimated ending cash balances for each fund.

2. Water and Sewer System

Significant weaknesses existed in control procedures over providing water and sewer services. Rate studies had not been conducted and procedures for reviewing transactions and performing various reconciliations were not sufficient. The city had not obtained required annual audits.

2.1 Water and sewer rates

In both October 2010 and October 2011, the city increased water rates by 9 percent because the water supplier had increased its rates. However, a rate study had not been completed for several years to determine the cost of operating the water and sewer system. Approximately $500,000 was budgeted to replace some of the existing sewer system and install an ultraviolet disinfection system, but the city had not documented a multi-year capital improvement plan for either the water or sewer system. Without a current cost study to support the rates charged for water and sewer services, it was unclear whether the rates assessed for these services were set at an appropriate level.

Recommendation

The Board of Aldermen review water and sewer rates periodically to ensure revenues are sufficient to cover all costs of providing these services, but not set at a level that results in excessive fund balances. In addition, the Board

should prepare a formal capital improvement plan for the water and sewer system.

Status

Partially Implemented

The city hired a new Superintendent for the utility system in November 2013, who is in the process of preparing a capital improvement plan for the water system. However, formal cost studies have yet to be performed for the operation of the water and sewer system and city officials provided no timetable for when these studies would be performed.

2.2 Non-monetary transactions

Non-monetary transactions were not reviewed by an independent person. The Administrative Clerk, City Administrator, and City Clerk all receipted and posted utility payments, and also had the ability to post non-monetary transactions. Additionally, the City Administrator and City Clerk could approve non-monetary transactions. Because these employees were responsible for collecting utility monies and had the ability to alter or delete individual utility account information, there was an increased risk that unsupported or unauthorized changes could be made in the utility system. The city did not produce reports of non-monetary transactions for the Board to review and approve. Approval for non-monetary transactions by the City Administrator and City Clerk was not documented.

Recommendation

The Board of Aldermen ensure a documented review of all non-monetary transactions posted to the water and sewer system is performed by an independent person.

Status

Not Implemented

Non-monetary transactions are still not reviewed by an independent person. The City Administrator indicated the alderman designated to oversee accounting operations will review these transactions in the future.

2.3 Utility deposits

A list of customer deposits was maintained in the computer system, but this listing was not reviewed for accuracy or compared to the adjusted bank balance. According to the September 30, 2011, bank reconciliation for the utility deposit account, there was a shortage of $11,100.

Recommendation

The Board of Aldermen ensure customer deposits are reconciled to the cash balance and differences are investigated.

Status

Not Implemented

The City Administrator indicated she has worked on this reconciliation with the accounting firm hired to assist the city, but did not provide documentation of a reconciliation being performed.

2.4 Reconciliations

Monthly reconciliations of total amounts billed, payments received, and amounts unpaid for water and sewer were not performed. The accounting system was used to prepare a monthly billing summary for the Water/Sewer Fund, which documents the beginning balance, current charges, payments, and the ending balance. City personnel indicated the ending balance was reviewed for reasonableness, but the city did not retain the billing summary. Therefore, the city could not and did not reconcile payments collected and non-monetary transactions to the monthly billing summary.

Recommendation

The Board of Aldermen ensure monthly reconciliations of amounts billed to amounts collected and delinquent accounts are performed. In addition, the Board should ensure adequate documentation to support reconciliations is retained.

Status

Not Implemented

The City Administrator could not provide documentation that these reconciliations are now being performed.

2.5 Water shutoff

Late charges and shutoffs of service were not in accordance with city ordinances for elected officials and city staff. We reviewed the August 2011 water billings and related payments, and noted the Mayor and one alderman paid their bills over 30 days late, and their water was not shut off as required by City Ordinance 700.070. In addition, for the ten August 2011 billings of elected officials and staff we reviewed, we noted $12 of late charges were not assessed.

Recommendation

The Board of Aldermen ensure utility shutoff procedures are followed and late charges are applied in compliance with city ordinances for all utility customers, including elected officials and city staff.

Status

Implemented

The City Administrator indicated the city is no longer allowing any special treatment for Board members or other city staff when paying utility bills. She indicated late fees are assessed when necessary and shutoff procedures are being followed for all city utility customers.

2.6 Audits

The city did not obtain statutorily required annual audits of its water and sewer systems. Although an accounting firm prepared compilation reports for the city, this work was not an audit.

Recommendation

The Board of Aldermen obtain annual audits as required by state law.

Status

Not Implemented

The City Administrator indicated the Board is not planning to get a financial statement audit until the city has completed one full fiscal year on the new accounting system, which was installed in May 2013. The first full fiscal year completed on this system will be the fiscal year ended September 30, 2014.

3. Disbursements

Disbursement controls and procedures including approval by the Board, obtaining supporting documentation, and usage of credit cards needed improvement.

3.1 Board approval

The Board did not approve all disbursements. The City Administrator indicated she presented only non-recurring payments to the Board for approval. During Board meetings, the Board approved disbursements listed on a council approval report. Our testing determined that recurring disbursements were not treated consistently. Some recurring payments were included on the council approval report for one month and not included in another month. We also identified non-recurring disbursements that were not included on the council approval report.

Recommendation

The Board of Aldermen review and approve all disbursements and ensure approval of disbursements is documented.

Status

Implemented

The City Administrator indicated that all disbursements are now included on the council approval report, and this report is reviewed monthly and approved by the Board.

3.2 Supporting documentation

Adequate supporting documentation was not obtained for some credit card disbursements. Additionally, the city held the Park Board bank account and made distributions at the Park Board's request, but did not receive supporting documentation from board officials for some items purchased.

Recommendation

The Board of Aldermen require adequate, detailed supporting documentation be obtained and retained for all disbursements.

Status

Implemented

The Administrative Clerk is responsible for reviewing all credit card statements monthly and ensuring supporting documentation is on hand for all disbursements. We reviewed various credit card statements for the period April through October 2013 and verified each item on the statements was supported by documentation of the disbursement. The Administrative Clerk is also responsible for ensuring supporting documentation is available to support all payments made by the city on behalf of the Park Board. We

reviewed a disbursement made in February 2014 for the Park Board and supporting documentation was available.

3.3 Credit cards

Controls over credit cards needed improvement. The city had 20 credit cards from 7 vendors issued to 7 employees. The city had not adopted formal policies and procedures documenting who should maintain a credit card, appropriate usage for the credit cards, and required documentation to support credit card disbursements.

Recommendation

The Board of Aldermen adopt formal policies and procedures for credit card usage that include criteria for identifying employees that should be assigned a card, require adequate documentation be maintained and reconciled to billing statements, and require purchases be approved by someone other than the card user.

Status

In Progress

The Board has not adopted any formal policy regarding credit card usage, but the Mayor and City Administrator indicated the city planned to do so. New procedures have been put in place to ensure the cards are used for appropriate purposes and all items are supported. The Administrative Clerk is now reconciling billing statements to supporting documentation and presents the statements and support to the City Administrator for review each month. We reviewed various credit card statements from April through October 2013 and saw evidence the Administrative Clerk ensured documentation was on hand to support charges and the City Administrator had reviewed the statements.

4. Capital Assets

The city had not implemented adequate procedures to account for city property and ensure proper insurance coverage. The city did not maintain overall property records, or affix asset tags to city property. While city personnel indicated an annual physical inventory was conducted using insurance records as property records, the inventory was not documented.

Recommendation

The Board of Aldermen ensure complete and detailed property records are maintained, assets are properly tagged for identification, and annual physical inventories are performed and compared to detailed records. Additionally, the comparison should be documented.

Status

In Progress

The City Administrator indicated the city is currently working to prepare a current asset listing by utilizing the listings of assets maintained for insurance purposes. However, some assets have still not been tagged, and a physical inventory cannot be performed until the asset listing is completed.

6.2 Payroll - Bonuses

One-time merit bonuses totaling $21,100 were paid to 17 employees in October 2011. These payments appeared to represent additional compensation for services previously rendered and, as such, were in violation of Article III, Section 39, of the Missouri Constitution, and Attorney General's Opinion No. 72, 1955 to Pray.

Recommendation

The Board of Aldermen discontinue granting bonuses to employees.

Status

Implemented

The City Administrator indicates no bonuses were granted during the fiscal years ended September 30, 2012, and 2013.

7. Closed Meetings

The vote to close a meeting and the purpose of the closed meeting was not documented in the open meeting minutes as required by state law, and minutes of closed meetings were not prepared.

Recommendation

The Board of Aldermen ensure open meeting minutes properly disclose the votes and reasons for closing a meeting, and minutes are prepared and retained for closed meetings.

Status

In Progress

We reviewed the open session minutes for Board meetings held in October 2013 and March 2014, both of which properly disclosed the votes and specific reason for closing a portion of the meetings. Minutes for the October 2013 closed session were not taken, but minutes of the March 2014 closed session were provided for our review. The City Clerk indicated he will ensure minutes are maintained for all future closed sessions.

Thomas A. Schweich

Missouri State Auditor

City of Coffey

April 2014

Report No. 2014-026

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the City of Coffey

Accounting Controls and Procedures	The Board of Aldermen has not segregated duties or performed adequate reviews of the work performed by the City Clerk. The City Clerk does not record the method of payment (cash or check) for utility monies received, so the composition of receipts cannot be reconciled to the composition of deposits. The city's profit and loss financial statements contained errors and did not include cash balances, and the city's 11 separate bank accounts complicate recordkeeping. The city does not maintain capital asset records, does not tag assets for specific identification, and does not conduct an annual physical inventory. The city has not established or documented job expectations or duties for some city employees.
Budgets	The city's budget documents did not include any information for 7 of the city's 11 funds and did not contain all elements required by state law. The City Clerk does not provide budget-to-actual information to the Board at its meetings, so the Board does not ensure disbursements remain within budgeted appropriations. The Board approved some budget amendments after the city's year end.
Utility Controls and Procedures	The city has not performed a formal review of water and sewer rates and, as a result, there is less assurance utility rates are set at an appropriate level. The city does not prepare a monthly list of utility deposit liabilities and reconcile it to the Utility Deposit bank account balance, and it had no record of deposits for 43 of 69 (62 percent) customers on the list of current customers. The city does not regularly reconcile total gallons of water billed to gallons of water pumped. The report for the year ended June 30, 2013 showed the city billed for 682,215 gallons (22 percent) less than it pumped, which is indicative of water loss issues and/or possible unbilled usage. The city does not obtain annual audits of the water and sewer system.

In the areas audited, the overall performance of this entity was **Good**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

City of Coffey
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THOMAS A. SCHWEICH
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Coffey, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Coffey. We have audited certain operations of the city in fulfillment of our duties. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2013. The objectives of our audit were to:

1. Evaluate the city's internal controls over significant management and financial functions.

2. Evaluate the city's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the city, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in our audit of the city.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Coffey.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Lori Melton, M.Acct., CPA
In-Charge Auditor:	Terri Erwin, MBA, CGAP

1. Accounting Controls and Procedures

There are numerous weaknesses with accounting controls and procedures.

1.1 Segregation of duties

The Board of Aldermen has not segregated duties or performed adequate reviews of the work performed by the City Clerk. The City Clerk is responsible for receiving, recording, and depositing monies; reconciling bank accounts; preparing invoices for payment and preparing checks; and posting entries in the accounting system. Additionally, the City Clerk performs utility billing procedures and payroll related duties. Many of these duties would normally be performed by a City Treasurer and City Collector; however, the city does not have individuals serving in these positions.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city, the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these offices, by the same person at the same time would be incompatible. If segregating duties is not possible, a timely supervisory review by the Board of Aldermen should be performed and documented.

1.2 Receipts

The City Clerk does not record the method of payment (cash or check) for utility monies received. Therefore, the composition of receipts cannot be reconciled to the composition of deposits.

To ensure all monies are properly recorded and deposited intact, the method of payment should be recorded and the composition of monies received should be reconciled to the composition of deposits.

1.3 Accounting records

The city's profit and loss financial statements contained errors and did not include cash balances. The City Clerk did not reconcile the profit and loss financial statements to the check registers and did not identify errors in the statements. The Board does not review the profit and loss financial statements or compare to supporting records to ensure accuracy.

To be of maximum assistance to the Board and to adequately inform the public, the city's records should accurately report financial activity and account balances.

1.4 Bank accounts

The city has 11 separate funds and maintains 11 corresponding bank accounts, resulting in cumbersome record keeping. Several transfers from one account to another were necessary for cash flow purposes during the year ended June 30, 2013.

To help simplify city records, reduce the number of account transfers, and minimize the risk of errors, the Board should consider reducing the number of bank accounts.

1.5 Capital assets

The city does not maintain records for its capital assets including buildings, utility system infrastructure, equipment, and other property. Additionally, assets are not tagged for specific identification, and an annual physical inventory is not performed.

Adequate capital asset records and procedures are necessary to provide controls over city property; safeguard city assets that are susceptible to loss, theft, or misuse; and provide a basis for proper financial reporting and insurance coverage.

1.6 Job descriptions

The city has not established or documented job expectations or duties for some city employees. For example, the city does not have an ordinance or documentation of what duties are expected to be performed by the Water and Sewer Operator, who receives $350 per month.

Documentation of duties and job descriptions would clarify the duties and responsibilities of each employee and help prevent misunderstandings.

Recommendations

The Board of Aldermen:

1.1 Adequately segregate the duties of the City Clerk. At a minimum, there should be a documented supervisory review of the city records and reconciliations.

1.2 Require the method of payment be recorded, and the composition of receipts be reconciled to the composition of deposits.

1.3 Establish procedures to ensure accounting records accurately report financial activity and account balances. In addition, the Board should review these reports to effectively monitor the city's financial activity.

1.4 Consider reducing the number of city bank accounts.

1.5 Ensure property records are maintained that include all pertinent information for each asset such as tag number, description, cost, acquisition date, location and subsequent disposition. The Board should also properly tag, number, or otherwise identify all applicable city property and conduct and document an annual inventory.

1.6 Establish and document the duties of all city employees.

Auditee's Response

The Board of Aldermen provided the following responses:

1.1-1.3 We agree and will implement the recommendations.

1.4 We agree. We will review the accounts to identify accounts which can be closed.

1.5 &1.6 We agree and will implement the recommendations.

2. Budgets

The city has not established adequate procedures to ensure budgets were prepared for all funds, and included all elements required. Budget-to-actual receipts and disbursements were not adequately monitored.

2.1 Budget preparation

The city did not prepare complete budget documents for the years ended June 30, 2014, and 2013; the budgets did not include any information for 7 of the city's 11 funds and did not contain all elements required by state law. As a result, the Board is not using all available information to assist in effectively managing the city, and the public is not provided a complete overview of city finances. Budgets for the years ended June 30, 2014, and 2013, did not include a budget message, actual and budgeted amounts for the 2 preceding years, and beginning and ending actual and estimated cash balances. The budgets only included projected receipts and disbursements for the coming year.

Section 67.010, RSMo, requires the budget present a complete financial plan for the ensuing budget year and also sets specific guidelines for the format. A complete budget should include the beginning available resources and a reasonable estimate of the ending available resources. A complete and well planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific financial expectations for each area of city operations. It also assists in setting tax levies and utility rates and informing the public about city operations and current finances.

2.2 Budget monitoring

The Board does not adequately monitor budget-to-actual receipts and disbursements. As a result, budget amendments were approved after the city's year end for some funds. Additionally, actual disbursements exceeded budgeted disbursements (appropriations) for some funds.

The City Clerk does not provide budget-to-actual information to the Board at its meetings. Therefore, the Board is not reviewing information to ensure disbursements remain within budgeted appropriations. According to accounting records, the city overspent 3 of the 4 funds budgeted (General, Sewer, and Water) prior to amending the budgets. On July 9, 2013, the

Board approved an ordinance amending the budgeted appropriations for these 3 funds for the year ended June 30, 2013, after the fiscal year ended.

Section 67.040, RSMo, requires political subdivisions to keep disbursements within amounts budgeted, but allows for budget increases if the governing body officially adopts a resolution setting forth the facts and reasons. In addition, Section 67.080, RSMo, provides that no disbursement of public monies should be made unless it is authorized in the budget. Proper monitoring and amending prior to disbursing funds is necessary for the budget to be an effective management tool and comply with state law.

Recommendations

The Board of Aldermen:

2.1 Prepare annual budgets for all funds that contain all information as required by state law.

2.2 Properly monitor actual disbursements compared to budgeted disbursements, and ensure actual disbursements do not exceed budgeted disbursements.

Auditee's Response

The Board of Aldermen provided the following responses:

2.1 We agree. We have been working to improve the budget and will take your recommendation under advisement while we continue to make improvements.

2.2 We agree and will implement the recommendations.

3. Utility Controls and Procedures

There are weaknesses in city operations related to utility services. The city provided utility services to 74 customers per the May 2013 billing report. According to the city's profit and loss financial statement, the city collected approximately $28,700 in water fees and $15,500 in sewer fees during the year ended June 30, 2013.

3.1 Utility rates

The city has not performed a formal review of water and sewer rates, and as a result, there is less assurance utility rates are set at an appropriate level. The city increased water and sewer rates in September 2013. According to the city's profit and loss financial statement, the Water Fund and Sewer Fund incurred an operating loss of $393 and $5,057, respectively, for the year ended June 30, 2013.

Section 67.042, RSMo, provides that fees may be increased if supported by a statement of costs, which shows the increase is necessary to cover costs of providing the service. Water and sewer fees are user charges that should cover the cost of providing the related services. The city should perform a detailed review of its utility costs, including depreciation and debt service

costs, and set rates to cover the total cost of operation. Preparing a statement of costs would not only allow the city to determine the rates necessary to support current and future operations, but also provide documentation to customers of the rationale behind the rates. Such rate studies should be performed periodically.

3.2 Utility deposits

The city does not prepare a monthly list of utility deposit liabilities and reconcile the list to the Utility Deposit bank account balance. New customers are required by ordinance to pay a refundable deposit before receiving utility service. At our request, the City Clerk prepared a list of current customers as of January 13, 2014, including any information available regarding utility deposits. The city had no record of deposits for 43 of 69 (62 percent) customers shown on the list prepared. Deposits for the remaining 26 customers listed totaled $3,842, and the reconciled balance in the Utility Deposit bank account totaled $3,279, resulting in a shortage of $563.

Maintaining a list of deposits and reconciling this list to the bank balance is necessary to ensure deposits are properly recorded and are sufficient to meet liabilities. Any discrepancies should be promptly investigated and resolved.

3.3 Water reconciliation

The city does not regularly perform a reconciliation of total gallons of water billed to gallons of water pumped, although the information is available to perform this reconciliation. A monthly report showing gallons pumped and billed is available from the system but not reviewed by city personnel. We reviewed the year ended June 30, 2013, report and identified unaccounted for water. The report showed the city pumped 3,115,010 gallons of water and billed customers for 2,432,795 gallons, a difference of 682,215 gallons or 22 percent of water pumped. This significant difference is indicative of water loss issues and/or possible unbilled usage, and indicates a need for follow up.

Monthly reconciliations of gallons of water billed to gallons of water pumped and tracking city water usage is necessary to help detect significant water loss and ensure all water use is properly billed. According to the United States Environmental Protection Agency, the water industry goal for unaccounted for water is 10 percent or less.[1]

[1] United States Environmental Protection Agency, "Using Water Efficiently: Ideas for Utilities," <http://www.epa.gov/WaterSense/docs/community508.pdf>, accessed February 12, 2014.

3.4 Annual audits

Annual audits of the water and sewer system are not performed.

Section 250.150, RSMo, requires the city to obtain annual audits of the combined water and sewer system. In addition to being required by state law, annual audits of city funds help ensure monies are properly handled and financial transactions are properly recorded.

Recommendations

The Board of Aldermen:

3.1 Document formal reviews of utility rates periodically to ensure revenues are sufficient to cover all costs of providing these services and to support any rate increases.

3.2 Ensure a list of utility deposits on hand is prepared and reconciled monthly to the Utility Deposit reconciled bank balance. Any discrepancies should be promptly investigated and resolved.

3.3 Ensure all water use is properly metered, gallons of water pumped is reconciled to gallons billed monthly, and investigate any significant differences.

3.4 Obtain annual audits of the water and sewer system as required.

Auditee's Response

The Board of Aldermen provided the following responses:

3.1 When the rate was raised, an informal review was performed. A Board member performed the review and kept documentation. However, only the results of the review were presented to the full Board at a Board meeting. Formal documentation will be presented to the Board based on the Board member's review. The Board will ensure formal reviews of future rate determinations.

3.2 &3.3 We agree and will implement the recommendations.

3.4 The Board was not aware of the state statute requiring an audit of the combined water and sewer system. The Board will implement the recommendation.

City of Coffey
Organization and Statistical Information

The City of Coffey is located in Daviess County. The city was incorporated in 1965 and is currently a fourth-class city. The city employed four part-time employees on June 30, 2013.

City operations include utilities (water, sewer, and solid waste removal).

Mayor and Board of Aldermen

The city government consists of a mayor and a four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor and Board of Aldermen at June 30, 2013, are identified below. The Mayor and the Board of Aldermen members are paid $20 per regular meeting. In addition, the Mayor receives a $35 mileage stipend monthly. The compensation of these officials is established by ordinance.

John Eacret, Mayor
John Vondran, Mayor Pro Tem
Paul Chair, Alderman
Virgil Griffin, Alderman
Ermagene Welty, Alderwoman

Financial Activity

A summary of the city's financial activity for the year ended June 30, 2013, follows:

City of Coffey
Schedule of Receipts, Disbursements, and Changes in Cash Balances
Year Ended June 30, 2013

	General Fund	Building Fund	Street Fund	Water Fund	Sewer Fund	Sewer Repair Fund	Sewer Depreciation Fund	Utility Deposit Fund	Solid Waste Removal Fund	Solid Waste Deposit Fund	Tax Fund	Late Fees Fund	Total
RECEIPTS													
Property taxes	$ 5,473	0	0	0	0	0	0	0	0	0	0	0	5,473
Franchise tax	4,561	0	0	0	0	0	0	0	0	0	0	0	4,561
Motor fuel and vehicle fees	0	0	5,970	0	0	0	0	0	0	0	0	0	5,970
Water and sewer fees	0	0	0	28,709	15,546	0	0	0	0	0	0	0	44,255
Solid waste fees	0	0	0	0	0	0	0	0	10,414	0	0	0	10,414
Water and sewer deposit	0	0	0	200	200	0	0	2,850	0	65	0	0	3,315
Solid waste deposit	0	0	0	0	0	0	0	0	0	261	0	0	261
Late fees	0	0	0	0	0	0	0	0	0	0	0	2,182	2,182
Interest	0	40	0	0	17	0	7	7	12	0	0	7	90
Miscellaneous	158	0	0	0	0	0	0	0	0	0	0	0	158
Total Receipts	10,192	40	5,970	28,909	15,763	0	7	2,857	10,426	326	0	2,189	76,679
DISBURSEMENTS													
Personal service	3,526	0	661	6,336	4,512	0	0	0	0	0	0	0	15,035
Payroll taxes	471	0	111	915	747	0	0	0	0	0	0	0	2,244
Board meeting stipend	400	0	0	340	400	0	0	0	0	0	0	0	1,140
Expense and equipment	501	0	599	190	4,104	0	0	0	0	0	0	0	5,394
USDA bond payment	0	0	0	0	5,880	0	0	0	0	0	0	0	5,880
Trash removal	0	0	0	0	0	0	0	0	7,228	0	0	0	7,228
Backhoe expense	0	0	0	3,112	1,523	0	0	0	0	0	0	0	4,635
Insurance	448	0	600	485	433	0	0	0	0	0	0	0	1,966
Utilities	3,389	0	4,146	16,664	1,747	0	0	0	0	0	0	0	25,946
Supplies	859	0	321	230	192	0	0	0	0	0	0	0	1,602
Fuel and fuel allowance	245	0	0	385	455	0	0	0	0	0	0	0	1,085
Mileage expense	0	0	0	600	450	0	0	0	0	0	0	0	1,050
Membership dues	823	0	0	0	0	0	0	0	0	0	0	0	823
Road rock	0	0	1,272	311	0	0	0	0	0	0	0	0	1,583
Utility deposit refund	0	0	0	0	0	0	0	2,372	0	0	0	0	2,372
Miscellaneous	1,084	0	32	1,201	377	3	0	0	0	0	0	0	2,697
Total Disbursements	11,746	0	7,742	30,769	20,820	3	0	2,372	7,228	0	0	0	80,680
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,554)	40	(1,772)	(1,860)	(5,057)	(3)	7	485	3,198	326	0	2,189	(4,001)
TRANSFERS													
Transfers from:													
Building Fund	0	(1,100)	0	0	0	0	0	0	0	0	0	0	(1,100)
Solid Waste Removal Fund	0	0	0	0	0	0	0	0	(2,000)	0	0	0	(2,000)
Tax Fund	0	0	0	0	0	0	0	0	0	0	(331)	0	(331)
Late Fees Fund	0	0	0	0	0	0	0	0	0	0	0	(1,467)	(1,467)
Transfer to:													
General Fund	1,431	0	0	0	0	0	0	0	0	0	0	0	1,431
Street Fund	0	0	2,000	0	0	0	0	0	0	0	0	0	2,000
Water Fund	0	0	0	1,467	0	0	0	0	0	0	0	0	1,467
Total Transfers	1,431	(1,100)	2,000	1,467	0	0	0	0	(2,000)	0	(331)	(1,467)	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(123)	(1,060)	228	(393)	(5,057)	(3)	7	485	1,198	326	(331)	722	(4,001)
ADJUSTMENTS *	214	0	(411)	(112)	(321)	0	0	143	43	(65)	0	0	(509)
CASH BALANCE, JULY 1, 2012	326	16,305	699	1,597	14,916	60	4,483	2,682	4,281	174	331	2,248	48,102
CASH BALANCE, JUNE 30, 2013	$ 417	15,245	516	1,092	9,538	57	4,490	3,310	5,522	435	0	2,970	43,592

* Unidentified difference between beginning and ending cash balances

Thomas A. Schweich

Missouri State Auditor

Interstate 44 and Highway 47 Triangle Transportation Development District

April 2014

Report No. 2014-027

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Interstate 44 and Highway 47 Triangle Transportation Development District

Financial Monitoring and Reporting	The Interstate 44 and Highway 47 Triangle Transportation Development District (TDD) Board is not properly monitoring the financial obligations of the district and is not reviewing supporting documentation for disbursements made by the City of St. Clair on behalf of the district. Due to the lack of monitoring of its financial obligations, the TDD Board did not identify inaccuracies in the outstanding obligations reported in the district's 2011 and 2012 financial statements. The TDD Board should be monitoring its financial transactions and outstanding obligations more closely to ensure financial statements are accurate and the TDD sales tax is timely repealed once all obligations of the TDD are satisfied.

In the areas audited, the overall performance of this entity was **Good**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Interstate 44 and Highway 47 Triangle Transportation Development District
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THOMAS A. SCHWEICH
Missouri State Auditor

Josh Kasper, Chairman
and
Board of Directors
Interstate 44 and Highway 47 Triangle Transportation Development District
St. Clair, Missouri

We have audited certain operations of the Interstate 44 and Highway 47 Triangle Transportation Development District in fulfillment of our duties under Section 238.272, RSMo. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the district's internal controls over significant management and financial functions.

2. Evaluate the district's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in our audit of the district.

For the areas audited, we identified (1) deficiencies in internal controls, (2) no significant noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our finding arising from our audit of the Interstate 44 and Highway 47 Triangle Transportation Development District.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Rex Murdock, M.S.Acct
Audit Staff:	Wayne Kauffman, MBA

Interstate 44 and Highway 47 Triangle Transportation Development District
Management Advisory Report - State Auditor's Findings

1. Financial Monitoring and Reporting

The Interstate 44 and Highway 47 Triangle Transportation Development District (TDD) Board is not properly monitoring the financial obligations of the district and is not reviewing supporting documentation for disbursements made by the City of St. Clair on behalf of the district. In addition, the TDD Board did not identify inaccuracies in the 2011 and 2012 financial statements filed with the State Auditor's office.

The Missouri Department of Transportation (MoDOT) and the City of St. Clair are the local transportation authorities for the TDD project. The city's portion of the project was financed through a direct loan of approximately $1.65 million from the Missouri Transportation Finance Corporation (MTFC) and approximately $200,000 the city paid for the project. The intergovernmental agreement between the city and the TDD requires the city to handle the financial and administrative functions of the TDD and maintain the related accounting records. It also pledges the district's sales tax revenues to repay the city for the project costs. Ultimately the TDD will be required to repay the city for the MTFC loan, the city-paid portion of project costs, and ongoing administrative costs, such as court filing fees and legal fees or other professional services fees, paid by the city on behalf of the district.

The TDD Board is not reviewing a summary of financial transactions or cash balances of district funds, and is not monitoring the outstanding obligations due to the city. In addition, the TDD Board has not requested the city provide supporting documentation, such as invoices, to support the accrued administrative costs paid by the city, or exercised its ability to inspect such information as allowed under the terms of the intergovernmental agreement. According to city records, these costs totaled approximately $51,000 as of December 31, 2012. Due to the lack of monitoring of its financial obligations, the TDD Board did not identify inaccuracies in the outstanding obligations reported in the district's 2011 and 2012 financial statements. The total obligation reported on the 2012 financial statement was approximately $1.5 million, but the actual obligation as of December 31, 2012, exceeded $1.7 million. The TDD Board has a duty to ensure it provides sufficient oversight to ensure TDD sales taxes are spent appropriately and for allowable purposes.

The TDD Board should be monitoring its financial transactions and outstanding obligations more closely to ensure financial statements are accurate and the TDD sales tax is timely repealed once all obligations of the TDD are satisfied. In addition, reviewing and approving supporting documentation for ongoing administrative costs paid by the city will allow the TDD Board to determine if the amount reported is accurate and that the costs are appropriate and reasonable.

Recommendation

The TDD Board work with the city to determine all of the financial obligations of the district, monitor the amounts outstanding, and ensure financial obligations are accurately reported. In addition, the Board should ensure it periodically reviews supporting documentation and records pertaining to administrative costs.

Auditee's Response

The TDD Board provided the following written response:

The Board of Directors of the Interstate 44 and Highway 47 Triangle Transportation Development District has reviewed the draft report, fully accepts and agrees with the finding as presented. We have already begun implementation of much of the process improvement which has been presented.

Interstate 44 and Highway 47 Triangle Transportation Development District Organization and Statistical Information

The Interstate 44 and Highway 47 Triangle Transportation Development District (TDD) is located in the City of St. Clair. The TDD was organized in February 2009 by petition of the city. The members of the Board of Directors of the district are elected by the registered voters of the district and are all residents and registered voters of the district.

In November 2009, the Board of Directors passed a resolution approving the imposition of a sales tax of 1-cent (1 percent), subject to voter approval, effective July 1, 2010, for 30 years, unless terminated sooner, on all taxable transactions within the boundaries of the district. In February 2010, the qualified voters of the TDD, in this case the registered voters, approved the imposition of the sales tax. The retail establishments within the district collect and remit the sales tax to the Missouri Department of Revenue (DOR). In turn, the DOR distributes the sales tax monies to the district.

The TDD was formed for the purpose of relocating the Interstate 44 north outer road with the east leg aligned to intersect Highway 47 and the west leg aligned to intersect Miller Drive. The Missouri Department of Transportation (MoDOT) and the City of St. Clair are the public entities with jurisdiction over this project. The project was completed in July 2013.

The TDD has a fiscal year end of December 31, and did not have independent audits performed during the 2 years ended December 31, 2012.

District Board

An elected board acts as the policy-making body for the district's operations. The board's four members serve 3-year terms without compensation. Members of the board at December 31, 2012, were:

Josh Kasper, Chairman
Art Viehland, Vice Chairman
Twyla Kasper, Treasurer
Janet Viehland, Secretary

Financial Activity

The MoDOT and the City of St. Clair paid project costs of approximately $5.4 million. The city secured a loan through the Missouri Transportation Finance Corporation for approximately $1.65 million and provided another $200,000 in city funds to pay its share of the project costs. The district was formed to reimburse the project costs incurred by the city. Our audit determined the outstanding obligation to the city exceeded $1.7 million at December 31, 2012.

A summary of the district's financial activity for the 2 years ended December 31, 2012, follows:

	Year Ended December 31,	
	2012	2011
RECEIPTS		
Sales taxes	$ 87,703	85,008
Interest	98	153
Total Receipts	87,801	85,161
DISBURSEMENTS		
Principal and interest	75,000	90,000
Total Disbursements	75,000	90,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,801	(4,839)
BEGINNING CASH	26,296	31,135
ENDING CASH	$ 39,097	26,296

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Village of Deerfield

April 2014

Report No. 2014-028

http://auditor.mo.gov

Village of Deerfield
Follow-Up Report on Audit Findings
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THOMAS A. SCHWEICH
Missouri State Auditor

To the Honorable Chairperson
and
Members of the Board of Trustees
Village of Deerfield, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2013-066, *Village of Deerfield*, issued in August 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the village about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

   - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
   - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
   - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
   - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the village, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we spoke with village officials and reviewed documents provided to us by the Village Clerk who also serves as a Village Trustee (Trustee/Village Clerk) and during our audit also served as the Village Collector (Village Clerk/Collector). Those documents included Board of Trustee meeting minutes, agendas, monthly financial reports, bank statements, the Trustee/Village Clerk's bond, letters from the Department of Revenue (DOR), the December 2013 check register, and the cleared check image of the payment to the DOR. This report is a summary of the results of this follow-up work, which was substantially completed during March 2014.

Thomas A. Schweich
State Auditor

Village of Deerfield
Follow-Up Report on Prior Audit Findings
Status of Findings

1. Oversight and Management

The Board of Trustees did not provide adequate oversight and management of village operations and financial activities.

1.1 Meetings and minutes

Village trustees did not attend meetings on a regular basis. In addition, meeting notices and agendas were not prepared, minutes were not adequate, village business appeared to be conducted outside of Board meetings, and a public hearing was not held when setting the property tax levy.

The village did not have a policy regarding absenteeism by trustees. During the year ended December 31, 2012, a quorum was present for only 3 of 12 monthly meetings, which disrupted the conduct of village business. In addition, the village did not prepare and post notices of meetings and related agendas as required by state law. Also, Board minutes did not document a record of votes taken. The minutes also contained limited documentation of decisions made regarding street repair and maintenance or purchases. This information was also not available in other village records.

Village business appeared to be conducted outside of regular open meetings. Payments for mowing services and insurance were made, but their approval was not documented in meeting minutes, and some of these payments were made in months when no Board meeting occurred. In addition, trustees were informally polled for their input regarding the purchase of a used dump truck. Additionally, there was no evidence a public hearing on the village's proposed property tax rate was held in 2012 or that the tax rate was formally approved by the Board.

Recommendation

The Board of Trustees establish a policy regarding absenteeism by trustees. The Board should ensure notices and tentative agendas for Board meetings are posted and retained, minutes contain all required information, and village business is conducted in public meetings. The Board should hold a public hearing each year to determine and set the tax levy.

Status

Partially Implemented

The Board of Trustees has not established a policy concerning absenteeism by trustees. The Trustee/Village Clerk now posts all meeting notices and agendas at the village's community center and retains a copy for the village's records. We reviewed the monthly Board of Trustee's meeting minutes for August 2013 through January 2014. The minutes appeared detailed and contained all required elements; however, a quorum was not present for the August and October meetings. The annual tax rate hearing was scheduled in conjunction with the August 2013 meeting. Due to the absence of a quorum for that meeting, a tax rate hearing was not held for the 2013 tax levy.

1.2 Public access policy

The village had not adopted a formal policy regarding public access to village records as required by state law.

Recommendation

The Board of Trustees develop written policies regarding procedures to obtain access to, or copies of, public village records.

Status

Not Implemented

The Board has not developed a policy regarding access to or obtaining copies of the village's public records. The Trustee/Village Clerk indicated the Board would discuss such a policy at a future Board meeting.

1.3 Budgets

Annual budgets were not prepared for village funds as required by state law.

Recommendation

The Board of Trustees prepare annual budgets which include all information required by state law, and ensure the budget is formally approved and the approval is documented in the Board minutes.

Status

Not Implemented

The Trustee/Village Clerk indicated a budget was not prepared for the year ended December 31, 2014.

1.4 Financial statements

Semiannual financial statements had not been published or posted as required by state law.

Recommendation

The Board of Trustees publish or post semiannual financial statements as required by state law.

Status

In Progress

The Board did not publish or post semiannual financial statements for the year ended December 31, 2013. However, the Trustee/Village Clerk indicated the Board plans to prepare and publish the financial statements for the 6 month period ended June 30, 2014.

1.5 Disbursements

The village had not established a process for the Board to review and approve village disbursements.

The minutes and supporting documentation did not indicate Board review and approval of disbursements. In addition, the Board only held two meetings in 2012 during which village business was conducted. According to the Village Clerk/Collector payment of expenses was made as needed.

Recommendation

The Board of Trustees review and document approval of all disbursements and supporting documentation.

Status	**Partially Implemented** The Trustee/Village Clerk now prepares a detailed monthly listing of receipts and disbursements that is provided to each trustee at Board meetings. The meeting minutes note the Board's review of the monthly financial report and approval to pay current bills; however, supporting invoices are not reviewed by the Board. The Trustee/Village Clerk indicated he would consider bringing the invoices to the Board meetings.
1.6 Ordinances	Village ordinances were not complete, well organized, or up to date. Many ordinances were old and no longer relevant, but had not been rescinded by the Board. Additionally, the village had not adopted an ordinance for the Village Clerk/Collector's job responsibilities, work hours, compensation, etc.
Recommendation	The Board of Trustees ensure ordinances are maintained in a complete, well-organized, and up-to-date manner, new ordinances are passed when appropriate, and an index of all ordinances passed and rescinded is established. The Board should also establish, by ordinance, the Village Clerk/Collector's duties and compensation.
Status	**Not Implemented** The Trustee/Village Clerk indicated no action has been taken regarding the village's ordinances, but the Board would consider the issue at a future date.
1.7 Lease agreement	The village trustees did not properly monitor the lease agreement with the United States Postal Service (USPS), and for the year ended December 31, 2012, the village was underpaid $413.
Recommendation	The Board of Trustees ensure the village receives all appropriate revenues as provided in contracts, and pursue payment of $413 from the USPS.
Status	**Implemented** The village received a lump sum payment of $1,652 from the USPS in January 2014 for the underpayment of the lease agreement, which occurred over the course of 4 years. In addition, we reviewed the village's bank statement and verified the correct lease payment amount was received in January 2014.
2. Sales Tax Exemption	The Board Chairman misused the village sales tax exemption letter. He used the village sales tax exemption to purchase equipment on behalf of a private individual. As a result, this individual effectively avoided paying sales tax on the purchase.

Recommendation

The Board of Trustees should contact the Department of Revenue (DOR) regarding how to resolve this situation and any sales tax due. In the future, the Board should ensure the village sales tax exemption is not used for the benefit of private entities or individuals.

Status

Implemented

The village received a letter from the DOR in October 2013 that indicated a total tax of $377.18 plus penalties and interest was owed by the village due to the improper use of the village's tax exemption certificate. We verified the village paid the DOR $377.18 in taxes and $107.43 in penalties and interest in November 2013. The Trustee/Village Clerk indicated the village would ensure future use of the village's sales tax exemption is in accordance with state law.

3. Internal Controls, Records, and Procedures

There were significant weaknesses in village internal controls, records, and procedures.

3.1 Segregation of duties

There was no independent oversight or adequate segregation of duties related to the Village Clerk/Collector's activities. A trustee served as the Village Clerk/Collector, and was compensated for these duties.

One person serving as both village clerk and village collector did not allow the segregation of duties necessary for a proper evaluation and review of financial transactions. Also, there was no evidence the Board provided adequate supervision or review of the work performed by the Village Clerk/Collector.

Recommendation

The Board of Trustees consider appointing separate individuals, other than a trustee, to the positions of Village Clerk and Village Collector and segregate the duties of the Village Clerk/Collector to the extent possible. If proper segregation of duties cannot be achieved, timely supervision or independent review of the work performed and investigation into unusual items and variances is necessary. The Board should also consider requiring dual signatures on checks or appointing someone other than the Village Clerk/Collector as the check signer.

Status

Partially Implemented

The Trustee/Village Clerk no longer serves as the Village Collector. However, accounting duties have not been adequately segregated. The Trustee/Village Clerk continues to make all deposits when necessary, write all checks, and maintain all financial records without adequate oversight by the Board. In addition, dual signatures are not required for village checks.

3.2 Accounting records

The village did not maintain a current fund ledger showing the beginning balance, monthly receipts by source and disbursements by type, and ending balance. At year-end, the Village Clerk/Collector prepared a manual receipt and disbursement spreadsheet from the bank statements and checkbook register.

The village also had not established a separate fund or separate accounting for motor vehicle-related revenues received from the state, and did not monitor the use of these funds to ensure compliance with state law.

Recommendation

The Board of Trustees ensure a complete financial accounting system is established. Summary financial reports should be prepared documenting monthly receipt sources and disbursement types. This information should be used to compare to budget estimates and monitor village operations.

Status

Partially Implemented

A complete financial accounting system has not been established as current fund ledgers are not maintained throughout the year. Summary financial reports detailing monthly receipt sources and disbursement types are now prepared by the Trustee/Village Clerk and provided to village trustees at the monthly Board meetings; however, this information cannot be used to compare to budget estimates because the village did not establish a budget for 2014.

3.3 Accounting procedures

The village had significant weaknesses in accounting procedures:

- The Village Clerk/Collector did not prepare a receipt log and/or issue receipt slips for monies received.
- The Village Clerk/Collector did not restrictively endorse checks immediately upon receipt.
- The Village Clerk/Collector did not deposit receipts timely.
- The Village Clerk/Collector did not perform bank reconciliations.
- The Village Clerk/Collector did not maintain a current balance in the checkbook.

Recommendation

The Board of Trustees ensure receipts slips and/or a receipt log are prepared for all monies received, checks are restrictively endorsed upon receipt, receipts are deposited timely, monthly bank reconciliations are prepared, and a running checkbook balance is maintained.

Status	**Partially Implemented** Receipt slips are not issued nor a receipt log prepared for all monies received. The Trustee/Village Clerk indicated that when checks are received they are restrictively endorsed and all receipts are deposited timely. Monthly bank reconciliations are not prepared. We reviewed the village's checkbook register and noted a running balance is now maintained by the Trustee/Village Clerk.
3.4 Wage reporting and withholding	The village did not properly report wages, and withhold employee payroll taxes from or pay the employer share of taxes on compensation paid to the Village Clerk/Collector.
Recommendation	The Board of Trustees ensure the compensation paid to the Village Clerk/Collector is subject to payroll taxes and properly reported on a W-2 form. The village should also contact the Internal Revenue Service and appropriate state agencies for guidance regarding prior years.
Status	**Not Implemented** The Trustee/Village Clerk indicated a W-2 form had not been completed to report his 2013 wages. The Trustee/Village Clerk indicated he plans to complete a W-2 form in future years and would obtain additional guidance if necessary.
4. Property Tax	The Village Clerk/Collector needed to improve property tax controls, records, and procedures.
4.1 Method of payment	Although the Village Clerk/Collector made a hash mark next to the tax due when the tax statement was mailed, and recorded the date when monies were received, he did not record the method of payment (cash, check, etc.) on the list of taxes due. As a result, the composition of receipts could not be reconciled to the composition of deposits.
Recommendation	The Board of Trustees require the Village Clerk/Collector to record the method of payment received on his tax list and reconcile the composition of receipts to bank deposits.
Status	**Implemented** The village has turned over all property tax collection responsibilities to the Vernon County Collector.
4.2 Timely deposit	The Village Clerk/Collector did not deposit tax collections in a timely manner.

Recommendation

The Board of Trustees require the Village Clerk/Collector to deposit tax collections in a timely manner.

Status

Implemented

The village has turned over all property tax collection responsibilities to the Vernon County Collector.

4.3 Tax statements

Current tax statements sent to village residents were not adequate. The tax statements did not identify the property being taxed, related assessed valuation, or tax levy. The statements only included the total amount due.

Recommendation

The Board of Trustees require the Village Clerk/Collector to include a description of the property being taxed, related assessed valuation, and tax levy on the tax statements.

Status

Implemented

The village has turned over all property tax collection responsibilities to the Vernon County Collector.

4.4 Account book and delinquent tax list

The Village Clerk/Collector did not maintain an account book to record property tax charges, additions/abatements, collections, and remaining delinquent taxes, and did not prepare and submit to the Board a list of delinquent taxes each year.

Tax records maintained by the Village Clerk/Collector included the property tax list from the county and a list of property owners and taxes due. Although the county list included a description of the property, the assessed valuation, and the tax due, the village list only included the resident's name and tax due. The total taxes charged, added/abated, or collected and delinquent taxes were not summarized.

Recommendation

The Board of Trustees require the Village Clerk/Collector to maintain an account book, and prepare and submit to the Board a delinquent tax list as of January 1 each year. The Board should remit this delinquent list to the county for collection.

Status

Implemented

The village has turned over all property tax collection responsibilities to the Vernon County Collector.

4.5 Bond

The Village Clerk/Collector was not bonded, as required by state law.

Recommendation

The Board of Trustees require appropriate bond coverage for all village officials.

Status

Implemented

We verified the village obtained adequate bond coverage for the Trustee/Village Clerk.

5. Disbursements

There were significant weaknesses in the controls and procedures over disbursements.

5.1 Bidding

According to the Village Clerk/Collector, the village did not have a bid policy and typically did not bid purchases, although trustees may have informally checked prices before a purchase was made. However, there was no evidence in minutes or elsewhere in village records indicating any efforts to check prices or any support for vendors selected in those cases. As a result, the village had little assurance that it was receiving fair value for goods and services and no documentation to support decisions made.

Recommendation

The Board of Trustees establish formal written bidding policies and procedures, including documentation requirements regarding the bids or quotes received, and justification for the bid selected.

Status

Not Implemented

The Trustee/Village Clerk indicated a bidding policy has not been implemented by the Board because the village makes very few large purchases. In addition, the Trustee/Village Clerk indicated the village has made no purchases exceeding $1,000 since the release of the audit report.

5.2 Supporting documentation

Adequate supporting documentation was not available for some disbursements.

Recommendation

The Board of Trustees require adequate, detailed supporting documentation be obtained and retained for all disbursements.

Status

Implemented

The Trustee/Village Clerk indicated that supporting documentation is obtained and retained for all village disbursements.

5.3 Conflict of interest

Because the minutes did not indicate the discussion and approval of mowing services provided by the Board Chairman's daughter, it was not clear if the Board Chairman voted in the Board's approval to purchases these services from her. This arrangement represented an appearance of a conflict of interest. During the year ended December 31, 2012, the Board Chairman's daughter was paid $300 for mowing various village properties.

Recommendation

The Board of Trustees ensure village officials who have a conflict or an appearance of a conflict, fully disclose their interest and not vote on matters

that involve them personally. That action should be documented in the Board minutes. The Board should also consider adopting a code of conduct for city officials.

Status

Partially Implemented

The Trustee/Village Clerk indicated a code of conduct has not been adopted because the Board Chairman identified in the audit report has resigned from the Board and no similar situations have occurred. The Trustee/Village Clerk also indicated village officials will properly disclose conflicts of interest and refrain from voting on such matters in the future.

5.4 Questionable expenditure

The purchase of Sam's Club memberships for village officials did not appear to be a necessary or prudent use of public funds. In August 2012, memberships costing $35 each, were purchased for four trustees; and, instead of a membership, $35 was paid to the fifth trustee. In addition, a membership was purchased for the Board Chairman's daughter. The village was reimbursed for this membership. According to the Village Clerk/Collector, these memberships were provided to the trustees as a "perk" since they are not otherwise paid for serving on the Board.

Recommendation

The Board of Trustees ensure all disbursements of village monies are necessary and a prudent use of public funds.

Status

Implemented

The Trustee/Village Clerk indicated they no longer provide Sam's Club memberships to Board members.

Thomas A. Schweich

Missouri State Auditor

Town and Country Village Transportation Development District

April 2014

Report No. 2014-029

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Town and Country Village Transportation Development District

Comments

The Town and Country Village Transportation Development District (TDD) was organized in October 2009 and is located in the City of Ozark. The TDD was formed for the purpose of constructing roads, parking facilities, and site lighting and utilities near Highway 14 on North 25th and North 22nd Streets, as well as constructing West Diane Street. The Missouri Department of Transportation and the City of Ozark are the public entities with jurisdiction over these ongoing projects. Taxable transactions within the TDD are subject to a 1-cent sales tax. For the areas audited, we identified no significant deficiencies in internal controls, no significant noncompliance with legal provisions, and no significant deficiencies in management practices and procedures.

In the areas audited, the overall performance of this entity was **Excellent**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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Transportation Development District
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THOMAS A. SCHWEICH
Missouri State Auditor

Mike Hejna, Chairman
and
Board of Directors
Town and Country Village Transportation Development District
Ozark, Missouri

We have audited certain operations of the Town and Country Village Transportation Development District in fulfillment of our duties under Section 238.272, RSMo. The scope of our audit included, but was not necessarily limited to, the 4 years ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the district's internal controls over significant management and financial functions.

2. Evaluate the district's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in our audit of the district.

For the areas audited, we identified (1) no significant deficiencies in internal controls, (2) no significant noncompliance with legal provisions, and (3) no significant deficiencies in management practices and procedures. No findings resulted from our audit of the Town and Country Village Transportation Development District.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Rex Murdock, M.S.Acct
Audit Staff:	Wayne Kauffman, MBA

Town and Country Village
Transportation Development District
Organization and Statistical Information

The Town and Country Village Transportation Development District (TDD) is located in the City of Ozark. The TDD was organized in October 2009 by petition of the owner of property within the proposed TDD. The Board of Directors and officers were elected by the property owner.

The qualified voters of the TDD, in this case the property owner, approved the imposition of a sales tax of up to 1-cent (1 percent) on all taxable transactions within the boundaries of the district. The Board of Directors subsequently passed a resolution in October 2009 that set the sales tax rate at 1-cent (1 percent), and the TDD started collecting sales tax in January 2012. The TDD expects the sales tax to remain in effect for 40 years, unless terminated sooner after all obligations have been paid.

The TDD was formed for the purpose of constructing roads, parking facilities, and site lighting and utilities near State Highway 14 on North 25th and North 22nd Street as well as constructing West Diane Street. The Missouri Department of Transportation and the City of Ozark are the public entities with jurisdiction over these projects. The projects have not been completed.

In April 2010, the developer sold a portion of property within the TDD to a movie theatre company. In October 2012, the developer sold the remaining land the developer owned within the TDD to a financial group. A property owners meeting has not been held since 2012 to elect a new Board of Directors. The attorney representing the TDD indicated a property owners meeting is expected to occur in the second quarter of 2014 and new Board members will be elected at that meeting.

The TDD has a fiscal year end of December 31, and did not have an independent audit performed of its financial statement during the year ended December 31, 2012.

District Board

An elected board acts as the policy-making body for the district's operations. The board's five members serve 3-year terms without compensation. Members of the board at December 31, 2012, were:

Mike Hejna, Chairman
Dean Burns, Member
Steve Stinnet, Member
Anne Klene, Member
Gordon Gundaker, Member

Financial Activity

A summary of the district's financial activity for the year ended December 31, 2012, follows:

		Year Ended December 31, 2012*
RECEIPTS		
Sales taxes	$	24,704
Total Receipts		24,704
DISBURSEMENTS		
Administrative		4,616
Other		20
Total Disbursements		4,636
RECEIPTS OVER (UNDER) DISBURSEMENTS		20,068
BEGINNING CASH		0
ENDING CASH	$	20,068

* No financial activity occurred prior to January 1, 2012.

Thomas A. Schweich

Missouri State Auditor

Morgan County

April 2014

Report No. 2014-030

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Morgan County

County Sales Tax	The county incorrectly certified a tax rate with a voluntary reduction instead of a sales tax reduction for the 3 years ended December 31, 2008, thereby reducing its tax rate ceiling beginning in 2009. The county was apparently unaware of the reduced tax rate ceiling and used incorrect tax rate ceilings when preparing its sales tax reduction calculations for 2009 through 2011, showing an under collection of property taxes each year when there was actually an over collection. The county certified tax rates equal to the lowered tax rate ceiling for each year and reported no sales tax reductions since the county believed its calculated sales tax reduction was already incorporated into the lower tax rates. Also, the county did not prepare a sales tax reduction calculation for 2012. As of December 31, 2012, the county had over collected property taxes by $1.8 million.
Sheriff Controls and Procedures	Despite similar concerns noted in our prior audit reports, significant weaknesses continue to exist in the Sheriff's controls and procedures, and we were unable to determine if all monies were accounted for, deposited, and disbursed properly. The Sheriff has not established adequate segregation of accounting duties and does not perform supervisory reviews. The fee account clerk does not account for the numerical sequence of receipt slips and does not reconcile receipt records to deposits, and office personnel do not deposit monies intact or timely. The inmate account clerk does not maintain a running balance of the inmate refund cash fund, and controls and records for seized cash are not sufficient. Office personnel do not prepare monthly lists of liabilities, the office lacks adequate procedures to ensure monies received are timely disbursed, and the office has not turned over any 2012 commissary profits or any phone card profits to the county treasury.
Property Tax System Controls and Procedures	The County Collector's access to the property tax system is not adequately restricted. The County Clerk does not prepare or verify the accuracy of the delinquent tax books prepared by the County Collector, and neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector. As noted in our prior audit report, there is no procedure in place to ensure outlawed taxes and abatements initiated by the County Collector are reviewed by the County Commission, and neither the County Commission nor the County Clerk review and approve the Assessor-initiated property tax additions and abatements report.
County Collector Withholdings and Commissions	The County Collector withheld more from tax collections for the Assessment Fund than allowed by state law during the year ended February 28, 2013, and erroneously calculated assessment withholdings on city tax collections, resulting in amounts owed to cities and other taxing authorities from the Assessment Fund. During the same year, the County Collector also failed to deduct assessment withholdings from the General Revenue Fund's share of property taxes, and incorrectly calculated Proposition C commissions and withholdings for school districts.
Prosecuting Attorney Controls and Procedures	Neither the Prosecuting Attorney nor the office manager reviews adjustments to defendant accounts receivable balances made by the legal assistant, and

adequate documentation is not always maintained to support the reasons for the adjustments. Prosecuting Attorney personnel do not prepare a monthly list of liabilities for the restitution and bad check account, so liabilities are not compared to the reconciled bank balance, and this account contained an unidentified overage of $1,969. At March 31, 2013, 39 checks, totaling $4,018 had been outstanding for over a year in the restitution and bad check account. In addition, at December 31, 2012, the inactive trust account had 14 outstanding checks totaling $773 with issue dates ranging from 3 to 7 years old, and an unidentified balance of $685.

County Procedures and Plans

The county collects a maintenance levy on 13 Neighborhood Improvement Districts, but has not developed a long-term plan regarding the use of the $1.3 million in this account as of December 31, 2012. The road and bridge department, the 911 Administrator, and the Sheriff's office do not have adequate procedures for monitoring fuel usage; the county does not report the value of personal and commuting mileage by some county officials to the Internal Revenue Service; and the county hired two individuals as independent contractors rather than employees without documenting reasons for classifying them as independent contractors.

Senate Bill 40 Board

As noted in our prior audit report, the Senate Bill 40 Board has not adequately segregated accounting duties, and the Executive Director does not prepare monthly bank reconciliations for the account. The Board discussed issues in closed sessions that are not allowable under the Sunshine Law, and open meeting minutes did not document the vote for closing the meeting for 2 of the 4 closed sessions held during 2012.

Additional Comments

Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Poor**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Morgan County

We have audited certain operations of Morgan County in fulfillment of our duties under Section 29.230, RSMo. In addition, Casey-Beard-Boehmer PC, Certified Public Accountants, was engaged to audit the financial statements of Morgan County for the 2 years ended December 31, 2012. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

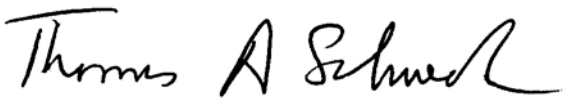
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Morgan County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Susan J. Beeler, CPA, CIA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Robert Graham
	Amanda Messick

1. County Sales Tax

The county did not properly report property tax levy reduction amounts to the State Auditor's office for the 3 years ended December 31, 2008. The county calculated a sales tax reduction, but did not report or reduce the property tax levy for the sales tax reduction for the 3 years ended December 31, 2011. In addition, the county failed to calculate a sales tax reduction for the year ended December 31, 2012.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Morgan County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levy to meet the 50 percent reduction requirement and in the following year calculate any excess property taxes collected based upon actual sales taxes collected.

The county is required to certify to the State Auditor's office the annual property tax levy including the amount the levy is reduced for sales tax collections, as well as voluntary reductions, if any. For 2006 through 2008, the county performed sales tax reduction calculations, but incorrectly certified a tax rate with a voluntary reduction instead of a sales tax reduction. The county certified the tax rate ceiling, sales tax reduction, voluntary reduction, and actual tax levy for the General Revenue Fund as follows:

	2008	2007	2006
Tax rate ceiling	$ 0.1916	0.1912	0.2027
Sales tax reduction	0.0000	0.0000	0.0000
Voluntary reduction	0.1216	0.1073	0.1160
Actual tax levy	0.0700	0.0839	0.0867

In calculating the property tax rate ceiling for 2009 through 2012, the State Auditor's office followed Section 137.073.5(4), RSMo (amended in 2008), which provides a voluntary reduction taken in a non-reassessment year (even year) results in a reduced tax rate ceiling during the subsequent reassessment year (odd year). As a result, the tax rate ceiling for the county's General Revenue Fund was lowered for 2009 through 2012 due to the voluntary reduction in 2008. The county subsequently certified tax rates equal to the lowered tax rate ceiling for each year, reporting no reductions as explained below.

The county was apparently unaware of the reduced tax rate ceiling starting in 2009. For 2009 through 2011, the county used incorrect tax rate ceilings when preparing its sales tax reduction calculations. Rather than using the certified tax rate ceilings, the county incorrectly used the tax rate ceilings that would have been in effect if there had been no voluntary reduction in

2008. In addition, the county did not prepare a sales tax reduction calculation for 2012.

The county's incorrect calculations used the following data, which county personnel believed to be correct:

	2011	2010	2009
Tax rate ceiling	0.1992	0.1975	0.1963
Sales tax reduction	0.1265	0.1254	0.1246
Voluntary reduction	0.0000	0.0000	0.0000
Actual tax levy	0.0727	0.0721	0.0717

The county's calculations showed an under collection of property taxes each year when there was actually an over collection, and the county believed its calculated sales tax reduction was already incorporated into the lower tax rates.

However, the county reported no sales tax or voluntary reductions to the State Auditor's office from 2009 through 2012, and certified the tax rate ceiling, sales tax reduction, voluntary reduction, and actual tax levy for the General Revenue Fund as follows:

	2012	2011	2010	2009
Tax rate ceiling	$ 0.0736	0.0727	0.0721	0.0717
Sales tax reduction	0.0000	0.0000	0.0000	0.0000
Voluntary reduction	0.0000	0.0000	0.0000	0.0000
Actual tax levy	0.0736	0.0727	0.0721	0.0717

Based upon the reduced tax rate ceiling required by Section 137.073.5(4), RSMo, and the failure of the county to reduce the tax levy for a sales tax reduction, the over collections of General Revenue property taxes for 2009 through 2012 are as follows:

		Year Ended December 31,			
For Sales Tax Reductions		2012	2011	2010	2009
Required property tax revenue reduction	$	487,930	467,766	456,523	449,348
Actual property tax revenue reduction		0	0	0	0
Over collection		487,930	467,766	456,523	449,348
Prior years over collection		1,373,637	905,871	449,348	0
Total property tax over collected	$	1,861,567	1,373,637	905,871	449,348

Section 137.073.5(4), RSMo, allows a governing body, in a year following general reassessment, to increase a previously voluntarily reduced tax rate, for a reduction taken in a prior non-reassessment year, to the tax rate ceiling that would have been effective in the current year had no voluntary reduction been taken. Therefore, the county could reinstate its property tax

rate ceiling in 2014. In addition, Section 137.073.6(3), RSMo (amended in 2013), allows a taxing authority to submit amended tax rate forms to the State Auditor's office in the event the taxing authority incorrectly completed the forms or made clerical errors.

To ensure property tax levies are properly set and property tax rate ceilings are maintained, the County Commission and County Clerk should ensure property tax levies are adequately reduced by 50 percent of sales tax revenue and are accurately reported and certified as such. Documentation of calculations and tax rate setting decisions is important to demonstrate compliance with statutory provisions and serve as a reference tool should questions arise.

Recommendation

The County Commission and County Clerk properly calculate and report property tax rate reductions (sales tax or voluntary), evaluate if amended forms should be submitted to the State Auditor's office, and develop a plan to incorporate corrected property tax reductions from prior years into the current tax rate. During the tax rate setting process, the County Commission and County Clerk should ensure tax rate information reported back to the county in the State Auditor's office certification letter is consistent with expectations and, if not, promptly follow up on any discrepancies.

Auditee's Response

The County Commission and County Clerk provided the following response:

We have agreed to rollback annually, reinstate the tax rate ceiling, set future rates to incorporate corrected property tax reductions from prior years, and work closely with the State Auditor's office to get a better understanding of the rollback process. We will ensure tax rate information on the certification letter is consistent with expectations. We are considering submitting amended forms to the State Auditor's office, and we will ensure the sales tax reductions are properly reported as a sales tax reduction and not as a voluntary reduction in future years.

2. Sheriff Controls and Procedures

Despite similar concerns noted in our prior audits, significant weaknesses continue to exist in the Sheriff's controls and procedures. With the exception of sections 2.5 and 2.7, we have reported similar findings related to the Sheriff's office in one or more of our prior reports. Due to the concerns noted below, we were unable to determine if all monies were accounted for, deposited, and disbursed properly.

Deposits into the Sheriff's fee account for civil fees, jail phone card sales, bonds, and other miscellaneous receipts totaled approximately $227,000 for the year ended December 31, 2012. Deposits into the Sheriff's inmate account for inmate receipts totaled approximately $231,000 for the year ended December 31, 2012. Additionally, fees collected for concealed carry

permits, which totaled approximately $25,000 for the year ended December 31, 2012, were transmitted to the County Treasurer for deposit.

2.1 Segregation of duties

The Sheriff has not established adequate segregation of accounting duties and does not perform supervisory reviews. One clerk is responsible for receiving, recording, depositing, and disbursing monies, and reconciling the fee bank account. Another clerk is responsible for those same duties for the inmate bank account.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, the Sheriff should implement a documented independent or supervisory review to ensure bank records are in agreement with accounting records.

2.2 Numerical sequence and reconciliation of receipt records

The Sheriff's fee account clerk does not account for the numerical sequence of receipt slips and does not reconcile receipt records to deposits. As a result, it is difficult to determine which receipts are included in each deposit to ensure all receipts are actually deposited.

For cash bonds received, a receipt slip is issued by the booking department and placed with the cash in the drop safe for the fee account clerk to pick up. The fee account clerk does not issue receipt slips for cash bonds obtained from the drop safe even though she issues receipt slips for all other types of receipts.

When preparing deposit summaries, the fee account clerk did not always include the corresponding receipt slip numbers or identify which cash bonds were included in the deposits. A comparison of December 2012 bond deposits to booking department bond receipt slips, determined receipt slips totaled $6,052, while deposits totaled $6,622. The fee account clerk was unable to determine the reason for the difference. A possible reason for the difference may have been related to prior months' bond receipts held and not deposited until December. However, because no records are kept showing which bonds are included in which deposit, we also could not determine the reason for the difference.

Procedures to account for all receipt slips issued by both the booking department and by the fee account clerk and reconciliation of receipt records to deposits are necessary to provide assurance all monies are accounted for properly and to reduce the risk of loss, theft, or misuse of monies.

2.3 Deposits

Sheriff's office personnel do not deposit monies intact or timely.

Fee account

The fee account clerk does not deposit monies intact for the fee account. We noted a $40 check for civil fees had been included on a December 27, 2012,

deposit summary report; however, it was not included in the deposit. The check was not actually deposited until January 17, 2013. In addition, there were three $10 checks received on November 8, 2012, November 15, 2012, and November 22, 2012, not deposited until December 3, 2012, when they should have been included in the November 27, 2012, deposit. Further, the December 27, 2012, deposit included two additional $10 checks received on November 29, 2012, and December 13, 2012, that should have been included in the December 3, 2012, and December 18, 2012, deposits, respectively.

Inmate account

The inmate account clerk does not deposit timely for the inmate account. Cash received for inmates from visitors is collected in the lobby kiosk while monies in the possession of inmates when they are booked are either put in the booking department kiosk (cash) or in the drop safe (checks). We reviewed December 2012 receipts for the inmate account and found the following concerns regarding timeliness of deposits:

- The inmate account clerk did not deposit any lobby kiosk receipts during December 2012. On January 9, 2013, she deposited $8,397, which included $2,910 from November 2012, $4,559 from December 2012, and $928 from January 2013.

- The inmate account clerk made a $1,733 deposit on December 12, 2012, for the booking department kiosk receipts. This deposit included $644 in receipts from November and $1,089 in receipts from December. Subsequent December receipts for the booking department kiosk totaling $1,113 were deposited on January 16, 2013.

- The inmate account clerk made a $4,449 deposit on December 12, 2012, for the drop safe receipts. This deposit included $2,308 in receipts from November and $2,141 in receipts from December. Subsequent December receipts for the drop safe totaling $2,059 were deposited on January 14, 2013.

Failure to implement adequate depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected. Proper depositing procedures are necessary to ensure all receipts are handled and accounted for properly.

2.4 Inmate refunds

The Sheriff's inmate account clerk does not maintain a running balance of the cash fund. The Sheriff's office maintains a cash fund to refund monies to U.S. Immigration and Customs Enforcement (ICE) inmates prior to deportation or transfer to another facility. Cash is withdrawn from the inmate account to replenish the cash fund. Released inmates sign for any cash received and the inmate account clerk posts this amount on the computer system. This cash is not reflected in the list of liabilities for the

inmate account (see section 2.6) because the Sheriff's office does not keep records of the balance of the cash fund. At the time of our cash count on March 4, 2013, the cash fund totaled $2,562.

Records to maintain a running balance of the cash fund are necessary to provide assurance cash is handled properly and to reduce the risk of loss, theft, or misuse of monies.

2.5 Seized cash

Controls and records for seized cash are not sufficient and periodic inventories are not conducted. Sheriff's office personnel cannot generate a report of total cash currently on hand from the seized property system. Therefore, a ledger of seized cash is maintained. The seized cash is kept in a safe that only the Sheriff and a clerk can access. We performed a cash count of the seized cash on March 27, 2013, by comparing amounts on the labels of the sealed evidence bags, totaling approximately $72,800, to the ledger amounts totaling approximately $67,900. We determined the ledger did not include 4 evidence bags totaling approximately $4,900.

Considering the often sensitive nature of seized cash, accurate and complete inventory records are essential and would significantly reduce the risk of loss, theft, or misuse of these monies. In addition, the ledger of seized cash should be agreed to cash amounts in the computerized system and periodic physical inventories should be performed and compared to the records of seized cash.

2.6 Liabilities

Sheriff's office personnel do not prepare monthly lists of liabilities for either the inmate account or the fee account, and consequently, liabilities are not compared to the reconciled bank balances. At our request, a list of liabilities for the inmate account was prepared and identified liabilities totaled $78,139, at December 31, 2012. The reconciled bank balance was $87,223, leaving an unidentified balance of $9,084. In addition, at our request, a list of liabilities for the fee account was prepared and identified liabilities totaled $1,129 at April 16, 2013. The fee account book balance on that date was $2,020, leaving an unidentified balance of $891.

Monthly lists of liabilities should be prepared and reconciled to cash balances to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient funds are available for payment of all liabilities.

2.7 Disbursements

The Sheriff's office lacks adequate procedures to ensure monies received are properly disbursed to the County Treasurer and/or other parties from the fee account. As a result, some monies were not disbursed on a timely basis as follows:

Month of Collection	Totaled Received	Date Disbursed
September	$ 2,695	November 2, 2012
October	2,054	December 19, 2012
November	2,027	December 19, 2012
December	1,768	January 23, 2013

Our review also identified 15 of the 24 bonds (62.5 percent) collected in December 2012 were disbursed to the appropriate court 10 or more days after the date of receipt. We also noted a $2,500 bond was disbursed on July 26, 2012, but it appears the corresponding monies were not deposited until August 6, 2012, or later. The actual deposit date cannot be determined due to poor records; however, this deposit was the first one subsequent to July 26, 2012, to contain sufficient cash to include this bond.

Timely disbursement of fees and bonds collected is necessary to provide adequate controls over account balances and increase the likelihood discrepancies are promptly detected. Sections 50.360 and 50.370, RSMo, require all county officials who receive fees or any other remuneration for official services to pay such monies monthly to the County Treasurer.

2.8 Commissary and phone card profits

The Sheriff's office has not turned over any 2012 commissary profits or any phone card profits to the county treasury. The last turnover, which consisted of only commissary profits, was made in January 2012. The Sheriff's office was holding approximately $61,000 in profits as of December 31, 2012, in the inmate account. The inmate account clerk indicated profits from the phone cards sold to inmates are not turned over to the county treasury because they are used to pay for cable TV and indigent packages for the inmates.

Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund.

Recommendations

The Sheriff:

2.1 Adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.

2.2 Account for the numerical sequence of receipt slips and reconcile receipt slips issued with deposits to ensure all receipts have been deposited.

2.3 Ensure deposits are made timely and include all monies on hand at the time a deposit is prepared.

2.4 Maintain a running balance of the cash fund. In addition, on a periodic basis, cash on hand should be counted and reconciled to the related records by an independent person.

2.5 Ensure a periodic physical inventory is conducted and reconciled to the various records of seized cash.

2.6 Prepare a monthly list of liabilities for both accounts and compare to the reconciled bank balances. Any differences should be promptly investigated and resolved. Any unidentified monies should be disposed of in accordance with state law.

2.7 Establish procedures to ensure all monies are disbursed to the County Treasurer and other parties on a timely basis.

2.8 Ensure existing and future commissary profits (including phone card profits) not necessary to meet cash flow needs or current operating expenses are turned over to the County Treasurer to be deposited into the Inmate Prisoner Detainee Security Fund.

Auditee's Response

The Sheriff provided the following responses:

2.1 We will have each clerk perform the bank reconciliation for the other bank account. The Sheriff will continue to review bank statements.

2.2 We are preparing deposit summaries, which include receipt numbers for all deposits (including bond deposits). We are using these deposit summaries to account for the numerical sequence of receipt slips and to reconcile all receipts to deposits. The computer system malfunctioned during the audit period, which may have caused some of these issues.

2.3 We will implement this recommendation.

2.4 We will attempt to determine a weekly balance in the cash fund based on ICE inmate account balances and will reconcile these balances to the cash on-hand.

2.5 We are planning to start performing an annual physical inventory of all seized property, including cash. Within the next month, we will start maintaining a log of all seized cash to show date and time of intake and release.

2.6 We will begin to prepare monthly lists of liabilities for both accounts and compare them to the reconciled bank balances. Any unidentified monies will be disposed of in accordance with state law.

2.7 The delay was due to the problems with the accounting software. We will ensure all future disbursements are made timely.

2.8 We have implemented this recommendation. We have started to make transfers of commissary profits to the County Treasurer. A $40,100 transfer was made in December 2013.

3. Property Tax System Controls and Procedures

Controls and procedures over the property tax system need improvement. As a result of the significant control weaknesses identified, there is less assurance property tax monies have been accounted for properly. For the year ended February 28, 2013, property taxes and other monies collected by the County Collector totaled approximately $20.9 million.

3.1 Computer access

Access to the property tax system is not adequately restricted. The County Collector has access in the property tax system to make address changes, enter tax rates, post abatements, and outlaw taxes. Because the County Collector is responsible for collecting tax monies, good internal controls require the County Collector not have access rights to be able to alter or delete tax rates or abate taxes.

Without adequate segregation of incompatible duties, there is an increased risk of loss, theft, misuse, and errors occurring and going undetected. In addition, due to the lack of oversight of the County Collector's office activities (as explained in the following sections), any erroneous or improper changes made in the system by the County Collector could go undetected.

3.2 Tax books

The County Clerk does not prepare or verify the accuracy of the delinquent tax books prepared by the County Collector. A review of the tax books should include recalculating tax book totals and charges. Failure to prepare and review the tax books may result in errors, irregularities, or misuse going undetected.

Section 140.050, RSMo, requires the County Clerk to extend the delinquent tax books and charge the County Collector with the amount of taxes to be collected.

3.3 Review of activity

Neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax charges, transactions, and changes, and no procedures are performed by the

County Clerk or the County Commission to verify the accuracy and completeness of the County Collector's annual settlements. As a result, there is an increased risk of loss, theft, and misuse of property tax monies, and less assurance the annual settlements are complete and accurate.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable to the county treasury. Maintaining an account book or other records that summarize all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts would help the County Clerk ensure taxes charged and credited to the County Collector are complete and accurate. Such records could also be used by the County Clerk and County Commission to verify the County Collector's annual settlements.

3.4 Changes and reconciliations

The County Commission and County Clerk are not adequately reviewing property tax system changes and activity. The County Assessor prepares and posts additions and abatements to the property tax system. As explained in section 3.1, the County Collector also has the ability to post abatements to the property tax system and to outlaw taxes in the property tax system. The County Collector submits supporting documentation to the County Commission for abatements she initiates and provides the County Commission with total amounts for her outlawed taxes; however, there is no procedure in place to ensure all outlawed taxes and abatements initiated by the County Collector are submitted for review. At the end of each month, the County Collector prints the Assessor-initiated property tax additions and abatements report from the property tax system and provides the report to the County Clerk. However, neither the County Commission nor the County Clerk review and approve these reports, and no comparison to the County Assessor's supporting documentation is performed. As a result, additions and abatements (including outlawed taxes), which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly monitored and errors or irregularities could go undetected.

Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making changes to the tax books with the approval of the County Commission. An independent review of approved additions and abatements to changes made to the property tax system would help ensure changes to the property tax system records are proper.

Similar conditions previously reported

Similar conditions to sections 3.3 and 3.4 were noted in our prior audit report.

Recommendations

3.1 The County Commission ensure property tax system access rights are limited to only what is needed for the users to perform their job duties and responsibilities.

3.2 The County Clerk prepare the delinquent tax books, or at a minimum, verify the accuracy of the delinquent tax books prior to charging the County Collector with the property tax amounts to be collected. Procedures performed should be adequately documented.

3.3 The County Clerk maintain an account book with the County Collector. In addition, the County Clerk and the County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.

3.4 The County Commission and the County Clerk develop procedures to ensure all property tax additions and abatements (including outlawed) are properly approved and monitored.

Auditee's Response

The County Commission and County Clerk provided the following responses:

3.1 We will implement a plan to correct by contacting the programmer and appropriate elected officials.

3.2 We have implemented this recommendation. The County Clerk now reviews the delinquent tax books for completeness and reasonableness before the tax bills are mailed to the taxpayers.

3.3 The County Clerk is now keeping an account book and is reconciling with the County Collector monthly. The County Clerk will use her account book to review the County Collector's annual settlement when filed. In addition, the County Commission will review the annual settlement when filed.

3.4 We will develop procedures with the Assessor's office to ensure the additions and abatements are approved and that supporting documentation is retained.

4. County Collector Withholdings and Commissions

The County Collector did not properly calculate some withholdings and commissions for the year ended February 28, 2013.

4.1 Assessment withholdings

The County Collector is not calculating and withholding amounts for the Assessment Fund in compliance with state laws.

- The County Collector did not adequately reduce the percentage used to calculate amounts withheld from tax collections for the Assessment Fund, and as a result, $12,916 more was withheld from tax collections and disbursed to the Assessment Fund than allowed by state law during the year ended February 28, 2013.

  Sections 137.720.1, 137.720.3, 137.082.6, RSMo, each provide a percentage be deducted from property tax collections and deposited into the Assessment Fund (1 percent, 0.5 percent, and 0.2 percent, respectively, for a total of 1.7 percent). However, Section 137.720.3, RSMo, limits the 0.5 percent deduction to $75,000. After this limit is reached, the total percentage used should be reduced to 1.2 percent. Prior to July 1, 2009, this 0.5 percentage was 0.25 percent and was not limited.

  The County Treasurer monitors total collections monthly to determine when the limit has been reached, and notifies the County Collector when that occurs. However, the County Collector reduces the percentage to 1.45 instead of to 1.2, as required. In addition, the $75,000 limit for calendar year 2012 was reached in the middle of February 2012, but the County Collector continued to withhold monies resulting in $835 of excess withholdings over the $75,000 limit. As a result, a total of $13,751 is due from the Assessment Fund to the taxing authorities to correct these errors.

- The County Collector erroneously calculated assessment withholdings on city tax collections. The calculation includes interest on taxes (which is not included in the calculations of assessment withholdings for other taxing authorities), the cities' portion of surtax (which has already had assessment withholding taken), and city motor vehicle fees (which are not based on assessed valuations and thus are not ad valorem property tax collections). As a result of these calculation errors, $623 in excess withholdings is owed to the cities from the Assessment Fund. In addition, no assessment withholdings are taken from the General Revenue Fund's share of property taxes. As a result, $4,186 is owed to the Assessment Fund from the General Revenue Fund.

  Section 137.720.1, RSMo, provides for 1 percent of all ad valorem property tax collections allocable to each taxing authority within the county and the county be deducted from tax collections and deposited into the Assessment Fund.

Adequate monitoring and proper calculation of Assessment Fund withholdings is necessary to ensure compliance with statutory provisions.

4.2 Proposition C commissions and withholdings

The County Collector incorrectly calculated Proposition C commissions and withholdings on real estate and personal property taxes for one school district and on state-assessed railroad and utilities taxes for all school districts.

A total of $3,361 was over withheld from a school district and paid to the county General Revenue Fund ($1,867) and Assessment Fund ($1,494) from December 2012 current tax collections. The County Clerk calculated an incorrect Proposition C ratio for the County Collector, who used the incorrect ratio in the real estate and personal property tax calculations, resulting in the over withholding for December. The same incorrect ratio was used for November 2012, January 2013, and February 2013 and would have resulted in additional amounts being over withheld for those months and those amounts should be determined. In addition, the County Collector made errors when calculating Proposition C commissions and withholdings for state-assessed railroad and utility taxes and over withheld $2,099 from the various school districts ($723 in commissions in the General Revenue Fund and $1,376 in assessment withholdings in the Assessment Fund) for the year ended February 28, 2013.

Section 50.338, RSMo, establishes Proposition C withholding rates for commissions and assessments. Proper calculation of Proposition C adjustments is necessary to ensure compliance with statutory provisions.

Recommendations

The County Collector:

4.1 Recalculate assessment withholdings for current and prior years, disburse amounts owed to the taxing authorities from the Assessment Fund, and transfer amounts owed to the Assessment Fund from the County's General Revenue Fund. The County Collector should also ensure the percentage to be deducted from property taxes for the Assessment Fund is properly reduced in future years once the $75,000 limit is reached.

4.2 Recalculate commission and assessment withholdings for current and prior years and correct distributions from the General Revenue Fund and Assessment Fund to the various school districts. The County Collector should also ensure future commission calculations are accurate and work with the County Clerk to ensure Proposition C ratios are calculated correctly.

Auditee's Response

The County Collector provided the following responses:

4.1 Recalculations have been made and the amounts disbursed in May 2013 to the taxing authorities from the Assessment Fund and also to the Assessment Fund from the General Revenue Fund for County

Collector year ending February 28, 2013. Due to the complexity of the issue, no recalculations will be made for prior years. The proper percentage will be deducted in future years once the $75,000 limit is reached.

4.2 Recalculations have been made for December 2012 and amounts disbursed in May 2013 from the General Revenue Fund and the Assessment Fund to various school districts. November 2012, January 2013, and February 2013 calculations will be reviewed and proper disbursements will be made. Due to the complexity of this issue, no recalculations will be made for prior years. The proper Proposition C ratios and commissions will be calculated correctly in the future.

5. Prosecuting Attorney Controls and Procedures

Independent reviews of adjustments made to defendant accounts are not performed, and controls and procedures over liabilities and outstanding checks are not adequate. The Prosecuting Attorney's office received bad check restitution and fees, and court-ordered restitution totaling approximately $162,000 during the year ended December 31, 2012.

5.1 Adjustments

Neither the Prosecuting Attorney nor the office manager is reviewing adjustments to defendant accounts receivable balances made by the legal assistant. In addition, adequate documentation is not always maintained to support the reasons for the adjustments. As a result, there is little assurance the 51 adjustments totaling $50,652 made during the year ended December 31, 2012, were properly authorized.

Adjustments are sometimes needed because defendants pay the vendor directly or return to the vendor the merchandise purchased with the bad check, defendants are sentenced to serve time in jail or prison in lieu of paying restitution, amounts are deemed uncollectible, or insufficient information is provided on the complaint. We reviewed the 7 largest adjustments totaling $40,657. One of these was a $2,500 adjustment made in October 2012 to decrease a defendant's balance and the only supporting documentation was a handwritten note regarding a telephone call from the vendor.

Proper authorization of adjustments and adequate documentation that fully explains the reasons for the adjustments to accounts receivable balances are necessary to ensure only the proper accounts and amounts are adjusted and to reduce the risk of loss, theft, or misuse of funds.

5.2 Liabilities

Prosecuting Attorney personnel do not prepare a monthly list of liabilities for the restitution and bad check account, and consequently, liabilities are not compared to the reconciled bank balance. At our request, a list of liabilities was prepared for this account and identified liabilities totaled

$352 at April 20, 2013. The book balance was $2,321 at that time, leaving an unidentified difference of $1,969. The Prosecuting Attorney's office also has a trust account that was used to account for bad checks prior to the current restitution and bad check account, but it has not been used for several years. The trust account reconciled bank balance at December 31, 2012, was $685, and the entire balance is unidentified.

Monthly lists of liabilities should be prepared and reconciled to book balances to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash are available for payment of all liabilities.

5.3 Outstanding checks

The Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks. As a result, at March 31, 2013, 39 checks, totaling $4,018, had been outstanding for over a year in the restitution and bad check account. In addition, as of December 31, 2012, the inactive trust account had 14 outstanding checks totaling $773 with issue dates ranging from 3 to 7 years old.

Proper follow-up procedures are necessary to prevent the accumulation of old outstanding checks and ensure monies are appropriately disbursed to the payee or as otherwise allowed by state law.

Similar conditions previously reported

Similar conditions to sections 5.2 and 5.3 were noted in our prior audit report.

Recommendations

The Prosecuting Attorney:

5.1 Perform a documented independent review and approval for all accounting adjustments and ensure adequate documentation is maintained to support all adjustments.

5.2 Ensure a monthly list of liabilities is prepared and compared to reconciled bank balance. Any differences should be promptly investigated and resolved. Any unidentified monies should be disposed of in accordance with state law.

5.3 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payee cannot be located, the amount should be disbursed in accordance with state law.

Auditee's Response

The Prosecuting Attorney provided the following responses:

5.1 All adjustments are now initialed and dated by the Prosecuting Attorney along with a review of the supporting documentation.

5.2 We are reconciling monthly to the balance of unidentified monies and will work on identifying these monies in the next few months and will dispose of them in accordance with state law.

5.3 We have reissued checks to payees we could find, and even identified one deceased payee. The remaining balance will be sent to the State Treasurer's office Unclaimed Property Division.

6. County Procedures and Plans

Procedures related to long-term plans for Neighborhood Improvement Districts (NID) monies, fuel and vehicle use, and employment classification are in need of improvement.

6.1 Long-term plans for NID monies

The county has not developed a long-term plan regarding the use of NID maintenance levy monies. The county collects a maintenance levy on 13 NIDs and is currently accumulating these funds to help pay for future asphalt overlay projects for the NIDs. As of December 31, 2012, the combined cash balance of the NID maintenance accounts exceeded $1.3 million, with individual NID balances ranging from approximately $13,000 to $259,000. The County Commission has not performed a formal analysis to determine when or if sufficient monies will accumulate to fund future NID asphalt overlay projects. A formal plan documenting future maintenance costs and available funding sources would help the county monitor and plan for future maintenance projects. Such a plan would demonstrate the county's intentions to the residents within the NIDs.

6.2 Fuel use

The road and bridge department, the 911 Administrator, and the Sheriff's office do not have adequate procedures for monitoring fuel usage. Accounting records indicated fuel purchases totaled approximately $292,000 during the year ended December 31, 2012.

The fuel purchased by the road and bridge department is for bulk tanks at the two county road and bridge sheds. The 911 Administrator and Sheriff's office personnel purchase fuel using fuel cards furnished by the county. We noted the following concerns:

- Road and bridge department employees are not consistently recording odometer readings on the logs maintained for the metered bulk fuel tanks at the road and bridge sheds.

- The County Commission does not have procedures in place to reconcile the road and bridge department's fuel logs with fuel purchase records.

- The 911 Administrator's mileage and fuel use log is not submitted to the County Commission for review nor is it reconciled to fuel purchases on the monthly billing statements.

- The Sheriff's office does not have procedures in place to reconcile mileage and fuel use logs with fuel purchases on the monthly billing statements.

Procedures for maintaining and reviewing mileage and fuel use logs and reconciling log information to fuel purchased and related records are necessary to ensure vehicles are properly utilized; prevent paying vendors for improper billing amounts; and decrease the risk of loss, theft, or misuse of fuel going undetected. Logs should provide sufficient details to enable the county to effectively monitor vehicle and equipment use and fuel costs.

6.3 Commuting mileage

The personal and commuting use of county vehicles by some county officials is not reported to the Internal Revenue Service (IRS). Each County Commissioner is allowed to use a county vehicle to commute to and from home daily. However, none of the County Commissioners complete vehicle logs. Without complete vehicle logs, the county cannot distinguish between business and personal use, and therefore, is unable to properly report personal use.

IRS regulations indicate personal and commuting mileage are reportable fringe benefits and require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs that document business and personal use. Because procedures have not been established to ensure IRS regulations are followed, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

6.4 Employment classification

The county did not document the reasons for classifying two individuals hired to perform information technology duties as independent contractors rather than employees. The county did not withhold payroll and income taxes from payments made to these individuals. Rather, these payments, which totaled $45,055 and $18,473, were reported to the IRS on 1099 forms.

The County Commission indicated the county allowed the individuals to choose their hiring status (employee or independent contractor). However, in December 2011, the County Commission approved employment agreements with these two individuals that state the individuals are employees. In addition, these individuals are required to complete timesheets similar to other county employees and submit timesheets to their supervisor, who is a county employee.

Section 105.300, RSMo, defines an elected or appointed officer or employee of a political subdivision as an employee for Social Security and Medicare tax purposes. For employees, the IRS requires employers to report employee compensation on W-2 forms and withhold and remit income and payroll taxes. Similarly, Chapter 143, RSMo, includes requirements for reporting wages and withholding state income taxes. State and federal laws require employers to pay the employer's share of Social Security and Medicare on the compensation paid to employees. Proper classification of employees is necessary to ensure compliance with various state and federal laws and regulations. The failure to withhold and properly report payroll and income taxes for county employees makes the county potentially subject to additional tax liabilities along with penalties and interest.

Similar conditions previously reported

Similar conditions to sections 6.1, 6.2, and 6.3 were noted in our prior audit report.

Recommendations

The County Commission:

6.1 Develop a long-term plan regarding the use of NID maintenance levy monies.

6.2 Require complete mileage and fuel use logs be maintained for the road and bridge department and ensure the 911 Administrator periodically submits his mileage and fuel use log. In addition, fuel use for the road and bridge department, the 911 Administrator, and the Sheriff's office should be reconciled to fuel purchases, and any significant discrepancies should be investigated.

6.3 Comply with IRS regulations for reporting fringe benefits related to commuting and personal miles and require mileage logs that distinguish between business and personal use.

6.4 Ensure all persons hired by the county are properly classified as employees or independent contractors in compliance with state and federal laws and regulations, and all compensation paid is subject to applicable income and payroll taxes and properly reported.

Auditee's Response

The County Commission provided the following responses:

6.1 We will create a long-term NID maintenance plan that will be re-evaluated annually.

6.2 We agree with the recommendation. We will implement procedures to ensure mileage and fuel use logs are consistently maintained and will reconcile fuel use to fuel purchases.

6.3 We will start keeping logs of mileage to comply with IRS regulations.

6.4 We will review these individuals' employment statuses and ensure documentation conforms to independent contractor status.

7. Senate Bill 40 Board

The Senate Bill 40 Board is not adequately reviewing accounting records and Board meeting minutes are in need of improvement. The Board is funded through a property tax levy and a state funded Targeted Case Management (TCM) program. For the year ended December 31, 2012, receipts in the Senate Bill 40 Board bank account totaled $194,000 and receipts in the TCM bank account totaled approximately $270,000.

7.1 Segregation of duties

Accounting duties related to the TCM bank account are not adequately segregated. The Executive Director is responsible for all duties including receipting, recording, and disbursing monies for this account. The majority of disbursements are made through a debit card. Furthermore, the Executive Director does not prepare monthly bank reconciliations for the account. While spreadsheets showing activity for both of the Board's bank accounts and the bank statements are presented to the Board along with the bank reconciliations for the Board's other bank account, there is no documented review of any of these records by the Board. The Executive Director indicated he takes his file of receipt slips for debit card purchases to Board meetings so they would be available if a Board member requested them; however, the records have not actually been given to the Board to review.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, periodic independent or supervisory reviews of accounting records should be performed and documented by the Board. In addition, timely preparation of monthly bank reconciliations is necessary to ensure bank accounts are in agreement with accounting records and to detect and correct errors.

A similar condition was noted in our prior audit report.

7.2 Sunshine Law

The Board discussed issues in closed session such as changing phone service providers, bill paying procedures, bonding an employee, and TCM contract changes that are not allowable under the Sunshine Law. Additionally, for 2 of the 4 closed sessions held during 2012, open meeting minutes did not document the vote for closing the meeting or cite the specific statute and subsection allowing the closure.

The Sunshine Law, Chapter 610, RSMo, requires the question of holding the closed meeting and the reason for the closed meeting to be voted on at an open meeting. Additionally, the Sunshine Law also limits discussion

topics and actions in closed meetings to only those specifically allowed by state law.

Recommendations

The Senate Bill 40 Board:

7.1 Ensure independent or supervisory reviews of accounting records are performed and documented and monthly bank reconciliations are prepared and submitted to the Board for review for the TCM account. In addition, the Board should adopt procedures to ensure supporting documentation is submitted and reviewed for all debit card usage.

7.2 Ensure open meeting minutes document the reason and the corresponding vote for entering closed session and ensure items discussed in closed sessions comply with the Sunshine Law.

Auditee's Response

The Senate Bill 40 Board provided the following responses:

7.1 We have implemented this recommendation. All accounting records and monthly bank reconciliations are being reviewed by the Board at the quarterly meetings The debit card is no longer being used. We now have a credit card for most TCM transactions. All invoices are submitted to the Board for review.

7.2 In the future, we will strive to comply with the Sunshine Law. We will look into obtaining Sunshine Law training.

Morgan County
Organization and Statistical Information

Morgan County is a county-organized, third-class county. The county seat is Versailles.

Morgan County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 122 full-time employees and 24 part-time employees on December 31, 2012.

In addition, county operations include the Senate Bill 40 Board, the Senior Services Board, and the County Law Enforcement Restitution Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2013	2012
James D. Fisher, Presiding Commissioner (1)	$	29,494
Wayne Kroeschen Jr., Associate Commissioner		30,146
Dan Murdock, Associate Commissioner		30,146
Nancy Boles, Recorder of Deeds		45,675
Cathy Daniels, County Clerk		45,675
Dustin Dunklee, Prosecuting Attorney		113,112
Jim Petty, Sheriff		50,570
Louella Pryor, County Treasurer		45,675
Maynard B. Jones, County Coroner		16,240
Ray Forrest, Public Administrator		45,675
Kathy Francis, County Collector (2), year ended February 28,	50,359	
Bob Raines, County Assessor, year ended August 31,		45,675

(1) James Fisher passed away in November 2012. James Vaughan was appointed by the Governor in December 2012 to replace him.
(2) Includes $4,684 of commissions earned for collecting city property taxes.

Financing Arrangements

The county entered into a lease agreement with a not-for-profit corporation (NFP) in September 1998. The terms of the agreement called for the NFP to issue bonds of $4,500,000 for the purpose of constructing a justice center and for the NFP to lease the justice center back to the county for payments

totaling the principal and interest due on the outstanding bonds. An additional $500,000 in bonds were issued in 2000. In 2005, the NFP issued refunding bonds for $3,495,000 to pay off the 1998 and 2000 bonds. In 2010, the NFP issued more refunding bonds to pay off the 2005 refunding bonds. The remaining balance on the bonds at December 31, 2012, was $885,000 in principal and $31,185 in interest. The bonds mature on September 1, 2014. In November 1997, county voters approved a 1/2 cent law enforcement sales tax, which is used in part to make the principal and interest payments. This sales tax is set to expire in 2017.

The county has 13 NIDs. General obligation bonds were issued to finance the projects. Although these are general obligations bonds of the county, special assessments have been levied on the property located in the districts to pay the principal and interest. The remaining balance on the bonds at December 31, 2012, was $703,000 in principal and $107,571 in interest.

The county has entered into a lease purchase agreement for 911 equipment. At December 31, 2012, the balance of the lease purchase was $476,611 in principal and $29,944 in interest. Payments are made from the General Revenue Fund.

The county was notified in January 2012 that the state Department of Revenue had improperly distributed approximately $535,705 to the county in general and law enforcement sales tax that should have gone to the Mid-Mo Ambulance District. In January 2012, the County signed a promissory note with the Mid-Mo Ambulance District agreeing to pay $107,141 per year for 5 years to the ambulance district, starting in 2012. Half of the amount will be paid from the General Revenue Fund and half from the Law Enforcement Sales Tax Fund.

Thomas A. Schweich

Missouri State Auditor

Ash Grove R-IV School District

May 2014

Report No. 2014-031

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Ash Grove R-IV School District

Accounting Controls over Cash Receipts and Change Funds	The district needs to improve its handling of receipts and change funds, a large portion of which are received in cash. The district has not adequately segregated duties. Staff do not properly record all monies received, timely transmit or deposit monies collected, indicate the composition of receipts and maintain copies of receipt slips, and sometimes use monies on hand to pay expenses without obtaining adequate documentation. In addition, the district does not maintain inventory records for concession items. Monies are not always kept in a secured location; auditors found $462 in cash student activity fees in unlocked desk drawers and file cabinets in classrooms and $3,256 in cash in an office closet to which all employees have access. The district does not account for tokens and meal cards or reconcile tokens and meal cards to the monies collected. Each school maintains various change funds, but the district does not include any of this money in its accounting records.
District Compensation	The district lacks adequate procedures for approving employment contracts and does not prepare employment contracts or separately approve salary schedules for tenured teachers. The district gives the Superintendent an annual in-district mileage allowance of $1,500, but has not documented the basis for this additional compensation and did not report it as taxable income. The district did not report on W-2 forms additional compensation paid to the Superintendent for driving a bus to athletic events, additional compensation paid to employees for working the gate at athletic events, additional compensation paid to 3 teachers for awards, and the value of commuting miles for the maintenance/bus mechanic. The district paid $51,000 in step-ladder payments to 43 teachers but lacks adequate policies and procedures to administer the program properly.
Payroll Procedures, Records, and Policies	The district has not established adequate segregation of duties or supervision over payroll functions. Some employees do not prepare timesheets, timecards, and leave requests, and some employees have been allowed to carry negative leave balances. No review of time and leave records prepared by the district bookkeeper is performed, and the district bookkeeper did not properly track hours worked by retired employees. The district does not maintain a list of related employees and Board members, and it lacks adequate policies and procedures regarding the hiring, supervising, and tracking of related employees.
Bond Refinancing, Procurement Procedures, and Construction Projects	The district sold general obligation bonds through a negotiated rather than a competitive sale and did not select the bond underwriter competitively. The district did not always follow its own bidding policy, and has not established policies for the selection of some vendors providing professional services. The Board did not evaluate three construction management firms before contracting with a company for a project begun in 2012 and does not properly monitor construction projects.

Disbursements	The district does not adequately segregate accounting duties over disbursements, and the list of bills approved by the Board each month is incomplete. The district paid $10,610 to a local hardware business owned by Board President Renshaw for purchases made without soliciting bids. The administrative office made numerous disbursements totaling $19,259 from a petty cash bank account which the School Board did not know existed, and the district lacks a formal purchase order policy. The district vendor list contained numerous errors; the district lacks formal policies for employee reimbursements, local meal purchases, and gifts/awards; and the district did not always enter into written contracts or effectively monitor contracts.
Budget Monitoring and Accounting Records and Controls	The district does not maintain complete and accurate information in its accounting system, and the Board does not adequately monitor budget to actual receipts and disbursements. The Secretary to the School Board is able to post adjustments to the accounting system without independent approval, and electronic signatures of the School Board President and Treasurer are not adequately safeguarded.
Attendance Reporting and Computer Controls	The district's attendance system does not adequately track some changes or limit the time frame for making changes. Changes are not reviewed, and audit staff found some inaccuracies. The district has not adequately restricted access to computer systems and has not established security controls to shut down computers after a period of inactivity and detect or prevent incorrect login attempts.
School Board Procedures and Minutes	The School Board reorganized its two elementary schools without thoroughly performing or documenting a cost-benefit analysis and did not track actual costs/benefits. The School Board did not always comply with the Sunshine Law and did not always maintain complete and accurate minutes. District policies are not complete, accurate, up to date, or adequately communicated to district employees.
Capital Assets and Fuel Usage	The district does not maintain a detailed record of district property and has not performed inventories of capital assets held outside of classrooms. The capital asset listings did not include 12 pieces of equipment valued at $56,000, and do not include all necessary information. The district does not maintain fuel and mileage logs and does not reconcile fuel purchased to fuel used.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Ash Grove R-IV School District
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the Board of Education
Ash Grove R-IV School District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Ash Grove R-IV School District. We have audited certain operations of the district in fulfillment of our duties. The district engaged Davis, Lynn & Moots P.C., Certified Public Accountants (CPAs), to audit the district's financial statements for the years ended June 30, 2013, and 2012. To minimize duplication of effort, we reviewed the audit reports for the year ended June 30, 2013, and 2012, and the substantiating working papers of the CPA firm for the year ended June 30, 2012, audit. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2013. The objectives of our audit were to:

1. Evaluate the district's internal controls over significant management and financial functions.

2. Evaluate the district's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in our audit of the district.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Ash Grove R-IV School District.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Natalie B. McNish, CGAP
Audit Staff:	Alex R. Prenger, M.S.Acct, CPA
	Shannon Spicer

1. Accounting Controls over Cash Receipts and Change Funds

Significant improvements are needed in the handling of student activity, athletic, meal, before and after school program, vending, concession, and library fine receipts, and change funds. These types of receipts are at greater risk since a large portion is received in cash, and there are numerous collection points throughout the schools with a variety of handling and record-keeping methods. Also, written guidance for standard money handling procedures needs improvement. As a result of numerous control weaknesses, there is less assurance all district monies have been handled and accounted for properly.

On March 28, 2013, we observed and reviewed procedures and conducted cash counts of monies on hand at various collection points throughout the district totaling $15,317 ($10,348 cash and $4,969 checks/money orders). The collection points reviewed included the administrative office; the junior high/high school office, classrooms, library, and track concession stand; and the Ash Grove elementary office.

The chart below summarizes the amounts and types of monies collected during the 2012-2013 school year, for those areas subject to our review.

Type of Receipt	Amount
Student activity	$109,769
Athletic	98,980
Meal	78,372
Before and after school program	39,454
Vending	11,141
Concessions	4,757
Library fines	675

This information was obtained from district accounting records.

1.1 Segregation of duties

The district has not adequately segregated duties of receiving, recording, and depositing or transmitting monies at the three schools or the administrative office, and documented supervisory or independent reviews of the accounting records are not performed. Secretaries at the three schools and the Secretary to the School Board at the administrative office receive monies, and prepare and make transmittals or deposits. Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties is not possible, periodic supervisory or independent reviews of the records should be performed and documented.

1.2 Receipting, recording, depositing, and transmitting procedures

The School Board has not established written policies that address the types of records to be maintained and the accounting procedures to be followed by employees for the collection of district monies. We noted several concerns regarding receipting and recording procedures, and identified numerous instances where staff did not transmit or deposit receipts timely and intact.

- The administrative office and schools do not have adequate procedures in place to properly record all monies received. Additionally, some district receipts are handled by several employees before deposit and there is not always adequate documentation to support the transmittal of monies from one district employee to another. Junior high/high school teachers did not always issue receipt slips for student activity monies collected. School secretaries at the three schools did not issue receipt slips for monies collected from students, parents, and teachers (who transmit monies collected from students). The district bookkeeper and Secretary to the School Board did not issue receipt slips for some monies collected in the administrative office or from school secretaries (who transmit monies collected at each of the three schools).

- District personnel use generic rediform manual receipt slips for some monies received. Receipt slips do not always indicate the composition of receipts (i.e. cash, check, or money order), and the district does not reconcile the method of payment on the receipt slips to the composition of receipts recorded in the accounting system or to the deposit or transmittal. In addition, original copies of some voided receipt slips were not retained.

- A cash count conducted of monies on hand in the administrative office on March 28, 2013, identified eight checks, totaling $1,680, dated between January 22, 2013, and March 14, 2013, for which receipt slips were not issued or otherwise recorded. These monies were not deposited until April 16, 2013. In addition, a $120 check for track entry fees, dated March 14, 2013, was held, not recorded or deposited, and was returned to the payee sometime around April 15, 2013, after the Secretary to the School Board determined the payee had overpaid.

- Teachers and school secretaries do not always transmit monies collected to the administrative office in a timely manner. For example, $227 cash was counted on March 28, 2013, in student activity and athletic fees, and was still being held in the junior high/high school office on June 5, 2013, because the responsible sponsors had not instructed the school secretary to transmit these monies.

- Teachers sometimes used student activity fees to pay expenses of events rather than the fees being transmitted to the school secretary for deposit. For example, teachers indicated student activity fees of $40 were paid to a student who painted a mural, and another $40 was used to purchase two $20 gift cards provided to judges for high school cheerleading try-outs. We noted numerous other instances where staff did not transmit student activity fees intact and timely.

- One teacher borrowed monies from district receipts located in the junior high/high school office. During a count of lunch monies, a collection box included an undated IOU signed by a teacher for $10.

- Cash received at the junior high/high school office for caps, gowns and other graduation items ordered by students totaling $446 was paid directly to a vendor without documentation of transmittal.

- The district does not require inventory records of concession items purchased, sold, and on hand to be maintained, and reconciled to concession monies collected. During a cash count conducted of track concessions on March 28, 2013, approximately $1,300 was on hand from concession sales.

To provide guidance to district employees and improve accountability over monies collected, the district should establish written policies for the collection and processing of monies. To properly account for all receipts and ensure monies are accounted for properly and deposited, official prenumbered receipt slips should be issued in numerical order for all monies received, and the method of payment should be recorded on each receipt slip and reconciled to the composition of receipts recorded in the accounting system and deposits or transmittals. The failure to transmit and deposit monies intact and timely and properly document such procedures increases the risk of theft or misuse of funds.

1.3 Security of monies

Monies collected are not always maintained in a secure location, and the district has numerous cash collection points throughout the schools. We noted numerous instances where teachers stored student activity monies in unlocked desks and file cabinets in classrooms at the junior high/high school. At the time of our cash count, student activity fees of $558 ($462 cash and $96 check) were on hand in classrooms. Teachers are also allowed to store monies in a closet in the junior high/high school office, which is accessible to all employees of that school during the school day, and these monies are not tracked or accounted for by the school's secretary. At the time of our cash count, this closet held cash totaling $3,256. Since most teachers failed to issue receipt slips or otherwise account for the receipt of monies, as discussed above, we could not determine how long these monies had been held or who had paid the monies. In addition, checks received are not always restrictively endorsed immediately upon receipt.

To safeguard against possible loss or misuse of funds and to ensure receipts are properly handled, receipts should be maintained in a secure location until deposited, checks and money orders should be restrictively endorsed immediately upon receipt, and the district should review collection procedures at all locations.

1.4 Meal collections

The district does not account for tokens and meal cards or perform a reconciliation of the tokens and meal cards to the related monies collected.

- The junior high/high school secretary does not maintain a daily collection log to account for meals purchased by students, and the

district has not established procedures to account for tokens and meal cards used by students to obtain meals. The junior high/high school secretary collects meal monies from students and issues student meal tokens (one token equals one meal and tokens are different colors for full price, reduced, or free meals) or cards (one card equals five meals). The cards are punched by the contracted meal service cashiers for each meal consumed by the student. If multiple cards are purchased, the secretary issues the current week's card and keeps the remaining cards identified by student in the meal collection box with a note indicating how many cards were purchased and when each card was issued to the student; however, these notes are thrown away once all cards are issued.

- The junior high/high school secretary prepares a weekly meal report; however, it is not complete. The meal report only includes full and reduced price lunches served and charged, but does not include free lunches served, a la carte meal items served, or any dollar amounts collected. As a result, the report cannot be utilized to reconcile to vendor billings for meals and a la carte items served, or to meal collections and monies deposited. Additional monies for a la carte meal items are collected in the cafeteria by contracted meal service cashiers. Monies and tokens collected in the cafeteria are transmitted to the junior high/high school office daily, along with a cash register tape, which records meal, milk, and a la carte collections in the cafeteria. The junior high/high school secretary transmits monies to the Secretary of the School Board for deposit. No meal collection report is prepared to support the transmittal. A contracted meal service employee prepares a monthly report of meals served based upon meal counts for the administrative office.

- Elementary teachers do not use a consistent form of recording student meal collections, and the elementary secretaries do not maintain a complete and accurate daily collection log. Elementary teachers collect meal monies from students and transmit those monies daily (often by a student) to the elementary secretaries, who then transmit those monies to the administrative office for deposit. Some teachers document the amount of meal monies collected from students on attendance sheets, and others do not. The elementary secretaries prepare a monthly report of meals served and collection log for the administrative office; however, the collection log is not accurate. A secretary indicated she records all meal monies received in the adult meal column until it matches adult meals served (even though some teachers charge meals) and then applies the remaining monies on hand to the student meal collections.

- Meal collections are not always transmitted to the administrative office on a timely basis. Our review of deposits indicates the junior high/high

school and Ash Grove elementary school transmit meal collections to the administrative office once a week, and the Bois D'Arc elementary school transmits meal collections once every 2 weeks.

- Due to the lack of records maintained by the junior high/high school and elementary offices, the district does not have an adequate system to track meal accounts receivables or payables. A reconciliation of meals served to meals purchased, charged, and any meal monies on hand is not performed.

  Using district records of meals served during the 2012-2013 school year, we determined the total amount each school should have collected and compared that information to district records of total meal collections deposited in the table below:

	Bois D'Arc Elementary	Ash Grove Elementary	Junior High/High School
Estimated meal collections	$ 22,160	25,106	30,726
Meal collections deposited	21,234	23,698	32,146
Deposits over (under) collections	$ (926)	(1,408)	1,420

  The school secretaries indicated the discrepancies identified and totaling $2,334 at the elementary schools are likely outstanding charges; however, limited documentation exists to identify which students and/or employees may owe these charges. A plausible explanation for the $1,420 discrepancy identified at the high school cannot be determined due to the poor records maintained.

To ensure proper accountability over student meal collections and reduce the potential for loss, theft, or misuse of funds, meal collections should be recorded on a daily log and reconciled to deposits. Any differences should be investigated and resolved. Transmittals should be made timely, and checks and money orders should be restrictively endorsed immediately upon receipt. Further, an adequate system for tracking meals purchased, charged, served, and any meal monies on hand should be established.

1.5 Change funds

Controls over district change funds need improvement. Each school office maintains various change funds for transactions such as making change for students for vending machines, meal tokens or cards, etc. Other change funds are issued temporarily to district personnel for use during sporting events and student activities.

The district does not have a list of approved change funds and the authorized balances, or a written policy regarding change funds. Some change funds are not maintained at a constant amount, some schools

occasionally hold monies out of district receipts to make change, and one teacher indicated he used personal monies to make a change fund for student activities collected in his classroom. Adequate documentation of change funds given to/returned by district personnel for sporting events or student activities is also not maintained.

During our cash counts at various schools and in the administrative office, we identified 12 change funds totaling $2,159. The district's accounting records did not include any of this money.

Written policies should be established outlining the procedures for maintaining, using, and accounting for change funds. The district should also maintain a list of all authorized change funds and amounts, and account for these monies as cash on hand in the district's accounting records. In addition, to safeguard against possible loss, theft, or misuse of funds, change funds should be maintained at a constant amount. Periodically, the funds should be counted and reconciled to the authorized balance by an independent person.

Recommendations

The School Board:

1.1 Segregate accounting duties to the extent possible and ensure periodic supervisory or independent reviews are performed and documented.

1.2 Establish written policies to address the types of records to be maintained and procedures to be followed for the collection of district monies and monitor controls and procedures in all district schools and the administrative office. In addition, the Board should ensure transmittals of monies between employees are documented, checks are issued for purchases, and amounts collected for concessions are periodically reconciled to changes in concession inventory.

1.3 Maintain monies collected in a secure location, restrictively endorse checks and money orders immediately upon receipt, and consider establishing centralized collections points.

1.4 Ensure adequate controls, procedures, and records are established to properly account for meal collections at each school.

1.5 Establish written procedures governing the accounting for change funds. Also, the School Board should maintain a list of each change fund and the authorized balance of each fund, and record the cash on hand in the accounting system. In addition, the School Board

should ensure the change funds are periodically counted and reconciled to the authorized balance by an independent person.

Auditee's Responses

The School Board provided the following written responses:

1.1 As has been noted in our yearly audit for many years, segregation of duties has been an on-going challenge due to the lack of personnel to actually do the work. To meet this challenge, secretaries at each location now count the money and receipt it. The money is then taken to the main office where the money is counted again by a different person and receipted once again by another secretary. The Superintendent then makes all deposits to the bank. This segregates the duties and provides a clear transaction and audit trail through receipts and deposits. This practice started in the second semester of the 2013-2014 school year. This procedure will be written in all applicable handbooks so every employee will know what is expected.

1.2 The district purchased official stamps for each organization in the school district that typically receives money. These stamps are now used to create official and unique receipts whenever monetary transactions take place. Procedures have been put in place so money received by an organization is deposited and receipted with the appropriate office on the day it is received. Money received from clubs and other organizations are not left in classrooms overnight. Deposits are made to the main office on the day that the money is received by the school office. Documentation in the form of identifiable receipt trails are now in place from the time that the money is received by a teacher, deposited with the school office, transferred to the main office, and deposited at the bank. All money collected is deposited with the main office. If expenses need to be paid, they are paid through the main office, not by using collected fees. IOU's are not accepted. Concession inventories will be maintained and reconciled at the end of each sport season to ensure that all sales revenue matches receipts and profits. These procedures will be written in all applicable handbooks so every employee will know what is expected.

1.3 All money received by individuals in each school are receipted and deposited with the appropriate school secretary on the day they are received. No money is to be kept in classrooms. Checks received are to be stamped by the school secretary upon receipt and deposited with the main office where another receipt will be made after counting the money for deposit at the bank. A centralized collection point in each building has been established as the school office. The school is purchasing lockable deposit bags to secure all money

between monetary transactions and deposit. Only administrators and office staff have access to the school safes.

1.4 The district no longer uses a meal card or token system for meals. Each school has gone to a comprehensive computerized system where money is pre-loaded into a student's meal account. No money is transacted in any cafeteria. All monetary transactions take place in the office (the centralized collection point) or on-line with parents loading money to a PayPal account. Each student's finger is scanned in the cafeteria after the student has received his/her food. The program automatically identifies the student and charges the student's account for the appropriate price of the food selected. The names of students, who qualify for free or reduced meals, are pre-loaded in the computer program—nothing different takes place for these students than for any other student. The new computerized system provides for automatic and comprehensive information for accounts receivable and payable information. This system was put in place at the start of the 2013-2014 school year. All meal counts with our contracted food service provider are now tied directly to the computerized food management system so there are no longer any discrepancies between meal counts and what is billed by the provider.

1.5 All cash boxes have been combined into a single change fund in each school office with a set amount in each fund. Each change fund will appear on the school's general ledger and will be counted and reconciled periodically by an administrator. This procedure will be written in all applicable handbooks so every employee will know what is expected.

2. District Compensation

The district needs to improve its employment contract and additional compensation documentation and reporting procedures. In addition, the district needs to improve policies and documentation for the step-ladder compensation program.

2.1 Employment contracts and stipends

The district does not have adequate procedures for approving employment contracts, and does not prepare employment contracts or separately approve salary schedules for tenured teachers. Contract amendments contained errors and were not properly approved and signed, and district procedures for stipends are informal.

- The School Board does not review or approve non-tenured or administrative employees' employment contracts. These employment contracts are prepared and signed by the Secretary to the School Board. The Secretary to the School Board applies the Board President's electronic signature to the contract (see MAR finding number 6.3), and

a subsequent review of the contract is not performed by the Board President or the School Board. Additionally, in some instances, these employment contracts were only signed by the Secretary to the School Board and the employee.

- Salary schedules for tenured teachers (who do not have employment contracts) are not separately approved by the School Board. As a result, the School Board approves compensation of tenured teachers through adoption of the district's annual budget, and three Board members approved compensation of relatives in this manner. Board President Renshaw approved compensation to his wife totaling $41,770 during the 2012-2013 school year. Board member Keith approved compensation to his wife totaling $35,280 during the 2012-2013 school year. Board member Reece approved compensation to her husband totaling $34,110 and to her sister-in-law totaling $42,160 during the 2012-2013 school year. To avoid the appearance of a conflict of interest, the School Board should reconsider the method used to approve tenured teachers' salaries.

- The Secretary to the School Board prepares contract amendments that are not always mathematically correct, are not signed by the employee, and are not reviewed or signed by the Board or the Superintendent. For example, the Superintendent's contract amendment for the 2012-2013 school year incorrectly reported total salary, stipends, and benefits of $116,643, but individual amounts reported in the contract amendment totaled to $121,124 (the actual amount the Superintendent was compensated), resulting in a difference of $4,481 in overall compensation. The contract amendment was also not signed by either the Superintendent (employee) or a member of the School Board. Employment contracts are typically amended annually for the upcoming school year, and the contract amendment serves as the new employment contract. After approval of the district budget in July of each year, the Secretary to the School Board prepares and mails or e-mails contract amendments to employees documenting their salary, stipend and benefit amounts for the upcoming year.

- The school district has not established adequate policies and procedures regarding stipends. The district does not prepare extra duty contracts, defining job duties or additional responsibilities performed for stipends paid. The school district paid approximately $127,000 in stipends to 75 district employees for the 2012-2013 school year. District personnel indicated stipends are paid for services rendered beyond the employee's contractual obligations or normal job responsibilities.

Formal written employment contracts and contract amendments, which clearly define all contractual terms, are necessary to ensure all parties are

aware of their duties and responsibilities, and to prevent misunderstandings. Contracts and amendments should be reviewed for accuracy and signed by all parties. Further, adequate policies and procedures regarding stipends and preparation of extra duty contracts that specify stipend amounts and related duties are needed to adequately support such payments and clarify the process.

2.2 Additional compensation

The school district has no basis for the Superintendent's mileage allowance and did not always report extra compensation to employees or subject the payments to payroll tax withholdings as required.

- The district has not documented its basis for determining the Superintendent's annual in-district mileage allowance totaling $1,500, and the payments were not reported as taxable income. Using the district's current reimbursement rate of 40 cents per mile, the mileage allowance paid represents 3,750 in-district miles per year. In addition to the in-district mileage allowance, the district reimbursed the Superintendent $1,968 for 4,922 documented miles driven outside of the district during the 2012-2013 school year.

  The Internal Revenue Service (IRS) specifically requires expenses not accounted for to the employer (in-district mileage) to be considered as gross income and payroll taxes to be withheld from the undocumented payments. In addition, the district should periodically review the reasonableness of the mileage allowance paid and, if necessary, adjust allowances to reasonably reflect the actual expenses incurred by the Superintendent.

- The district allows the maintenance/bus mechanic to use a district vehicle to commute to/from work, and does not properly report the value of commuting miles as compensation. The maintenance/bus mechanic commutes an estimated 2,100 miles annually. IRS regulations require employers to withhold payroll taxes and include the value of personal automobile (commuting) use in taxable income.

- The district did not report additional compensation totaling $251 paid to the Superintendent for driving a bus to athletic events on his W-2 form and did not withhold payroll taxes.

- The district did not report additional compensation (awards) paid to 3 teachers totaling $1,860 ($620 each) during the 2012-2013 school year on their W-2 forms and did not withhold payroll taxes.

- The district did not report additional compensation paid to several employees totaling $2,650 for working the gate at athletic events during

the 2012-2013 school year on their W-2 forms and did not withhold payroll taxes.

IRS regulations require wages paid to employees be subject to payroll tax and reported on W-2 forms.

2.3 Step-ladder program

The district has not established adequate policies and procedures for the step-ladder program, which gives compensation to teachers who provide student services and assistance beyond the traditional teaching responsibilities. The district paid approximately $51,000 in step-ladder payments to 43 teachers for the 2012-2013 school year.

- The School Board had not approved a step-ladder plan in accordance with board policy prior to disbursing step-ladder payments in May 2013. The step-ladder committee prepared and used a summary plan during an evaluation of step-ladder applications during the 2012-2013 school year; however, we found no documentation this summary plan or other step-ladder plans had been approved by the Board for the 2012-2013 school year.

  Board policy also provides for the Superintendent to revise the step-ladder program plan when state funding for the program is cut or eliminated and to present the plan to the Board for approval. State funding for the program has not been available since the 2010-2011 school year. The district has used local funding for the program in subsequent years.

- Clear and consistent criteria have not been established to evaluate how compensation under the step-ladder program is earned. According to the 2012-2013 junior high/high school teacher handbook, employees must serve a total of 60, 90, or 120 hours for stages I, II, or III compensation, respectively, and performance evaluations must be considered in conjunction with hours completed. However, the step-ladder summary plan prepared and used by the step-ladder committee during the 2012-2013 school year stated only 16, 32 or 60 hours are required for stages I, II, or III compensation, respectively, and did not indicate whether performance evaluations would be considered by the committee. The Superintendent appointed a step-ladder committee of 4 teachers to develop plans, review participating teachers' step-ladder activity lists (allowable activities the teacher plans to complete) and logs (used to document the activity and number of hours worked in that activity for the school year), and approve a final review sheet (documents the teacher's name, stage, total hours documented on the logs, date, signature of the teacher, and approval of the committee and building principal) for all participants for the 2012-2013 school year.

- Some step-ladder logs reviewed reported activities that did not meet the criteria established by the step-ladder committee. For example, a participant claimed hours worked for a student activity that was already compensated through a stipend; another participant claimed hours worked for a student activity "in lieu of being paid a stipend" because the step-ladder compensation ($1,500) was greater than the stipend offered (approximately $350); and another participant claimed hours worked for passing out snacks during standardized testing periods and moving a classroom that were not on the district's approved activity list, and hours served in May 2012, when the school year did not begin until July 1, 2012.

  According to a summary plan prepared by the step-ladder committee (not approved by the Board at the time of our review), a participant cannot claim hours worked for an activity that is compensated through a stipend, not included on the approved activity list, or not completed during the 2012-2013 school year.

- Principals did not always require participants to submit step-ladder logs for review in conjunction with the final review sheet.

- Step-ladder committee member discussions with participants regarding variances between allowable step-ladder activities and step-ladder plans and related decisions were not documented.

- The step-ladder committee provided the district bookkeeper incorrect payment information, and as a result, the district over-compensated eight participants ($4,500 in total) and paid compensation to five employees who were not participants in the program ($2,800 in total). The district was notified of the error by one of the over-compensated participants, and the district subsequently corrected the payments.

Without clear, non-conflicting written guidance, the Board cannot ensure monies spent for the step-ladder program are used efficiently and participants are treated fairly and consistently. Guidance should include establishment of a written plan with criteria for hours required, allowable activities, and performance standards required to earn compensation under this program and should require submission of supporting documentation to those responsible for oversight and approval of payments.

Recommendations

The School Board:

2.1 Ensure employment contracts and amendments are reviewed for accuracy and are signed by either the Superintendent or a Board member and the employee. The School Board should reconsider its process of approving tenured teachers' salaries and establish

adequate policies and procedures requiring extra duty contracts be prepared that specify the stipend amount and duties to be performed.

2.2 Ensure all compensation paid to employees and commuting use of district vehicles is subject to payroll taxes and properly reported on W-2 forms. The Board should also review the vehicle allowance paid to the Superintendent and set the allowance to reasonably reflect the actual expenses incurred.

2.3 Establish a clear and consistent step-ladder policy, require preparation of adequate supporting documentation to support decisions made and amounts paid, and ensure an adequate review is performed of all documentation.

Auditee's Response

The School Board provided the following written responses:

2.1 The school district will ensure that all employment contracts and amendments are reviewed for accuracy and signed by either the Superintendent or a Board member and the employee. Besides approving the salary schedules and extra duty assignments in the budget as a whole, the School Board will also approve the teacher salary schedule for all certificated individuals except related parties. In a separate vote, the same salary schedule will be approved for those related-party individuals, and related parties on the Board will abstain from that vote. The same process will apply for approving extra-duty stipends.

2.2 All compensation paid to school employees is now done through payroll, where there had been some exceptions in the past paid through accounts payable. The in-district mileage allowance previously paid to the Superintendent will be eliminated from the Superintendent's contract and will be added to the Superintendent's base salary and paid through payroll. All employees will continue to be paid the Board-approved rate per mile for travel outside the district for school purposes when using a personal vehicle. When any employee is paid extra to drive a bus or perform duties outside the normal work day, that money will be paid through payroll as taxable income.

The school district allowed its maintenance man to drive the maintenance van home each night because that van contained all of the maintenance man's personal tools that would have been unavailable to him had the van been parked at school each night. The school never provided the maintenance man with compensation

for the use of his personal tools. That maintenance man no longer works for the school and the van is parked at school each night.

2.3 New procedures and policies relating to the step-ladder program were Board approved in March of 2014. These procedures are being put into place to provide for more oversight of the step-ladder program. The step-ladder program guidelines will be Board-approved each year. These procedures will require oversight and approval of all step-ladder approved activities and logs by a committee, an administrator, and ultimately the Board of Education. This procedure will be written in all applicable handbooks so every employee will know what is expected. No teacher will be allowed to forego receiving an extra-duty "stipend" in order to count those normally allowable hours to be counted towards their step-ladder hours.

3. Payroll Procedures, Records, and Policies

Significant improvement is needed related to payroll procedures, records, and policies.

3.1 Payroll procedures

The district has not established adequate segregation of duties or supervision over the payroll functions, and various district personnel do not perform sufficient reviews of time records. Errors were noted with some time and leave records, and some employees were allowed to carry negative compensatory (overtime) leave balances.

- The district bookkeeper is primarily responsible for all payroll functions including preparing time records for bus drivers, receiving time records (time cards, timesheets, and leave requests) prepared by other employees, entering time and leave data into the payroll system, preparation and disbursement of checks, authorizing direct deposits into employees' accounts, and distribution of employee W-2 forms. In addition, the Superintendent's review of direct deposits is not adequately documented and payroll checks issued are not reviewed by the Superintendent.

  Errors went undetected because no one performed a review of time and leave records prepared by the district bookkeeper. For example, bus driver substitute usage reports documented a bus driver was sick; however, the use of sick leave was not documented on the leave records maintained by the district bookkeeper. In two other examples, the district bookkeeper did not correctly calculate payroll disbursements to substitute teachers.

- Some employees, including the Superintendent and principals, do not prepare timesheets, timecards, and leave requests. For these employees, the district bookkeeper enters data into the payroll system without documentation of time worked or leave taken. As a result, any adjustments needed to regular pay amounts are not made and there is less assurance leave records are accurate. Other district employees prepare timesheets, timecards, and leave requests; however, these documents are not always signed by the employees or their supervisor to document approval of time worked and leave used.

- The district has allowed some employees to carry negative leave balances. A review of 13 employees' compensatory records showed 5 employees were carrying negative compensatory leave balances at various times during the 2012-2013 school year and 2 of these 5 employees carried negative leave balances over from the previous year. Had these employees terminated employment, the district would have paid them for hours not worked. A review of time records by the district bookkeeper and/or supervisors would likely have detected these errors.

Proper segregation of duties and independent reviews of payroll transactions and records would help ensure all payroll transactions are accounted for properly and assets are adequately safeguarded. Without a review of payroll documentation, errors, theft, or misuse of district resources could go undetected. Signed and approved time records are necessary to document hours worked, substantiate payroll disbursements, provide the district with a method to monitor hours worked and leave taken, and are beneficial in demonstrating compliance with Fair Labor Standards Act of 1938 (FLSA) requirements.

3.2 Post-retirement employees

The district bookkeeper did not properly track hours worked by employees retired under the Public School Retirement System (PSRS) and Public Education Employee Retirement System (PEERS). As a result, payroll records do not reflect instances when a retired employee exceeded the 550 hour limit. The district is required to report gross pay and actual hours worked to the retirement systems to ensure the limits are not exceeded.

Per Section 169.560, RSMo, a teacher or school employee retired and currently receiving a retirement allowance may be employed in any capacity in a school district on either a part-time or temporary-substitute basis not to exceed a total of 550 hours in any one school year, and through such employment may earn up to 50 percent of the annual compensation payable under the employing district's salary schedule for the position or positions filled by the retiree, given such person's level of experience and education, without a discontinuance of the person's retirement allowance.

- The district bookkeeper stopped recording her actual hours worked on the district's post-retirement log once she neared the 550 hour limit and did not report hours worked in excess of the 550 hour maximum in the 2012-2013 school year to the retirement systems. Timesheets from July 2012 to May 2013 indicated the district bookkeeper worked 606 hours.

  In addition, the district bookkeeper did not maintain a timesheet for June 2013; however, the district paid her normal monthly salary amount, and she performed the same duties in June 2013, as she had performed during the remainder of the school year. The district bookkeeper indicated she discontinued maintaining a timesheet in June 2013, because she was volunteering her time to the district. According to the retirement systems' guidance,[1] volunteering is defined as work performed for which no compensation is received and with duties that are substantially different from any paid work you may perform for the same employer.

- Instead of tracking and recording actual hours worked each day by post-retirement employees, the district recorded 2 hours worked for all bus drivers and 6 hours worked for all teachers per day on the post-retirement log. According to the retirement systems' guidance,[2] employees are required to count all time necessary to complete the requirements of the position worked, including planning periods, lunch breaks (if employee must remain at the school), time grading papers, and time supervising students between events or when traveling.

  For example, a post-retirement teacher recorded actual time worked on monthly time sheets as required by the retirement systems; however, in May 2013, the teacher indicated she was instructed by the district bookkeeper to revise her monthly timesheets for September 2012 to April 2013, and report only 6 hours worked per school day, instead of the actual number of hours worked. The initial time sheets prepared by the teacher for September 2012 to April 2013, indicated the teacher actually worked 552.5 hours. The teacher indicated she did not record actual hours worked on the May 2013 timesheet. Due to these discrepancies in the payroll records reviewed, the district bookkeeper

[1] *Working After Retirement*, Public School Retirement System of Missouri, p. 3, <https://www.psrs-peers.org/psrs/Publications.html>, accessed January 29, 2014. *Working After Retirement*, Public Education Employee Retirement System of Missouri, p. 3, <https://www.psrs-peers.org/peers/Publications.html>, accessed April 15, 2014.

[2] *Working After Retirement*, Public School Retirement System of Missouri, p. 8, <https://www.psrs-peers.org/psrs/Publications.html>, accessed January 29, 2014. *Working After Retirement*, Public Education Employee Retirement System of Missouri, p. 7, <https://www.psrs-peers.org/peers/Publications.html>, accessed April 15, 2014.

may not have reported hours worked in excess of the 550 hour maximum by this teacher to the retirement systems.

Another post-retirement employee worked as a bus driver and mowed school grounds during the 2012-2013 school year. The district bookkeeper only recorded 2 hours worked per day as a bus driver on the post-retirement log, which totaled 543 hours, and did not include the 155 hours worked by the employee mowing school grounds during the 2012-2013 school year. Due to these discrepancies in the payroll records reviewed, the district bookkeeper may not have reported the hours worked in excess of the 550 hour maximum (148 hours) by this employee to the retirement systems.

- The district did not require at least 3 post-retirement employees to document hours worked, and as a result, could not monitor the 550 hour requirement. According to the retirement systems' guidance,[3] employers are required to maintain records to track hours worked and wages earned for each retiree hired.

The retirement systems require employers to track retiree hours and salary to ensure compliance with state law. The retirement systems can request to review records and if limits are exceeded a person's retirement benefits can be put on hold.

3.3 Related employees

A list of related employees and Board members is not maintained, and the district has not established adequate policies and procedures related to the hiring, supervising, or tracking of related employees. The absence of data on related employees and Board members weakens internal controls and may result in conflicting situations. Identifying and maintaining documentation of related employees is important to determine and monitor conflicting related party situations.

Recommendations

The School Board:

3.1 Adequately segregate payroll duties or ensure a periodic, documented review of these functions is performed by someone independent of the payroll functions. The Board should discontinue the practice of allowing employees to use unearned leave.

[3] *Working After Retirement*, Public School Retirement System of Missouri, p. 4, <https://www.psrs-peers.org/psrs/Publications.html>, accessed January 29, 2014. *Working After Retirement*, Public Education Employee Retirement System of Missouri, p. 3, <https://www.psrs-peers.org/peers/Publications.html>, accessed April 15, 2014.

3.2 Ensure post-retirement employees timesheets reflect actual time worked and gross pay and actual hours worked are reported to the retirement systems to ensure applicable limits are not exceeded.

3.3 Establish procedures to identify and monitor related employees, obtain related party information, verify information with each employee periodically, and ensure individuals are not working in conflicting employment capacities.

Auditee's Response

The School Board provided the following written responses:

3.1 Two individuals now perform payroll duties to cross-check work performed. The Superintendent has checked and will continue to check all payroll direct deposits and the list of physical checks. The main secretary in each building will use a standardized leave request form for all employees working in that building, including administrators. No employee is allowed to carry negative comp-time leave. This practice was started during the second semester of the current school year.

3.2 All post-retirement employees are now required to submit a standardized monthly time log. This log verifies their hours worked each month and will ensure that no post-retirement employee works in excess of the allowable 550 hours each year. This practice was started in the second semester of the current school year. The school will communicate with the retirement system to discuss past hours worked by retired employees noted in the report.

3.3 A comprehensive list of related employees has been created and maintained to monitor conflicting related party situations. This list was formally created at the end of the 2012-2013 school year and has been maintained since that time.

4. Bond Refinancing, Procurement Procedures, and Construction Projects

Bond refinancing, procurement, and construction project practices need improvement.

4.1 Bond refinancing

The school district sold general obligation refunding bonds totaling $3,295,000 in January 2013 through a negotiated instead of a competitive sale. The district issued the bonds to refund bonds originally issued in 2009 for construction and remodeling of schools. The Board did not select the

bond underwriter competitively and used an underwriter it was familiar with. Bonds were sold privately to the underwriter instead of seeking open bids which would ensure the most competitive rate of return for the taxpayers. The underwriter was paid $46,135.

The State Auditor's office completed a statewide review of general obligations bond sales practices[4] that determined negotiated bond sales historically result in increased interest costs. While Missouri law does not require competitive bond sales or competition in selecting bond underwriters, the historically lower interest costs on competitive sales suggest such sales to be in the best interest of the district.

4.2 Bidding

The district did not always follow its own bidding policy. Board policy requires employees to contact multiple vendors for purchases totaling less than $3,000; competitively bid purchases of $3,000 or more, and requires sealed bids for purchases of more than $15,000. However, board policy does not address documentation required for sole source procurement or establish time frames for which threshold amounts will apply. Our review of select disbursements made during the 2012-2013 school year identified the district did not solicit bids in compliance with policy, document sole source procurement, or solicit bids when the district utilized the same vendor for multiple transactions within a short period of time and purchases exceeded the $3,000 threshold.

Item or Service	Cost
Athletic supplies	$20,312
Bus radios	20,299
Web hosting and e-mail services	17,089
Tablet computers	12,334
Food	9,279
Lawn mower	8,744
Copier	7,280
Automotive parts	6,614
Installation of smart boards	5,929
Intercom system	5,520
Fence	4,852

District personnel indicated the district purchased the bus radios and web-hosting and e-mail services from sole source vendors; however, this information was not documented. Also, the district made multiple purchases totaling more than the $3,000 from a single vendor for both the food and fence purchases within a 90 day period without soliciting bids.

[4] Report No. 2013-116, *General Obligation Bond Sales Practices*, issued in November 2013.

Competitive bidding not only ensures the district is complying with board policy, but also helps ensure all parties are given an equal opportunity to participate in district business. Documentation of the selection process and criteria, including sole source procurement, should be retained to support purchasing decisions. Also, a more comprehensive procurement policy establishing time frames for which threshold amounts apply would provide a more effective framework for economic management of district resources.

4.3 Professional services

The district has not established policies for the selection of some vendors providing professional services. Additionally, the district did not solicit requests for proposals for several professional services, including speech therapy services totaling $10,311, occupational therapy services totaling $10,044, physical therapy services totaling $8,064, athletic training services totaling $4,650, and legal services totaling $3,576.

The district did not competitively bid independent auditing services every 3 years as required by board policy, and paid $12,700 for auditing services during the 2012-2013 school year. The district had not solicited proposals from various banking institutions in many years for the deposit of district monies in accordance with board policy.

The district also does not have a written agreement for the speech therapy services, athletic training services, and legal services.

Soliciting proposals for professional services is a good business practice, helps provide a range of possible choices, and allows the district to make better-informed decisions to ensure necessary services are obtained from the best qualified provider after taking expertise, experience, and cost into consideration. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

4.4 Construction management

The Board did not procure construction management services for a construction project begun in 2012 in compliance with a board policy that requires construction management services for projects expected to cost no more than $500,000 to be selected in the same manner in which architects are selected, as provided for in Section 8.291, RSMo. That statute requires evaluation of three highly qualified firms; however, the district did not evaluate three firms. Instead, in November 2012 the district placed an advertisement in a local paper requesting bids for construction management services. The district received only one response and therefore evaluated and eventually hired this company. During the period April 2013 through August 2013, the district paid this company $19,118 in construction management fees. In addition, the district also paid $191,179 in construction costs to the company, for subsequent payment to subcontractors.

To ensure compliance with board policy regarding construction management services, the district should follow the guidelines provided in Section 8.291, RSMo, for projects with an estimated project cost of less than $500,000.

4.5 Monitoring of construction projects

The district does not properly monitor construction projects.

- Change orders were not always prepared by the district's construction management company and approved by the Board. For example, in July 2011, the Board approved a construction contract to build a new weight and locker room with budgeted project costs totaling $302,910. After the construction management company received all bids from subcontractors, the cost of the project was reduced to $282,882; however, no change order was prepared and presented to the Board for approval. In addition, change orders increasing construction costs totaling $34,476 were also not prepared and presented to the Board for approval. The final project cost was $317,358.

- The construction management company submitted payment applications to the district with incorrect amounts shown as the original contract amounts. District officials responsible for reviewing and approving payment applications did not identify the differences in the original contract amounts.

- The district paid the construction management company an additional $7,573 as a performance bonus on this construction project without any documented evaluation criteria. The contract provided for payment of a performance bonus of 2.5 percent to be paid based upon criteria set forth by the School Board; however, the district failed to document the criteria used to evaluate the performance of the construction management company or properly calculate the amount of the performance bonus. The district calculated the bonus paid based upon the original contract amount of $302,910.

To ensure the amounts paid are valid, appropriate, and represent the true cost of services, contracts should include specific criteria for the award of any performance bonuses, change orders should be prepared, submitted for review, and approved by the Board prior to the completion of the additional work, and payment applications should be reviewed for accuracy and in conjunction with construction project budgets and change orders.

Recommendations

The School Board:

4.1 Consider a competitive sale for future bond issuances.

4.2 Solicit bids in compliance with board policy and amend the policy to add timeframes for bid thresholds. If sole source procurement is necessary, the district should retain documentation of these circumstances.

4.3 Periodically solicit proposals for professional and banking services, and enter into written agreements for professional services.

4.4 Ensure construction management services are solicited in compliance with board policy.

4.5 Ensure change orders are prepared and submitted for the Board's review and approval, payment applications are reviewed for accuracy, and the criteria to support performance bonus payments is documented.

Auditee's Response

The School Board provided the following written responses:

4.1 Missouri law does not require competitive bidding of bond sales. The last bond refinancing that the school did was approved in November of 2012, while the sale itself took place in January of 2013. By refinancing at a lower interest rate at this time and using the company that we used, it saved the school district and its tax payers $804,092 by reducing our average bond interest rate from 4.73% to 2.17% on $3,295,000 of outstanding bonded debt. In the future, the school district will seek to pursue any sale of bonds using the mechanism deemed to be in the best interest of the school while complying with both state law and School Board policy.

4.2 The district has strived to seek competitive bids, but there were instances where multiple bids were not done or documented. The school district will seek competitive bids for supplies in excess of $3,000. The district will revise its policies relating to competitive bidding to ensure that the policy and practices of the district match.

4.3 Following the audit, the district has solicited proposals for professional, banking, audit, and other professional services. The district now has multi-year contracts on file for professional services.

4.4 The school will strive to obtain multiple bids from various construction management firms if such services are needed in the future.

4.5 During the construction and remodeling phase of all projects, the School Board receives a personal update on financial information

from the construction manager each month. During the construction process, it is sometimes necessary for decisions impacting construction costs to be made so as to not impede the progress of the construction. All future change orders will be approved by the Superintendent and voted on by the Board at the next School Board meeting. The school will strive to ensure that all change orders and payment applications are reviewed for accuracy and all payments are documented appropriately. The performance bonus was awarded to the construction manager because of the additional duties and responsibilities necessary to complete the project in lieu of an architect. In the future, if a performance bonus is awarded, the duties and responsibilities will be outlined in the contract.

Auditor's Comment

4.1 The Board's response shows the importance of ensuring the lowest possible interest costs are obtained when bonds are issued. By utilizing a competitive sale on future general obligation bond sales, the Board can help ensure the district has obtained the lowest interest costs possible.

5. Disbursements

Improvement is needed with regard to the district's disbursements procedures and policies.

5.1 Segregation of duties and approval process

Accounting duties over disbursements are not adequately segregated, oversight by the Superintendent is not adequately documented, and the approval process for disbursements is not adequate.

Disbursement duties

The Secretary to the School Board performs most disbursement duties, including preparing her own expense reimbursement checks. The secretary is responsible for recording all disbursements in the accounting system, applying electronic signatures of Board members to checks issued from the operating bank account, printing and mailing checks, and preparing a disbursement report for the Board's review. A subsequent independent review of the use of the Board member's electronic signatures on checks from the operating account is also not completed. In addition, the secretary has signature authority on the remaining 12 bank accounts (other than the operating account) held by the district, and only one signature is required on these checks.

Approval process

The list of bills approved by the Board each month is not complete, and a comparison of the list to approved invoices and the actual checks written is not performed. The list of bills approved by the Board at each meeting does not include any payroll and debt service payments and some related fringe benefit payments. For example, the list of bills for September 2012 did not include payroll and benefit payments totaling $206,187 or debt service payments totaling $99,706, which together represent 51 percent of total disbursements for the month.

Additionally, the Superintendent indicated he documents his review of disbursements by applying a highlighter mark across check stubs; however, the use of the highlighter does not document the date or by whom approved.

Proper segregation of duties and adequate oversight of accounting functions helps ensure all transactions are accounted for properly and assets are adequately safeguarded. To ensure disbursements are appropriate, the Board should require complete and accurate financial information be provided for its review and approval, and conduct an adequate review of the list of bills, invoices and checks written prior to checks being issued. The Superintendent should also better document his approval of invoices.

5.2 Conflict of interest

The district purchases supplies from a local hardware business owned by Board President Renshaw. During the year ended June 30, 2013, the district paid $10,610 to this business without soliciting bids for these purchases. Board President Renshaw abstained from the approval of these payments; however, his signature appeared on 10 of 13 checks issued to the business. In addition, Board President Renshaw did not file a personal financial disclosure as required by board policy.

Board members of a district serve in a fiduciary capacity. Personal interests in business matters of the district could create actual and the appearance of conflicts of interest. In addition, Sections 105.454 and 105.458, RSMo, prohibit financial transactions between the district and elected officials that involve more than $5,000 per annum, unless there has been public notice to solicit proposals and competitive bidding, provided the bid or offer accepted is the lowest received. Further, the Board's conflict of interest and financial disclosure policy and Section 105.483(4), RSMo, requires Board members to file personal financial disclosure statements to report "each transaction in excess of $500 per year between the district and any business entity in which the individual has a substantial interest."

5.3 Petty cash bank account

The administrative office used a petty cash bank account to pay 61 disbursements totaling $19,259 without School Board approval during the 2012-2013 school year. The School Board was unaware of this bank account and has not established formal policies for the use of the petty cash bank account. Adequate supporting documentation was not obtained for several of these disbursements, and the individual disbursements from the account were not recorded in the accounting system. According to the Secretary to the School Board, the district used the bank account for petty cash and emergency purchases, with monthly replenishment checks being issued from the district's general operating account; however, the use of the account has increased beyond these purposes.

All 61 checks for the petty cash account disbursements were signed by only 1 person (51 by the Secretary to the School Board, 6 by the Superintendent, and 4 by the district bookkeeper), although board policy states both the

President and Treasurer of the Board shall sign all checks issued by the school district. In addition, 22 disbursements totaling $7,914 had no supporting documentation, and 15 disbursements totaling $5,111 had inadequate supporting documentation. For example, an invoice or other supporting documentation (other than a purchase order prepared by a teacher) was not retained by the district for lodging costs totaling $2,496.

If a petty cash bank account is needed, the Board should establish formal petty cash bank account policies, including purchasing limits; and ensure only small and emergency expenditures are made from the account. To ensure payments are valid and proper, the Board should require adequate supporting documentation be maintained, require review and approval of petty cash account disbursements, and ensure board policy is followed.

5.4 Purchase orders

The district has not adopted a formal purchase order policy (other than the one outlined for teachers for the purchases of supplies, instructional materials, and equipment), and administrative staff did not always complete purchase orders as appropriate. In addition, purchase orders are not pre-numbered or accounted for properly and teachers did not complete them for several purchases we reviewed and often completed them following the purchase. Payment of invoices without a properly completed purchase order increases the risk of paying for goods or services not actually received.

5.5 Duplicate vendors

The district vendor list contained 39 duplicate vendor names, each with a separate vendor number. Additionally, the vendor list contained one vendor 10 times and did not include the address for 159 vendors, and 1 vendor was labeled "DO NOT USE." Better controls should be established to ensure only authentic vendors are entered in the payment system and all necessary vendor information such as an address is included. In addition, deleting duplicate vendor names and vendors the district does not intend to use would give the district better control over vendor information and result in a more efficient operation.

5.6 Employee reimbursements, local meal purchases, and gifts/awards

The district does not have formal written policies for employee reimbursements, local meal purchases, and gifts/awards. Some of these disbursements did not have a clear school district or educational purpose or were unsupported.

- The district reimbursed a post-retirement employee, who is employed by the district as a part-time Information Technology Director, $1,123 in February 2013, for professional development travel costs. Costs reimbursed included mileage, lodging, airfare, and a cruise to Cozumel and Progresso, Mexico. During the cruise, the employee was to receive training titled "Wireless Without Limits." While the training may have been beneficial, the cruise and other expenses did not have a clear school district or educational purpose. In addition, the employee did not complete a professional development need assessment form as required

by board policy. The Superintendent indicated he was unaware the costs of the professional development included a cruise when he approved the expense. Also, the district did not obtain a certificate of completion form or any other related documentation from the employee to document attendance at the training.

- The district reimbursed a teacher, who serves as the Future Farmers of America (FFA) sponsor and trap team coach, $1,000 without obtaining supporting documentation (other than a cancelled check).

  In September 2012, the teacher signed a letter of intent for a fundraising event offered by a not-for-profit (NFP) association for scholastic shooting sports. The NFP provided a tablet computer to be raffled, and the letter of intent indicated the teacher would raise and subsequently pay the NFP $1,000 of related proceeds. Raffle ticket sales in December 2012 totaled only $580, which was not sufficient to cover the amount stated on the letter of intent. On February 26, 2013, the teacher wrote a personal check for the entire $1,000, because the NFP required payment by February 28, 2013, in order to provide matching funds. The district reimbursed the teacher the full $1,000 in March 2013, resulting in a loss of $420 to the trap team and the district. The Superintendent approved the reimbursement payment to the teacher, but could not provide an explanation for the purpose of this reimbursement.

  It is unclear why the district paid more than the amount collected by fundraising to the NFP. Further, as part of the fundraising event, the NFP indicated it would match the district funds 6 to 1 and place the $7,000 in an NFP escrow account for the trap team to apply towards equipment grants provided by the NFP; however, neither the teacher nor the district has applied for these grants or has documentation of amounts held in escrow by the NFP.

- Adequate supporting documentation was not always submitted to support purchases of local meal and food purchases or gifts and awards. We identified frequent purchases of meals or food by district employees at local restaurants or other vendors that lacked supporting documentation of these purchases, including individuals in attendance, the business purpose, or reason why food was necessary. In some instances, only a credit card charge slip was submitted rather than a detailed invoice or receipt slip. Further, the district purchased gift cards and other gifts or awards; however, documentation of the recipient and purpose of the gift or award was not maintained.

The lack of written policies (documenting the types of allowable expenses and any limits on them) and detailed supporting documentation makes it difficult for the district to ensure the propriety of payments made for

employee reimbursements, meal or food purchases, and gifts or awards. District funds should be expended only on items that clearly benefit the school district.

5.7 Contracts

The district does not always monitor contracts effectively and does not always enter into written contracts defining services and benefits received.

- The district does not compare the number of meals served to the invoices provided by the food service vendor to ensure amounts paid are reasonable. For example, in November 2012, the district was billed for 874 adult meals; however, district records show only 562 adult meals served. The district paid the full invoice amount, including the 312 unsupported meals costing $578. We also identified additional discrepancies, although not as significant, in other months that district staff did not evaluate. According to the Secretary to the School Board, the difference may be related to the free meals provided to some employees including herself, the district bookkeeper, school secretaries, and cooks. These free meals are not tracked. The district also has not established procedures to ensure amounts paid for a la carte sales are appropriate. The district paid $1,565 to the food service vendor for a la carte sales during the 2012-2013 school year, but only recorded related collections of $510 in the accounting system. The district paid this vendor approximately $125,000 during the 2012-2013 school year.

- The district did not monitor rebates owed to the district. The district entered into a written franchise agreement in June 2010 with a beverage vendor, which required payment of a rebate to the district on a biannual basis. At the time of our review, district officials were unaware of this contract requirement and contacted the vendor to inquire about the rebates. In July 2013, the district received $8,334 in rebates (from the inception of written agreement to June 2013) from this vendor.

- The district had not required two of three contracted therapists to submit current professional licenses and documentation of insurance coverage as required by contract.

- The district did not enter into a written agreement with a local community college to provide vocational technical classes to students. The district paid this college approximately $46,000 during the 2012-2013 school year.

- The district allowed a local university to use its athletic facilities for a multi-district summer football camp without a written agreement and without charge. Participants in the 2-day camp were charged $25 each; however, the district was not aware of the number of participants or revenues generated by the university. The district's facility use policy

requires the district to collect rental fees for the use of district facilities prior to use and the Board to set rental fees annually; however, no rental fees had been established by the Board.

Clear and detailed written contracts, including reporting requirements and provisions to allow for proper monitoring, are necessary to ensure all parties are aware of their duties and responsibilities, prevent misunderstandings, and ensure district monies are used appropriately and effectively. Closely monitoring contractor performance and compliance with contract terms is important to ensure limited district resources and assets are used wisely and that expectations of the Board and the public are met. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing. In addition, to ensure all renters are treated equitably, board policy should be followed and rental fees established annually by the Board.

Recommendations

The School Board:

5.1 Adequately segregate accounting duties to the extent possible or ensure documented supervisory or independent reviews of the disbursement records are performed. In addition, the Board should ensure the list of bills provided for approval at monthly meetings is complete and the Superintendent adequately documents his review of invoices.

5.2 Ensure Board members avoid participation in situations that could result in the appearance of or actual conflict of interest and complete required financial disclosure statements.

5.3 Determine if a petty cash account is needed, establish formal petty cash policies including purchasing limits; ensure only small and emergency expenditures are made from the account, adequate supporting documentation is obtained and reviewed, and checks are signed in accordance with board policy.

5.4 Establish formal policies and procedures to ensure the proper use, accountability, and approval of purchase orders.

5.5 Ensure duplicate vendors and vendors the district does not plan to use are removed from the vendor list and vendor information contained in the system is complete.

5.6 Establish written policies for employee reimbursements, local meal purchases, and gifts/awards, and ensure all disbursements of district monies clearly benefit the school district.

5.7 Establish procedures to properly monitor contract requirements, and enter into written agreements defining services provided and benefits received. In addition, the School Board should ensure board policy is followed for facility usage.

Auditee's Response

The School Board provided the following written responses:

5.1 Starting in the second semester of the 2013-2014 school year, the School Board has been given a list of all checks and transfers between accounts in the monthly board packet (trace number listing in consecutive order). This will continue. In the past, the Superintendent has signed all purchase orders and has reviewed and marked all monthly checks and direct deposit payroll payments. The Superintendent will continue to do this, but will initial with his highlighter on each check rather than just use a check mark. The accounting duties have been segregated to the maximum extent possible with independent reviews taking place by providing each School Board member with a copy of every disbursement and transfer and by the Superintendent reviewing accounting and finance documents. In the future, the Board President or Board Treasurer will periodically match written checks to invoices with viable entities receiving funds through an accounts payable list. Additionally, the district will ensure that there are multiple signatories on each school account.

5.2 Board policy does require board members to fill out personal financial disclosure statements. The school has done business with one business where a Board member is a part owner. The Board member in question abstained from approving any check written to this business and in years past has filed a personal financial disclosure statement. This Board member had not yet filed a personal financial disclosure statement at the time of the audit, but has since done so and will continue to do so.

Any purchases in excess of $3,000 will be bid out according to Board policy. Any purchases from this local business have always and will continue to reflect a minimum of a 10% discount. This arrangement is much more financially beneficial to the district than the labor, mileage, and increased cost associated with driving to Springfield. In the future, bids for products and services available locally will be bid out and will include the costs associated with shipping and/or delivery. If at any time a check much be written to a business or individual who would normally sign checks, then that check will be signed by a Board member other than the payee.

5.3 The petty cash checking account was closed in the fall of 2013.

5.4 It is the practice of the school to have an administrator sign a purchase order for payment. The purchase order is then approved and signed by the Superintendent. After obtaining both signatures, the purchase can then be made either by the main office, the school office, or the teacher. After a copy of the invoice and/or receipt is given to the main office after delivery, the business entity or individual is paid based upon the invoice or receipt. When it is necessary for the Superintendent to make purchases, the Board President will sign the purchase order approving the purchase. All employees have been reminded of the school's purchasing practices. These procedures and practices will be written in all applicable handbooks so every employee will know what is expected and to avoid lapses in practice of obtaining a purchase order as was noted by the auditor.

5.5 Duplicate vendors have been purged from our system.

5.6 Professional development conferences out of state will be formally approved by the Superintendent rather than just approved by the professional development committee as has been the past practice.

Supporting documentation for all reimbursements has been required, but this documentation should be itemized and detailed to ensure that the school is reimbursing for approved activities. Meals have been reimbursed for school employees where the meal takes place at a school related meeting or activity. This will continue to be the school's policy, however, more detailed (itemized) receipts including business purpose and attendees are now being asked for to ensure that the school is only paying for appropriate items. This procedure will be written in all applicable handbooks so every employee will know what is expected.

Moderately priced gifts (clock and gift card) have been purchased for employees retiring from the school district after many years of service. Their service has been of great value to the school district for many years and the practice of purchasing such gifts for retiring employees will continue. In the future, the school will document who received and the purpose of the gifts. This procedure will be written in all applicable handbooks so every employee will know what is expected.

5.7 The new software and meal accountings system now allows the school to more easily compare meal invoices from the contracted food service provider with the meals actually served. All persons eating a meal are entered into the system.

The school had not contacted the vendor to receive its rebate prior to the audit. The school has since done this, received the rebate, and will continue to do so.

The district has received documentation from all contracted employees regarding their professional licenses and insurance coverage.

The district will enter into a contractual agreement with the local community college to provide vocational/technical education for our students.

In July of 2013, the district set a specific monetary amount to be charged when others use our athletic facilities.

6. Budget Monitoring and Accounting Records and Controls

Budget monitoring, accounting record preparation, and accounting controls need improvement.

6.1 Budget monitoring

Information recorded in the district's accounting system is not complete and accurate, and the Board does not adequately monitor budget to actual receipts and disbursements.

- The budgeted information for the 2012-2013 school year was not recorded in the district accounting system correctly, causing budget to actual reports generated to be inaccurate. While the Board approved budgeted appropriations of $2,287,719 for the Operating Fund and $3,940,909 for the Teachers Fund, the district recorded budgeted appropriations of $2,382,293 for the Operating Fund and $3,851,685 for the Teachers Fund in the accounting system.

  Additionally, cash balances of several district bank accounts totaling $279,546 were not recorded in the district's accounting system at June 30, 2013.

- The School Board only reviews budget to actual reports quarterly. Additionally, the report format does not allow Board members to easily review each individual fund's financial activity. Since some funds have restricted uses, budgets are approved by fund, and overspending should be addressed by fund, it is essential the Board monitor the financial activity of each district fund.

Budget documents are an essential tool for the efficient management of district finances. Accurate and complete budget and financial information is

necessary for the Board to make informed decisions and to provide residents with reliable information about district finances. Adequate budget monitoring allows the district to properly react and plan for increased disbursements and decreased revenues. To be of maximum assistance to the Board and to adequately inform the public, accounting records of the district should accurately report budgeted appropriations and activity by fund and include all bank account balances, and should be submitted to the Board for review monthly.

6.2 Adjustments

The Secretary to the School Board has the ability to post adjustments to the district's accounting system without obtaining independent approval. During the 2012-2013 school year, 53 adjustments totaling approximately $1.8 million ($775,000 increase and $1,022,000 reduction adjustments) were made to the accounting system. Adjustments included reclassifying disbursements between account codes, voiding checks issued, recording debt service payments, and correcting inaccuracies in records. To ensure adjustments are valid, someone independent of receipting and recording functions should review and approve all adjustments.

6.3 Electronic signatures

The district does not have adequate controls over electronic signatures.

Electronic signatures of the School Board President and Treasurer are not adequately safeguarded to prevent misuse and are not used in compliance with board policy. Both the Secretary to the School Board and the district bookkeeper have access to these electronic signatures. The School Board President and Treasurer do not perform a subsequent review of the use of their electronic signatures. Board policy provides for electronic signatures to be used to sign checks; however, the Secretary to the School Board frequently signed contracts using the Board President's electronic signature, which is not allowed by policy.

If the Board President and Treasurer are unavailable to sign checks and other documents, they should subsequently document their review of records on which their signature is applied to safeguard against possible loss or misuse of funds. In addition, board policy over electronic signatures should be reviewed and revised, if needed, to provide more comprehensive guidance on the use of electronic signatures.

Recommendations

The School Board:

6.1 Establish procedures to properly monitor actual to budgeted activity in a timely manner.

6.2 Require an independent review and approval of all adjustments.

6.3 Review use of electronic signatures and the related board policy. If needed, revise the policy to address use of electronic signatures.

Auditee's Response

The School Board provided the following written responses:

6.1 The district budget is adopted in June, but final balances (including total expenditures and revenues) are not known until after the year-end audit takes place in July. For the sake of accuracy, what has always been put into the school's accounting software has been the most accurate figures available resulting from the annual audit. The School Board will be given a copy of any differences between what is actually adopted in the annual budget, and the corrected figures resulting from the annual audit or other approved changes made after the printed copy of the budget is finalized. Additionally, all district monies have been recorded in the district's accounting system and will be from this point on. The School Board has also been given budget documents by fund each month. Board members have always had this information provided to them each month, but we are now providing this information separated by fund and in the traditional manner also.

In the past, there have been assets infrequently accessed, which were not placed in the school's accounting system. These accounts include money received from third parties to be used for student scholarships and teacher awards, a FFA account controlled by the FFA advisory committee, money received from a beverage vendor which was put into a Certificate of Deposit for future use, and a Certificate of Deposit for investment purposes. These assets, while not used through the school's accounting system have now been placed on the school ledger to be reviewed by the Board each month. Every bank account holding school assets has been accounted for on the school ledger since the fall of 2013.

6.2 The Superintendent has reviewed adjustments in the past, but will document such reviews in the future. A copy of any and all adjustments has been given to the School Board starting in the second semester of the 2013-2014 school year.

6.3 The School Board President will personally sign contracts rather than use an electronic signature. All documents signed by electronic signature will be made available to those School Board members whose electronic signatures were used. The Board President and Treasurer will periodically review checks using their electronic signature.

7. Attendance Reporting and Computer Controls

Attendance reporting and computer controls need improvement.

7.1 Attendance reporting

The district's attendance system does not adequately track some changes made to attendance records or limit the time frame during which changes can be made and there is no review by district officials to ensure changes made to current school year attendance records are appropriate. Without limiting the time frame during which changes can be made or reviewing changes made, the data is subject to erroneous changes that may significantly affect attendance reports to the Department of Elementary and Secondary Education (DESE). We also identified some inaccuracies in the attendance records.

District procedures require daily student attendance to be recorded in the attendance system by each teacher or by a school secretary when a teacher is absent. A preliminary attendance report is generated each day and reviewed by each school's secretary for accuracy before finalizing the daily attendance. If any changes need to be made before finalizing the daily attendance, or at a later date when a correction needs to be made, the change can be made by school secretaries. Changes to the daily attendance records can be made anytime for the current school year. In addition, if a change is made by the user who originally entered the information, the system does not acknowledge the action as a change and does not report a change of information recorded in the audit trail. Also, an audit trail report or report of changes made is not generated and reviewed by district administrative personnel to ensure all changes made to attendance records are accurate and appropriate, and documentation supporting the changes made is not always maintained.

During our review of Missouri Assessment Program (MAP) testing make-up exams, we compared attendance records for students identified as absent during specific exam dates to the attendance system. We identified 2 of 11 documented absences were not accurately recorded in the attendance system, and 2 other absences for a student were recorded as a "planned absence," thereby allowing the district to receive funding for the student as present while absent; however, the events creating the absence did not qualify as a "planned absence" according to DESE officials.

Correcting attendance data is necessary to ensure accuracy in the reporting process and any changes must be made before attendance can be certified to the DESE. However, review and approval of all changes is necessary to ensure reliability of the attendance data.

7.2 Access restrictions

The district has not adequately restricted access to computer systems and data to only authorized users. Some district employees with no attendance related responsibilities, including a bus driver and an assistant principal, have access to the attendance system. In addition, although the use of passwords to access the attendance tracking and accounting systems is required, passwords are not periodically changed to help ensure they remain known only to the assigned user and to reduce the risk of compromised passwords. Also, some user identifications and passwords for other systems are shared by district employees. As a result, unauthorized access could occur, leading to misuse or unauthorized changes to district financial or attendance data. To prevent unauthorized changes, access should be limited and passwords should be kept confidential and changed periodically.

7.3 Computer inactivity

The district has not established security controls in any of the district offices to shut down computers after a certain period of inactivity and detect or prevent incorrect login attempts. As a result, unauthorized individuals could access an unattended computer and have unrestricted access to programs and data files. To help protect computer files, security controls should be implemented to shut down the system after a certain period of inactivity and to detect and prevent incorrect login attempts.

Recommendations

The School Board:

7.1 Implement additional controls and procedures to ensure student attendance data is accurately recorded and reported, including restricting the time frame during which changes can be made. The School Board should also require an audit trail of changes made to attendance data be prepared and reviewed for accuracy.

7.2 Ensure user access rights to the attendance system are limited, and require unique user identifications and passwords for each employee that are kept confidential, and passwords be periodically changed to prevent unauthorized access to district computer systems and data.

7.3 Establish a security control requiring computers to shut down after a certain period of inactivity and lock computers after a specified number of incorrect logon attempts.

Auditee's Response

The School Board provided the following written responses:

7.1 The district will contact the software provider to see if there is a possible solution that would provide for more of an audit trail of changes made in the system. Teachers mark students as present or absent in their class. Any changes made to attendance information on the database will be made by the school secretary in that

building. The district has, and will continue to train teachers in the proper use and importance of keeping accurate attendance records in the information system. This procedure will be written in all applicable handbooks so every employee will know what is expected. The district will contact DESE to ensure that any time-frame restrictions that the district might adopt in the area of attendance reporting meets the guidelines established and allowed by DESE.

7.2 The district is looking at possible procedures, including more use of passwords, which will ensure that school computers are not misused by individuals who are not authorized users. Teachers will be trained to log-out of all network computer systems after use, which will require the use of a password to start using the system again. Teachers who leave employment as a teacher in the district will be removed immediately from the system as a possible user. A list of all system users will be maintained and approved by the Superintendent each year. This procedure will be written in all applicable handbooks so every employee will know what is expected.

7.3 The software used in each school is password protected. It requires a password each time that the software is initialized. Additionally, there is a timed-out function on this software which will automatically log-out any user and require the use of a password to use the software again. These security controls have always been in place and will continue to be in place. The district will contact the software providers to see if there is a possible setting or solution which would allow the district to view unsuccessful log-in attempts and lock computers after a specified number of incorrect logon attempts.

8. School Board Procedures and Minutes

The School Board did not thoroughly perform or document a cost-benefit analysis of district reorganizations and did not ensure compliance with the Sunshine Law. In addition, improvement is needed with district policies.

8.1 Reorganization

The Board did not thoroughly perform or document a cost-benefit analysis prior to reorganizing the district's two elementary schools for the 2012-2013 school year and again for the 2013-2014 school year, and failed to track the actual costs/benefits of either reorganization to compare with historical costs of operating the two schools or to the reorganization plan.

Prior to the 2012-2013 school year, the district provided kindergarten through 6th grade classes at both the Ash Grove and Bois D'Arc Elementary

School locations based upon student residence. Due to decreased enrollment and in an effort to reduce costs, the district reorganized the elementary schools for the 2012-2013 school year by moving all district kindergarten through 3rd grade students to the Bois D'Arc Elementary School and splitting elementary grades 4-6 between both elementary schools based upon student residence. The district reorganized again for the 2013-2014 school year, moving all 3rd and 4th grade students to the Bois D'Arc Elementary, while all other elementary grades attended the Ash Grove Elementary School.

To ensure the most efficient and effective decision is made, the School Board should ensure a documented plan, including a cost-benefit analysis, is completed and reviewed prior to the reorganization of schools. In addition, to effectively monitor the effects of reorganization, the School Board should require a cost-benefit analysis be completed and updated periodically to support the district's continued decision making process.

8.2 Minutes

The School Board did not always comply with the Sunshine Law, and minutes were not always complete, accurate, or maintained.

- Closed meeting minutes for the July 23, September 24, and December 17, 2012, closed sessions did not document a description of matters discussed in closed session. While documenting details of matters discussed in closed meetings is not required, identification of matters discussed is advisable to better document that meeting discussions are consistent with reasons cited for closure and to demonstrate that only statutorily allowable topics are addressed.

- Open meeting minutes did not record a roll call vote of the Board to enter into the closed sessions held on March 12 and 14, and April 4, 2013.

- Minutes did not always document decisions made by the Board. For example, contract amendments for administrative employees provided for a 3 percent increase in salary, and while meeting minutes indicate the increase in salary was presented to the Board, the meeting minutes did not document the Board's approval (motion or vote) of the salary increase.

- Meeting minutes did not always appear to be accurate. For example, the June 18, 2013, open meeting minutes indicate only one closed session was held when closed session meeting minutes indicate two separate closed sessions occurred.

The Sunshine Law, Chapter 610, RSMo, requires minutes be kept for all open and closed meetings, and that before any meeting may be closed, the

question of holding the closed meeting and the reason for the closed meeting, shall be voted on at an open session by roll call vote and documented in open session minutes. Minutes would be more beneficial to district officials if sufficient information was documented to demonstrate compliance with statutory provisions and support important decisions made.

8.3 District policies

As noted throughout the report, the district's policies are not complete, accurate, up to date, or adequately communicated to district employees. The district has adopted sample policies from the Missouri State School Boards' Association (MSBA) Education Policy Service without customizing the policies to address actual procedures of the district. Since board policies govern district operations, it is important that the policies be maintained in a complete, accurate, and up-to-date manner, and adequately communicated to district employees.

Recommendations

The School Board:

8.1 Ensure a documented plan, including a cost-benefit analysis of the district's reorganization is completed and reviewed prior to future reorganization efforts.

8.2 Ensure minutes provide a complete and accurate record of all important discussion and decisions made by the Board and record the Board's compliance with the Sunshine Law.

8.3 Update and ensure a complete set of district policies is maintained.

Auditee's Response

The School Board provided the following written responses:

8.1 The reorganization of the elementary schools took place for educational purposes as well as financial reasons (i.e. increased collaboration between grade-level teachers; consolidation of grade-level resources per building; equalization of all class sizes per grade, systematic decrease in teaching positions as student enrollment declines, etc.). As a school, every decision made has both a financial impact and educational impact. The School Board looked at multiple options and impacts, looked at multiple years of enrollment and other pertinent data (including financial data), and completed this review prior to making any final decision regarding reorganization. The School Board agonized over the ramifications of these decisions, but eventually a decision had to be made after weighing all the options. In the future, the school will strive to do a better job of documenting specific plans and communicating the information considered, including cost-benefit analyses, as it makes important decisions impacting the district.

8.2 In the future, the closed minutes will include a statement of items discussed in closed session. The School Board Secretary will strive to ensure that the minutes of open meetings are accurate and in compliance with the Sunshine Law. We are now recording this vote in both the open and closed minutes.

8.3 The school district will work with the MSBA to ensure that the practices of the district are consistent with the School Board policies obtained through MSBA. School Board members and administrators will review all School Board policies to ensure that policy and practice align. If they do not, changes will be made to either School Board policy or practice. The district will ensure that all policies or changes in policy are adequately communicated to district employees.

9. Capital Assets and Fuel Usage

Controls and procedures over district property and fuel usage need improvement.

9.1 Capital assets

District officials have not properly maintained a detailed record of the property owned by the district and performed inventories of district capital assets held outside of classrooms at each school. The capital asset listings did not include 12 pieces of equipment (tractors, trailers, mowers, etc.) valued at approximately $56,000 and the listings maintained do not include all necessary information such as the value of assets, or date and method of disposal. In addition, the district has not tagged or otherwise identified all property items as belonging to the district. The district's insurance carrier valued district property, buildings, and contents at approximately $24 million at September 2013.

Adequate property records and procedures are necessary to secure better internal control over district property, and provide a basis for determining proper insurance coverage. Property control tags should be affixed to all property items to help improve accountability and ensure assets are properly identified as belonging to the district.

9.2 Vehicle and fuel use

The district's controls and procedures over fuel use and purchases need improvement. The district utilizes a local gas station for fuel for its 16 buses, 3 vehicles and 8 pieces of equipment. The district purchased approximately $70,000 in fuel during the 2012-2013 school year. Fuel and mileage logs are not maintained for district vehicles and equipment and a reconciliation of fuel purchased to usage is not performed.

Failure to reconcile fuel used to fuel purchased and to maintain mileage logs or other mileage records could result in theft and misuse going undetected. Adequate procedures for monitoring fuel purchases, including mileage logs and comparison of mileage to fuel, are necessary to ensure the

reasonableness of vehicle use and to prevent and detect theft and misuse of fuel.

Recommendations

The School Board:

9.1 Ensure complete and detailed capital asset records are maintained, annual physical inventories are conducted and compared to capital asset records, and property control tags are affixed to all property.

9.2 Ensure a documented periodic reconciliation of fuel purchased to fuel used is performed, and investigate any significant discrepancies. In addition, the Board should ensure mileage logs are maintained for all district vehicles and equipment.

Auditee's Response

The School Board provided the following written responses:

9.1 More detailed records of capital assets will be maintained throughout the district. The district will look at mechanisms available to more adequately mark district property. All items of $200 value or more will be marked. A physical inventory of all district property will be compiled each year using lists created by the building principals, Technology Coordinator, Head of Maintenance, and the Superintendent. This procedure will be written in all applicable handbooks so every employee will know what is expected.

9.2 Mileage logs that identify each user by card with the fuel obtained are currently being kept for school vehicles. Reconciliation of fuel purchases to the logs has been done on a monthly basis since the fall of 2013.

Ash Grove R-IV School District
Organization and Statistical Information

The Ash Grove R-IV School District is located in Greene, Dade and Lawrence Counties.

For the 2012-2013 school year, the district operated one junior/senior high school (grades 7-12) located in Ash Grove, and two elementary schools located in Bois D'Arc (grades K-6) and Ash Grove (grades 4-6). Enrollment was 743 for the 2012-2013 school year. The district employed 94 full-time and 13 part-time employees, at June 30, 2013.

The Ash Grove R-IV School District has been classified under the Missouri School Improvement Program as "Accredited" by the Missouri Department of Elementary and Secondary Education.

School Board

An elected board acts as the policy-making body for the district's operations. The board's seven members serve 3-year terms without compensation. Members of the board at June 30, 2013, were:

Bill Duncan, President
Doug Renshaw, Vice-President
Ron Reed, Treasurer
Kerrie Jackson, Member
Ron Keith, Member
Lisa Reece, Member
Eddie Mulbery, Member

Superintendent

The district's superintendent at June 30, 2013, was Dr. Don F. Christensen. His compensation for the 2012-2013 school year of $108,233 included a base salary of $96,648, the value of health and critical care insurance including family coverage totaling $9,109; $725 in district-paid premiums each year for a $500,000 life insurance policy, and a vehicle allowance of $1,500. Compensation that year also included compensation for driving a district bus totaling $251. The superintendent's compensation is established by the school board.

Thomas A. Schweich

Missouri State Auditor

Eleventh Judicial Circuit

City of New Melle
Municipal Division

May 2014

Report No. 2014-032

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Eleventh Judicial Circuit, City of New Melle Municipal Division

Accounting Controls and Procedures	The audit found 2 cash bonds, totaling $415, received by the Police Department were not deposited. Audit work was made more difficult by the multiple records maintained by the municipal division, Police Department, and city; discrepancies among the various records; and disorganization of and lack of sufficient details in some records. Neither the municipal division nor city personnel adequately supervise or review accounting functions and records. The municipal division lacks adequate procedures to ensure all monies received are receipted, recorded, and deposited properly. The Police Department does not maintain a complete log of bond forms issued, issue bond forms in sequential order, or account for the numerical sequence of bond forms issued. The former Court Administrator did not disburse several bonds to the city or timely issue refunds, and the municipal division does not maintain a complete record of bond activities. The Police Department collects a $15 bond processing fee, but state law does not allow for this fee.
Municipal Division Procedures	The municipal division and the city lack procedures to track traffic tickets issued and the related fines and court costs to determine whether excess revenues should be distributed to the state Department of Revenue per Section 302.341.2, RSMo. Neither the Police Department nor the municipal division adequately accounts for the numerical sequence and ultimate disposition of traffic tickets issued, the Prosecuting Attorney does not sign all tickets processed by the municipal division, and the Municipal Judge does not approve all ticket dispositions. The municipal division could not locate several municipal division records we requested during the audit.

In the areas audited, the overall performance of this entity was **Poor**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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Eleventh Judicial Circuit
City of New Melle Municipal Division
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge
Eleventh Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
City of New Melle, Missouri

We have audited certain operations of the City of New Melle Municipal Division of the Eleventh Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.

2. Evaluate the municipal division's compliance with certain legal provisions.

3. Evaluate the city's compliance with Section 302.341.2, RSMo, which restricts the amount of fines and court costs that may be retained from traffic violations.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) no noncompliance with Section 302.341.2, RSMo. The accompanying Management Advisory Report presents our findings arising from our audit of the City of New Melle Municipal Division of the Eleventh Judicial Circuit.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Kim Spraggs, CPA
In-Charge Auditor:	Nathaniel Fast, M.Acct., CPA, CFE
Audit Staff:	Albert Borde-Koufie, MBA

1. Accounting Controls and Procedures

We identified significant weaknesses in accounting controls and procedures. As a result, there is little assurance all monies were deposited and accounted for properly. Some bond monies received were not deposited and the municipal division cannot account for bonds totaling $415.

The municipal division accepts cash, checks, money orders, and credit card payments for fines, court costs, and bonds. The city's unaudited financial statements for the year ended December 31, 2012, indicate fines and court costs totaled $104,564. Deposits into the bond bank account totaled approximately $12,100 during this period.

The City Clerk is primarily responsible for receiving court monies through the violation bureau prior to court. The Court Administrator is responsible for receiving monies during court, and also receives bond monies collected by the Police Department and other entities on behalf of the municipal division. The Court Administrator transmits all monies received to the City Clerk, who deposits bond monies into the municipal division's bond bank account and all other court monies into the city's General Revenue Fund. All disbursements from the bond account are made by the Court Administrator.

The city and the municipal division have experienced significant personnel changes; and as a result, most current personnel assumed responsibilities after the audit period. There were four different city clerks during 2012, and the current City Clerk was hired in June 2012. The former Court Administrator resigned in July 2013, the former Chief of Police was terminated in April 2013, the interim Chief of Police resigned in June 2013, the former City Prosecuting Attorney resigned in April 2013, and the former Municipal Judge resigned in September 2013. In addition, Police Department operations were significantly scaled back during 2013.

1.1 Unaccounted for bond monies

Our review of municipal division receipts and Police Department bond records identified at least 36 bonds received during the year ended December 31, 2012. We reviewed records pertaining to all 36 bonds and determined two cash bonds received by the Police Department were apparently not deposited. Police Department receipt slip number 314372 indicates $200 was received in cash on February 26, 2012, and receipt slip number 314380 indicates $215 was received in cash on May 5, 2012; however, as of November 2013, these monies had not been deposited into the bond account. The former Court Administrator indicated she did not have a record showing receipt of these bond monies or related information provided by the Police Department, and Police Department personnel could not locate any other records related to these bonds. Despite various audit procedures performed, we were unable to determine the disposition of these monies.

Audit work related to bond monies and determining the eventual disposition of bond monies was made more difficult due to multiple records maintained by the municipal division, Police Department, and city; discrepancies among the various records; and disorganization of and lack of sufficient details in some records. In addition, the municipal division and city experienced significant staff turnover during and after the audit period.

The lack of adequate controls and absence of proper oversight, as discussed in the remainder of this report, resulted in the failure to detect undeposited monies on a timely basis.

1.2 Oversight and reconciliations

Neither the municipal division nor city personnel perform adequate supervisory or independent reviews of accounting functions and records. For example, no one independent of the cash custody and record-keeping functions reconciles recorded receipts to deposits, or reviews disbursements. These reconciliations cannot be performed due to various weaknesses identified in section 1.3. The receipt and deposit discrepancies and untimely disbursements identified in our audit could have been identified through an independent review of receipt, deposit, and disbursement records.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by implementing documented supervisory or independent reviews of accounting records. Without a detailed reconciliation of receipt and deposit records, including composition of receipt slips and deposits; and a documented review of bond disbursements, there is no assurance all monies have been recorded and deposited and properly disbursed.

1.3 Receipts

The municipal division lacks procedures to ensure all monies received are receipted, recorded, and deposited properly.

Recording and transmitting

For all types of receipts, adequate documentation was not maintained when individuals made payments on behalf of a defendant and deposit tickets did not adequately detail the receipts included. In addition, many receipts are handled by employees of both the municipal division and the city before deposit, and there is often no documentation to support the transmittal of monies from one employee to another.

Fines and court costs

The City Clerk does not issue receipt slips for all monies received through the violation bureau. Generic receipt slips are issued only for cash receipts or upon request by the payor, and receipt slips are not issued in numerical sequence. The former Court Administrator did not record some violation bureau receipts in the municipal division's computer system and some court receipts were not recorded timely. The former Court Administrator indicated she lacked sufficient time to record the violation bureau receipts

on a timely basis and she could not explain why certain receipts were not recorded.

Our review of city receipt and deposit records, and municipal division receipt records for the periods April 12 to May 9, 2012, and November 15 to December 12, 2012, noted the following:

- A receipt for $274.50 received by the city on May 7, 2012, was not recorded in the municipal division's computer system by the former Court Administrator or deposited by the City Clerk until August 2012. The City Clerk and the former Court Administrator could not explain why this receipt was not recorded and deposited timely.

- A check for $55 deposited on December 3, 2012, was not recorded in the municipal division's computer system.

- Six checks and money orders totaling $337 deposited from November 30 to December 13, 2012, were not recorded in the municipal division's computer system until January, February, and March 2013.

Bonds

The Police Department and the former Court Administrator did not issue receipt slips for some bond monies received. Generic receipt slips were utilized by both the Police Department and the municipal division, and the method of payment (cash, check, or money order) was not always accurately indicated on receipt slips. The former Court Administrator did not always issue receipt slips immediately when monies were received and in sequential order, and some receipt slips were issued after the monies had been deposited. Also, the former Court Administrator did not record several bonds received from other entities in the computer system immediately when received. Finally, some receipts were not deposited intact or timely, and as noted in section 1.1, some receipts were not deposited.

Our review of bond records for the year ended December 31, 2012, identified a $300 money order received for a bond by the Police Department in November 2012 was not receipted by the Police Department or the municipal division. These monies were not deposited or recorded in the system until March 2013. In addition, we noted four receipt slips for bonds received by the former Court Administrator from other entities were issued in September 2012 for monies deposited in June and July 2012. Also, a receipt slip was issued in March 2013 for monies deposited in October 2012. In addition, many bond fees received could not be traced to a deposit.

Failure to implement adequate receipting, depositing, recording, and transmitting procedures increases the risk that loss, theft, or misuse of monies will go undetected.

1.4 Bond forms

Police Department personnel do not issue bond forms in sequential order or account for the numerical sequence of bond forms issued. The Police Department does not maintain a complete log of bond forms issued. For example, neither of the two undeposited bonds discussed in section 1.1, was recorded on the bond log. Below is a listing of the bond forms recorded on the bond log during the year ended December 31, 2012:

Bond Form Numbers	Date Issued	Bond Form Numbers	Date Issued
995	January 6	12-151	March 27
998	February 26	12-152	April 19
999	March 16	12-225	May 5
1000	January 11	12-226	May 6
1001	January 30	12-240	May 12
1010	May 30		
1022	October 24		
1023	November 27		

Police Department personnel could not provide an explanation for the missing and/or skipped bond form numbers, or for bond forms issued out of numerical sequence.

To reduce the risk of loss, theft, or misuse of bond monies received, and to provide assurance all bond monies are accounted for properly, procedures to account for all bond forms should be established.

1.5 Bond disbursements

The former Court Administrator did not disburse several bonds to the city or issue refunds timely, and some bonds associated with closed cases had not been disbursed at the time of our audit. Our audit identified three bonds for $200, $300, and $300 that should have been disbursed to the city or refunded in September 2012, April 2013, and May 2013, respectively; but were not disbursed or refunded until July 10, 2013. Another $200 bond refunded in March 2013 should have been refunded in December 2012. In addition, three bonds for $263, $149, and $364, received by the former Court Administrator from other entities and deposited in July and November 2012, were disbursed to the city in March 2013. The municipal division could not locate the case files or tickets supporting these three bonds (see MAR finding number 2); therefore, we were unable to ensure these bonds were handled properly and applied or forfeited in a timely manner.

To ensure proper accounting for bond monies and to reduce the risk of loss, theft, or misuse of bond monies, bonds should be disbursed in a timely manner.

1.6 Bond records and reconciliations

The municipal division does not maintain a complete record of bond activities. Accurate book balances are not maintained and bank

reconciliations are inadequate. Monthly lists of liabilities (open bonds) are not prepared, and unidentified amounts have accumulated in the bond bank account.

A bond ledger indicating the date and amount received, related case, and date of disbursement, is not maintained. Such a record is necessary to account for all bonds received, track activities of each bond, and identify open bonds and bonds that need to be disbursed.

The city does not maintain an adequate book balance in the accounting system for the bond account, and bank reconciliation procedures do not include a comparison to book balances maintained by the former Court Administrator or an investigation of differences noted. Also, the former Court Administrator did not ensure bond account activities were accurately recorded in the bond account check register, and therefore a complete and accurate book balance was not maintained. For example, we identified three deposits totaling $833 in April and November 2012 that were not recorded in the check register. As of February 28, 2013, the city's book balance of $8,572 was $112 more than the reconciled bank balance of $8,460, and the municipal division's book balance of $6,328 was $2,132 less than the reconciled bank balance.

In addition, the municipal division does not prepare a list of open bonds or reconcile open bonds to the reconciled bond account balance. At our request, the former Court Administrator prepared a list of open bonds at February 28, 2013. Open bonds identified totaled only $4,905, or $3,555 less than the reconciled bank balance. Of the $4,905 in identified open bonds, $2,567 pertains to bonds more than a year old as of February 28, 2013.

A bond ledger is necessary to ensure proper accountability over bonds. Maintaining accurate book balances, preparing and reviewing monthly bank reconciliations, comparing city accounting records to municipal division records, and preparing and reconciling monthly lists of open bonds to cash balances are necessary to ensure the bank account is in agreement with the accounting records, to detect and correct errors, and ensure sufficient cash is available for payment of all amounts due. To properly monitor open bonds and ensure monies are appropriately disbursed, procedures should be established to routinely investigate bonds remaining on the open bonds list over a specified period of time.

1.7 Bond fees

The Police Department collects a $15 bond processing fee; however, state law does not include provisions to collect such a fee. Because adequate records were not maintained regarding these fees, total fees collected could not be determined. The Police Department should refrain from collecting bond processing fees since the department does not have statutory authority to collect this fee.

Recommendations

The City of New Melle Municipal Division:

1.1 Investigate all shortages and undeposited receipts, and review current records to determine whether there are additional unaccounted for monies.

1.2 Ensure documented periodic independent or supervisory reviews of municipal division records are performed. The municipal division should reconcile receipt records to deposits, including reconciling the composition of receipt slips to the composition of deposits.

1.3 Work with the City of New Melle and the Police Department to ensure official prenumbered receipt slips are issued immediately and in numerical sequence for all receipts. In addition, the method of payment and instances when an individual makes a payment on behalf of a defendant should be properly indicated on receipt slips. The municipal division should work with the city to document transmittals of monies between employees, ensure receipts are deposited intact and timely, and ensure itemized listings of deposits are prepared. The municipal division should also ensure all receipts are recorded in the municipal division's computer system timely.

1.4 Work with the Police Department to issue bond forms in sequential order, account for the numerical sequence of all bond forms, and maintain a complete log of bond forms issued.

1.5 Ensure bonds are disbursed to the city or refunded in a timely manner.

1.6 Maintain a complete bond ledger to account for all bond activities, and work with the City of New Melle to ensure all bonds are accounted for properly.

1.7 Work with the Police Department and discontinue collecting the bond processing fee.

Auditee's Response

The Municipal Judge, Court Administrator, City Clerk, and Chief of Police provided the following responses:

1.1 Efforts to resolve undeposited receipts noted in the audit report have been unsuccessful. The municipal division and Police Department are in the process of investigating and reviewing current records to account for all bond transactions, to be completed by April 2015. New bond procedures have been implemented.

1.2 The municipal division and Police Department are currently in the process of implementing a procedure to have the City Finance Director review the municipal division and Police Department records and reconcile receipts and deposits monthly.

1.3 The recommendation has been implemented.

1.4 The recommendation has been implemented.

1.5 The recommendation has been implemented.

1.6 The municipal division is currently in the process of implementing a bond ledger and accounting for bond activities. The new process will be implemented by May 2014. The municipal division will continue to work to account for prior bond monies in the bank account.

1.7 The bond processing fee has been discontinued.

2. Municipal Division Procedures

Procedures related to monitoring excess revenues, ticket accountability, Prosecuting Attorney approval, ticket dispositions, and organization of records need improvement. Audit work did not identify noncompliance with Section 302.341.2, RSMo, but determined the need for better records and monitoring procedures by the municipal division and city to ensure compliance with state law.

2.1 Monitoring of excess revenues

The municipal division and the city do not have procedures to track traffic tickets issued, and the related fines and court costs collected, to determine whether excess revenues should be distributed to the state Department of Revenue (DOR). Prior to August 28, 2013, Section 302.341.2, RSMo, required municipalities deriving more than 35 percent of their annual general operating revenue from fines and court costs for traffic violations occurring on a state or federal highway to remit the excess to the DOR, to be distributed to schools of the county. Effective August 28, 2013, this law was revised, reducing the 35 percent requirement to 30 percent, expanding the type of traffic violations that must be considered, and requiring cities provide an accounting for the percent of annual general operating revenue from fines and court costs in their annual financial report submitted to the State Auditor's office as required by Section 105.145, RSMo.

According to city records, fines and court costs from all sources totaled $104,564 during the year ended December 31, 2012, representing approximately 42 percent of the city's general operating revenues of

$246,338.[1] However, based on our review of 58 of 349 (17 percent) tickets issued by the Police Department between May 2012 and March 2013, and other audit procedures, it is unlikely the fines and court costs applicable to the excess revenue state law exceeded 35 percent of general operating revenue for the year ended December 31, 2012. Our review of ticket location, violation, and fines and court costs for the 58 tickets determined only approximately 65 percent of the fines and court costs were related to traffic violations on state or federal highways. Applying this percentage to total fines and court costs for 2012 reduces the 42 percent excess revenue calculation to 28 percent. Because this estimated percentage is near the statutory maximum percentage allowed and the revised state law requires an accounting for the percentage, it is important the city and the municipal division work together to track traffic tickets issued along with associated fines and court costs, and monitor for excess revenues.

Procedures to track and monitor each traffic violation and the related fines and court costs are necessary to ensure compliance with Section 302.341.2, RSMo.

2.2 Ticket accountability

Neither the Police Department nor the municipal division adequately accounts for the numerical sequence and ultimate disposition of traffic tickets issued.

Some ticket books assigned to police officers were not posted to the log of ticket books maintained by the Police Department, and the log prior to May 2012 could not be located. In addition, there are no procedures to ensure each ticket is entered into the Police Department's case management system by police officers and accounted for properly. Our review of the log and case management system noted some ticket books were not assigned to officers in numerical sequence and all tickets were not properly recorded in the case management system.

The former Court Administrator did not track tickets that required no court action, such as voided tickets and warnings. Additionally, the former Court Administrator did not use the municipal division's computer system to account for the numerical sequence of tickets received from the Police Department and entered into the municipal division's computer system.

Without a proper accounting for the numerical sequence and ultimate disposition of tickets issued, the municipal division and the Police Department cannot be assured all tickets issued are properly submitted for processing.

[1] General Revenue Fund revenues totaling $262,670 less restricted revenues totaling $16,332.

2.3 Prosecuting Attorney approval

The Prosecuting Attorney does not sign all tickets processed by the municipal division. The Prosecuting Attorney does not review and approve tickets paid through the violation bureau prior to court. In addition, the Prosecuting Attorney allowed the former Court Administrator to maintain the Prosecuting Attorney's signature stamp and stamp her signature on those tickets submitted to the DOR for suspension of driving privileges for failure to appear in court.

Missouri Supreme Court Rule 37.35 states citations shall be in writing and signed by the prosecutor and filed with the municipal division. The Prosecuting Attorney's review, documented with his or her signature, is needed to provide assurance proper cases and charges are filed with the municipal division.

2.4 Ticket dispositions

The Municipal Judge does not approve all ticket dispositions. The Municipal Judge does not review and approve traffic tickets paid through the violation bureau, or the final docket report showing ticket dispositions recorded in the system.

Without better oversight of all tickets processed, the risk of improper handling of tickets and related monies increases. To ensure the proper disposition of all cases has been entered in the municipal division records, the Municipal Judge should sign the docket to indicate approval of the recorded disposition.

2.5 Organization of records

Some municipal division records requested during the audit, including six case files and several bond bank account statements, could not be located. Since some case files could not be reviewed, we could not determine if the disposition of those tickets were properly reflected in the municipal division records. In addition, some records requested could not be readily located. It took the former Court Administrator and City Clerk several weeks to locate some records requested.

Retention of applicable records is necessary to properly account for all municipal division case financial activity. Additionally, Supreme Court Operating Rule No. 8 requires all financial records be maintained for 5 years or until completion of an audit.

Recommendations

The City of New Melle Municipal Division:

2.1 Work with the City of New Melle to track collection of fines and court costs for traffic violations to ensure compliance with the excess revenue state law.

2.2 Work with the Police Department to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.

2.3 Ensure the Prosecuting Attorney signs all traffic tickets, and discontinue the practice of using the Prosecuting Attorney's signature stamp.

2.4 Ensure the Municipal Judge signs all court dockets.

2.5 Ensure records are appropriately retained, and organized efficiently so records can be readily located.

Auditee's Response

The Municipal Judge, Court Administrator, City Clerk, and Chief of Police provided the following responses:

2.1 The recommendation has been implemented.

2.2 The recommendation has been implemented.

2.3 The recommendation will be implemented by May 2014.

2.4 The recommendation will be implemented by May 2014.

2.5 *The municipal division and city are in the process of implementing the recommendation with completion expected by April 2015.*

Eleventh Judicial Circuit
City of New Melle Municipal Division
Organization and Statistical Information

The City of New Melle Municipal Division is in the Eleventh Judicial Circuit, which consists of St. Charles County. The Honorable Richard (Rick) Zerr serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau in which fines and court costs are collected at times other than during court and transmitted to the city treasury.

Personnel

At December 31, 2012, the municipal division employees were as follows:

Title	Name
Municipal Judge	Bradley Cundiff[1]
Court Administrator	Sharon Orlando[2]

[1] Judge Bradley Cundiff resigned and was replaced by Judge Jayson B. Lenox in September 2013.
[2] Sharon Orlando resigned and was replaced by Sarah Isgrigg in July 2013.

Financial and Caseload Information

	Year Ended December 31, 2012
Receipts	$104,564
Number of cases filed	840

Thomas A. Schweich

Missouri State Auditor

Forty-Second Judicial Circuit

City of Bourbon
Municipal Division

May 2014

Report No. 2014-033

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Forty-Second Judicial Circuit, City of Bourbon Municipal Division

Accounting Controls and Procedures	The Court Clerk is primarily responsible for all duties related to collecting and disbursing monies, and the Municipal Judge does not document his review. At least $337 was received but not recorded in the Justice Information System (JIS) and therefore could not be traced to deposits in the municipal court bank account. The Court Clerk does not record manual receipt slips in the JIS in a timely manner in the order received, reconcile the composition of receipts (cash, check, or money order) to the composition of deposits, or restrictively endorse checks and money orders immediately upon receipt.
Bank Reconciliations and Liabilities	The Court Clerk does not reconcile the bank account timely or follow up on reconciling items and outstanding checks. The Court Clerk does not prepare a list of liabilities for comparison to the reconciled bank account balance and is unable to agree liabilities to the account balance. At our request, the Court Clerk prepared a list of liabilities but was unable to determine why the list of liabilities was $1,012 less than the reconciled bank balance.
Monitoring of Excess Revenues	The city does not accurately assess whether it owes excess revenues from traffic tickets to the state. Our review determined the city likely owes between $34,718 and $59,155 to the Department of Revenue for the 2 years ended June 30, 2013.
Ticket Controls and Procedures	Neither the Police Department nor the municipal division adequately accounts for the numerical sequence and ultimate disposition of traffic tickets issued. Our review of tickets issued during the year ended June 30, 2013, identified three unaccounted for tickets. Police Department personnel indicated these tickets had been lost, but had no record of these tickets. The City Prosecuting Attorney does not sign tickets submitted to the municipal division, which increases the risk of improper handling of tickets and related monies.
Bad Checks	The municipal division lacks adequate procedures to account for and monitor the disposition of all bad checks submitted to the municipal division for collection, so there is no assurance all bad check complaint are processed timely. We reviewed five bad check complaints and identified an average lag of 331 days between the date of the complaint and the initial court date.

Accrued Costs	The Court Clerk does not consistently follow up on fines, court costs and restitution owed to the municipal division. For the 10 open cases we reviewed: warrants had been issued on 2 cases but were not active; 2 cases remained on the accrued costs report although the defendant was deceased; 2 defendants were behind on payments but there was no indication the Court Clerk had followed up on the cases for non-payment; and 1 case remained on the accrued costs reports although the defendant had stopped making payments to a business and the business had closed.

In the areas audited, the overall performance of this entity was **Poor**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Forty-Second Judicial Circuit
City of Bourbon Municipal Division
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge
Forty-Second Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
Bourbon, Missouri

We have audited certain operations of the City of Bourbon Municipal Division of the Forty-Second Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2013. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.

2. Evaluate the municipal division's compliance with certain legal provisions.

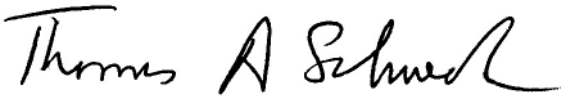
3. Evaluate the city's compliance with Section 302.341.2, RSMo, which restricts the amount of fines and court costs that may be retained from traffic violations.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) noncompliance with Section 302.341.2, RSMo. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Bourbon Municipal Division of the Forty-Second Judicial Circuit.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Julie M. Moore, MBA
Audit Staff:	Terese Summers, MSAS, CPA

1. Accounting Controls and Procedures

We identified significant weaknesses in the accounting controls and procedures of the municipal division. Due to these weaknesses, there is no assurance all monies received were appropriately recorded, deposited, and distributed. According to the Justice Information System (JIS), the Missouri Courts automated case management system, fines, court costs, and bad check restitution collected during the year ended June 30, 2013, totaled approximately $271,600.

1.1 Segregation of duties

The municipal division does not adequately segregate the duties of receiving and depositing monies from recording transactions. The Court Clerk is primarily responsible for all duties related to collecting monies; posting fines, court costs, and bad check restitution received into the JIS; preparing deposits; and disbursing fines and court costs. The Municipal Judge does not document his review; however, he stated he reviews at least one deposit during each month. Also, city officials independent of the cash custody and record-keeping functions do not provide any supervision or review of the work performed by the Court Clerk.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If proper segregation of duties is not possible, the Municipal Judge should establish procedures to ensure a documented independent review of accounting records is performed.

1.2 Manual receipt slips and unaccounted for monies

Municipal division receipts totaling at least $337 were received, but not recorded in the JIS; and therefore, could not be traced to a deposit in the municipal court bank account. In addition, manual receipt slips issued by the Court Clerk were not recorded in the JIS in a timely manner and in the order received, and therefore, were not deposited timely and intact. Furthermore, the Court Clerk did not perform reconciliations of manual receipt slips issued to manual receipt slips recorded in the JIS. Manual receipt slips are issued during court and when the JIS is not available, and entered into the JIS prior to the deposit of the corresponding monies.

We reviewed all manual receipt slips issued during July and November 2012 and March 2013. Various discrepancies and processing delays were determined and are discussed below, making efforts to trace manual receipts to the JIS and subsequent deposit difficult and, in many instances requiring a review of records for several months after initial receipt of monies to determine their disposition. We expanded our work to include all manual receipt slips issued between July 1, 2013, and September 12, 2013, and encountered similar problems.

- One manual receipt slip issued on November 29, 2012, for $279.50 (check) for a traffic ticket payment and another manual receipt slip

issued on July 24, 2012, for $57.45 (cash) for bad check restitution had not been recorded in the JIS as of July 2013 and therefore, could not be traced to a deposit in the municipal court bank account.

- The Court Clerk does not record manual receipt slips in the JIS on a timely basis, and as a result, the corresponding monies are not deposited timely. Receipts are only included in daily deposits if they are recorded in the JIS. For example, two manual receipt slips issued for cash on March 22, 2012, were not recorded in the JIS until February 1, 2013, 317 days later, and apparently the corresponding monies were not deposited until February 4, 2013.

  In another example, a manual receipt slip issued on March 28, 2013, for $25 cash was not on hand during our cash count on May 8, 2013, even though the manual receipt slip had not been recorded in the JIS nor the cash deposited as of that date. After we requested the related case file, this receipt was recorded in the JIS on June 3, 2013.

  We performed three cash counts during audit fieldwork. Monies on hand should agree to receipt records plus change fund monies on hand. However, our cash counts did not agree to receipt records and showed monies on hand not yet receipted or recorded in the JIS. The amount of cash on hand at the time of our September 18, 2013, cash count totaled $1,497, and was $170 less than the amount of cash we estimated should be on hand by totaling the amount of manual receipt slips issued since July 1, 2013, for receipts not yet deposited, plus monies on hand and not recorded and the estimated change fund balance. The estimate of cash that should have been on hand may have been more had we reviewed additional manual receipt slips preceding July 1, 2013.

- The Court Clerk does not record manual receipt slips in the JIS in the order received and as a result, the monies recorded on these receipt slips are not deposited intact. We reviewed 30 manual receipt slips issued between July 1, 2013, and September 12, 2013, and noted 22 of the receipt slips (73 percent) were not entered into the JIS in the order received. For example, 9 manual receipt slips totaling $483 issued between August 2, 2013, and August 22, 2013, had not been entered into the JIS at the time of our review on September 18, 2013; however, 6 manual receipts issued between August 29, 2013, and September 12, 2013, had been entered into the JIS at the time of our review. The Court Clerk does not document the JIS receipt numbers on the manual receipt slips, making it difficult to determine which manual receipt slips have been recorded into the JIS.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, procedures should be established to account for manual receipt

slips and verify receipts have been recorded in the JIS timely and intact and deposited timely.

1.3 Receipting and Depositing

The Court Clerk does not reconcile the composition (cash, check, and money order) of receipts recorded in the JIS to the composition of deposits. When receipts are recorded in the JIS, the composition is indicated; however, the composition is not reconciled to the deposits prepared. Our review of 31 deposits identified 13 deposits (42 percent) with discrepancies between the amounts of cash, checks, and money orders recorded in the JIS and the amounts recorded on the deposit slips. Some of the differences appeared to relate to checks and money orders written to the court for incorrect amounts, which resulted in the incorrect amount of cash being deposited to get the total of the deposit to agree to the total of the daily report generated from the JIS. However, in one case, a $160 check was recorded in the JIS, but not included in the deposit and approximately $160 in cash was deposited. In another example, a $268 money order dated August 3, 2012, was recorded on two different receipt slips. A receipt slip was issued for $29.50 on November 19, 2012, and another receipt slip was issued for $238.50 on January 28, 2013. Because the money order was recorded on two different dates, the amount of money orders and cash recorded in the JIS and included in the deposits differed for both deposits.

Additionally, checks and money orders received by the municipal division are not restrictively endorsed until the deposit is prepared.

To ensure all monies received are accounted for properly, recorded, and deposited, the composition of receipts should be reconciled to the composition of deposits. Any discrepancies in composition or other details should be investigated and resolved. In addition, to adequately safeguard receipts, monies received should be restrictively endorsed immediately upon receipt.

Recommendations

The City of Bourbon Municipal Division:

1.1 Segregate accounting duties to the extent possible. If it is not possible to segregate duties, documented periodic reviews of municipal division records should be performed by a person independent of accounting functions.

1.2 Ensure manual receipt slips are recorded in the JIS timely and intact and the corresponding monies received are deposited timely. Additionally, the municipal division should follow up on the unaccounted for monies and attempt to recover these funds.

1.3 Reconcile the composition of recorded receipts to the composition of deposits and endorse checks immediately upon receipt.

Auditee's Response

The Municipal Judge and Court Clerk provided the following responses:

1.1 Currently, we do not have enough staff to segregate duties or ensure periodic independent reviews of records are performed.

1.2 Manual receipt slips are entered in the JIS and deposits are made as timely as the workload allows. We found where this $57.45 bad check receipt was deposited and disbursed from the restitution account. It was not recorded in JIS, because criminal charges were never filed. We believe the $279.50 check was lost.

1.3 We will begin to reconcile the composition of receipts to the composition of deposits. We will also start endorsing checks upon receipt.

Auditor's Comment

1.1 The Municipal Division should reconsider segregating accounting duties to the extent possible or ensure periodic reviews of municipal division records are performed by an independent person and documented.

2. Bank Reconciliations and Liabilities

The municipal division's procedures regarding monthly bank reconciliations and liabilities are in need of improvement.

2.1 Bank reconciliations

We noted the following concerns during our review of the municipal division's bank reconciliations:

- The Court Clerk does not reconcile the bank account in a timely manner. When we started the audit in May 2013, the Court Clerk had not performed monthly bank reconciliations since October 2012. As of September 2013, the Court Clerk had performed bank reconciliations through April 2013.

- Reconciling items identified on the bank reconciliations are not followed up on timely and are carried forward from month to month. Therefore, appropriate adjustments are not made to the financial records timely. For example, an insufficient funds check written to the court and identified as a reconciling item on the October 2012 bank reconciliation was still identified as a reconciling item on the April 2013 bank reconciliation.

- The Court Clerk does not print a listing of outstanding checks when preparing the monthly bank reconciliations. In addition, she has not

followed up on outstanding checks since she became Court Clerk in September 2011.

Monthly bank reconciliations are necessary to ensure all accounting records balance, transactions have been properly recorded, and errors or discrepancies are detected and corrected on a timely basis. Complete documentation of the reconciliations, reconciling items, and outstanding checks, should be maintained to support conclusions and corrections, and to facilitate independent reviews.

2.2 Liabilities

The Court Clerk does not prepare a list of liabilities for comparison to the reconciled bank account balance, and is unable to agree liabilities to the account balance. At our request, the Court Clerk prepared a list of liabilities at April 30, 2013, and the list totaling $11,516 was less than the reconciled bank balance of $12,528 by $1,012. The Court Clerk was unable to determine the reason for this discrepancy.

Because monthly lists of liabilities are not prepared, liabilities are not adequately reviewed to ensure bonds or other monies are disbursed in a timely manner. The Court Clerk was not aware the JIS could print a list of liabilities until we discussed this issue with her. The JIS liabilities report generated on May 15, 2013, included 12 bonds totaling $2,850 dated in 2011 and 14 bonds totaling $4,160 dated in 2012.

Monthly reconciliations between liabilities and the reconciled bank account balance are necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities. In addition, monthly lists of liabilities are necessary to ensure all bond dispositions have been properly recorded. To properly monitor bonds and ensure monies are disbursed as appropriate, procedures should be followed to routinely investigate bonds remaining on the liabilities list over a specified period of time.

Recommendations

The City of Bourbon Municipal Division:

2.1 Perform timely monthly bank reconciliations, resolve reconciling items timely and make appropriate adjustments to the accounting records, and establish procedures to identify and routinely follow up on outstanding checks.

2.2 Prepare monthly lists of liabilities and reconcile to the bank balance, promptly investigate and resolve differences, and establish procedures to review the status of liabilities to determine the appropriate disposition of funds held.

Auditee's Response

The Municipal Judge and Court Clerk provided the following responses:

2.1 Bank reconciliations have now been performed through February 28, 2014, and reconciling items have been followed up on. The Court Clerk is in the process of following up on outstanding checks.

2.2 We will print and review open items listings, reconcile to the bank reconciliations, and take appropriate action regarding old bonds.

3. Monitoring of Excess Revenues

The city's excess traffic violation revenue calculations incorrectly include restricted revenues and do not give consideration to specific traffic ticket violations or location of the violation to identify what tickets and related revenue should be included in the calculations. As a result, the city's calculations do not accurately assess whether excess revenues are due to the state.

The city performed excess revenues calculations for the 2 years ended June 30, 2013, and determined the percentage of fines and court costs for traffic violations as compared to annual general operating revenues to be less than the statutory threshold requiring payment to the Missouri Department of Revenue (DOR). However, our review of those calculations determined the city likely owes between $34,718 and $59,155 to the DOR for the 2 years ended June 30, 2013.

Prior to August 28, 2013, Section 302.341.2, RSMo, required municipalities deriving more than 35 percent of their annual general operating revenue from fines and court costs for traffic violations occurring on a state or federal highway to turn the excess over to the DOR, to be distributed to schools of the county. Effective August 28, 2013, this law was revised, reducing the 35 percent requirement to 30 percent, expanding the type of traffic violations that must be considered, and requiring the city provide an accounting for the percent of annual general operating revenue from fines and court costs in their annual financial report submitted to the State Auditor's office as required by Section 105.145, RSMo. Also, according to DOR rule, 12 CSR 10-44.100, payment of excess revenues should be made by the last day of the second month immediately following the end of the fiscal year.

For the year ended June 30, 2013, the city calculated fines and court costs to be 30 percent of general operating revenues. Based on this calculation, the city determined it did not have excess revenue from fines and court costs for the year ended June 30, 2013. Similar calculations were made for the year ended June 30, 2012, and the city determined it did not have excess revenue for the year ended June 30, 2012.

However, the revenues the city included in the excess revenue calculations included various restricted revenues and waste collection user fees, which are not general operating revenues of the city. The restricted revenue included real estate property taxes restricted for city parks and the police department, state motor vehicle sales and gasoline taxes restricted for street-related purposes, restricted court fees, etc. Since these are not general operating revenues of the city, they should be excluded from the general operating revenues amount used in the calculation of the percent fines and court costs represent as compared to general operating revenues.

The following table, using the city's revenue and expense reports, indicates the calculation of 35 percent of general operating revenues for the years ended June 30, 2013, and 2012, after excluding restricted revenues:

		Year Ended June 30,	
		2013	2012
General Operating Revenues	$	811,630	754,889
Less Restricted Revenues:			
Waste collection user fees		(43,882)	(8,529)
Police department real estate property taxes		(18,046)	(31,299)
Park department real estate property taxes		(11,938)	(9,902)
State motor vehicle sales tax		(86,908)	(81,636)
State motor vehicle gasoline tax		(64,037)	(54,792)
Grants		(27,700)	(9,986)
Crime victim compensation fees		(633)	(700)
Bond forfeitures		0	(850)
General Operating Revenues (Less Restricted Revenues)		558,486	557,195
35 Percent of General Operating Revenues	$	195,470	195,018

The city did not track traffic tickets issued by location. Upon our request, the municipal division prepared a report of traffic tickets issued by location during the year ended June 30, 2013. This report indicated fines and court costs for the year ended June 30, 2013, totaled $244,107 and of this amount, $224,021 (92 percent) related to tickets issued on state and federal highways.

The Missouri Vehicle Stops Annual Report prepared by the Police Department and filed with the Missouri Attorney General's Office for 2012 indicated 87 percent of tickets issued by the city were for violations on a state or federal highway within the city. We also selected a sample of 54 tickets issued by the municipal division for traffic violations during the period from July 2012 through May 2013, and determined that 45 of these tickets (83 percent) were issued on state or federal highways. The fines and court costs collected on those 45 tickets accounted for 92 percent of the total amount collected on the 54 tickets.

Based on the above data, the amount received from fines and court costs for traffic violations on state or federal highways would likely be between $202,033 (87 percent) and $213,644 (92 percent) based on fines and court costs reported on the city's revenue and expense report totaling $232,222 for the year ended June 30, 2013, and between $223,173 (87 percent) and $235,999 (92 percent), based on fines and court costs reported for the year ended June 30, 2012, totaling $256,521. As a result, the excess revenues to be turned over to the DOR would be between $6,563 and $18,174 for the year ended June 30, 2013, and between $28,155 and $40,981 for the year ended June 30, 2012. However, the city and municipal division should review all tickets to determine actual excess revenues.

The municipal division should work with the city to establish procedures for tracking tickets to ensure compliance in the future.

Recommendation

The City of Bourbon Board of Aldermen ensure only general operating revenues are included in the annual excess revenue calculations. In addition, the Board of Aldermen should work with the municipal division to track collections from fines and court costs for traffic violations, recalculate excess revenues for fiscal years 2012 and 2013, and make appropriate payments to the DOR for any additional excess revenues.

Auditee's Response

The Board of Aldermen, Mayor, City Attorney, and City Clerk provided the following response:

The Board of Aldermen will ensure only general operating revenues are included in the annual excess revenue calculations. In addition, the Board of Aldermen will work with the municipal division to track collections from fines and court costs for traffic violations. The Board of Aldermen will also recalculate excess revenues for fiscal years 2012 and 2013 and make appropriate payments to the DOR for additional excess revenues.

4. Ticket Controls and Procedures

Municipal division procedures regarding the accountability and disposition of tickets need improvement.

4.1 Ticket accountability

Neither the Police Department nor the municipal division adequately accounts for the numerical sequence and ultimate disposition of traffic tickets issued. The Police Department tracks the ticket book numbers assigned to each officer by maintaining the unused ticket books in envelopes and having officers sign for books. When tickets are issued, officers turn the tickets over to the Court Clerk to be processed. Neither the Police Department nor the Court Clerk tracks the numerical sequence or monitors the disposition of the individual tickets issued. We reviewed tickets issued during the year ended June 30, 2013, and identified three unaccounted for

tickets. Police Department personnel indicated these tickets had been lost by one officer and the department had no record of these tickets.

Without properly accounting for the numerical sequence and ultimate disposition of tickets issued, the Police Department and the municipal division cannot ensure all tickets issued are properly submitted for processing.

4.2 Ticket disposition

The City Prosecuting Attorney does not sign tickets submitted to the municipal division. Unsigned tickets are processed through the municipal division. Without formal approval by the City Prosecuting Attorney of all tickets processed the risk of improper handling of tickets and related monies increases.

Missouri Supreme Court Rule 37.35 states citations shall be in writing and signed by the prosecutor and filed with the municipal division. The City Prosecuting Attorney's review, documented with his signature, is needed to provide proper assurance cases and charges are filed with the municipal division.

Recommendations

4.1 The City of Bourbon Municipal Division work with the Police Department to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.

4.2 The City Prosecuting Attorney sign all tickets.

Auditee's Response

4.1 The Municipal Judge, Court Clerk, and Police Chief provided the following response:

The Police Department is in the process of developing a spreadsheet to account for tickets.

4.2 The City Prosecuting Attorney provided the following response:

We will take steps to ensure all tickets going to the municipal division are reviewed and signed by the Attorney.

5. Bad Checks

The municipal division does not have adequate procedures in place to account for and monitor the disposition of all bad checks submitted to the division for collection. The City of Bourbon passed an ordinance allowing the municipal division to collect bad checks for city merchants.

Bad check complaint forms submitted by merchants when bad checks are turned over to the municipal division for collection are not assigned a sequential tracking number. In addition, bad check complaint forms received by the municipal division are not processed in a timely manner. We

reviewed 5 bad check complaints and identified a lag between the date the complaint was received and the initial court date ranging from 131 to 685 days (average of 331 days). Without a tracking procedure, there is no assurance all bad check complaints are processed timely.

To ensure bad check complaints are handled and accounted for properly and timely, a sequential number should be assigned to each bad check complaint form immediately upon receipt. This number should be used to track the status and disposition of the corresponding bad check.

Recommendation

The City of Bourbon Municipal Division develop procedures and records that provide sufficient information to track the receipt and disposition of all bad check complaints, and ensure all bad check complaints are processed timely.

Auditee's Response

The Municipal Judge and the Court Clerk provided the following response:

As of August 1, 2013, the Bourbon Municipal Court no longer accepts bad checks for prosecution. Merchants are asked to forward all bad checks to the Crawford County Prosecuting Attorney's office.

6. Accrued Costs

The Court Clerk does not consistently follow up on accrued costs (receivables) owed to the municipal division, including fines and court costs, incarceration costs, and court-ordered restitution. Accrued costs recorded on the JIS totaled approximately $27,000 as of July 2013.

The Court Clerk maintains manual records of all cases on a payment plan, but does not maintain an accrued costs listing of all monies owed to the municipal division. An accrued costs list is maintained on the JIS; however the Court Clerk was not aware this report could be generated until we discussed this issue with her.

We reviewed 10 open cases from the JIS accrued costs report and determined the following:

- For two cases, the case files indicated the municipal division issued warrants for non-payment; however, the warrants were not active in the law enforcement system.
- Two cases related to one defendant remained on the accrued costs report although the defendant was deceased.
- For two cases, the defendants were behind in making the required payments; however, there was no documentation in the case files to indicate the Court Clerk had followed up on the cases for non-payment.

- Another case dating back to 2001 remained on the accrued costs report although the defendant had stopped making payments on restitution to a business and the business had closed.

Proper and timely monitoring of receivables is necessary to help ensure unpaid amounts are collected and proper follow-up action is taken for non-payment. In addition, proper monitoring is necessary to provide information to the Municipal Judge and determine appropriate handling when amounts are deemed uncollectible.

Recommendation

The City of Bourbon Municipal Division establish procedures to routinely review the accrued costs list and ensure proper follow up on amounts due, and provide information to and work with the Municipal Judge regarding amounts deemed uncollectible.

Auditee's Response

The Municipal Judge and the Court Clerk provided the following response:

We are in the process of implementing this recommendation.

Forty-Second Judicial Circuit
City of Bourbon Municipal Division
Organization and Statistical Information

The City of Bourbon Municipal Division is in the Forty-Second Judicial Circuit, which consists of Crawford, Dent, Iron, Reynolds and Wayne Counties. The Honorable Kelly Parker serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau in which fines and court costs are collected at times other than during court and transmitted to the city treasury.

Personnel

At June 30, 2013, the municipal division employees were as follows:

Title	Name
Municipal Judge	Donald A. Peterson
Court Clerk	Andrea Holland

Financial and Caseload Information

	Year Ended June 30, 2013
Receipts	$271,639
Number of cases filed	1,731

Thomas A. Schweich

Missouri State Auditor

Office of State Treasurer

Year Ended June 30, 2013

May 2014

Report No. 2014-034

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Office of State Treasurer

Background

On January 14, 2013, Clint Zweifel was inaugurated for his second term as the forty-fifth Missouri State Treasurer.

The Office of State Treasurer is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer are to be the custodian of all state funds, and determine the amount of state monies not needed for current operating expenses and invest such monies as allowed by state law. The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services, 2) disbursements and records, 3) investments and deposit programs, and 4) unclaimed property.

Salary Increases

The State Treasurer's Office (STO) provided salary increases to some employees that were not provided to other state employees. In addition to a 2 percent cost of living adjustment in July 2012 (an increase provided to state employees paid less than $70,000 per year), the STO gave four employees salary increases of between 12 and 23 percent (a total annual increase of approximately $38,000). The Deputy State Treasurer said these salary increases were based on job performance, change in job responsibilities, and a desire to bring the salary of certain STO staff to a level equal to other state employees in similar positions. However, the STO did not prepare and maintain documentation justifying the pay increases and did not document how the amounts of the increases were determined.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

OFFICE OF STATE TREASURER

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FINANCIAL SECTION

State Auditor's Reports

THOMAS A. SCHWEICH
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT

Honorable Clint Zweifel, State Treasurer
Jefferson City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the Treasurer's General Operations Fund, Treasurer's Information Fund, Central Check Mailing Service Revolving Fund, and Abandoned Fund Account Fund of the Office of State Treasurer as of and for the year ended June 30, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Treasurer's General Operations Fund, Treasurer's Information Fund, Central Check Mailing Service Revolving Fund, and Abandoned Fund Account Fund of the Office of State Treasurer, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1.A., the financial statements of the Office of State Treasurer are intended to present the financial position, and the changes in financial position, and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of Missouri that is attributable to the transactions of the Office of State Treasurer. They do not purport to, and do not, present fairly the financial position of the State of Missouri as of June 30, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter. In addition, the State of Missouri issued its Comprehensive Annual Financial Report for the year ended June 30, 2013, and that report was prepared in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements, collectively, that are referred to in the first paragraph. The supplementary information, as listed in the table of contents, and the organization and statistical information, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the audit procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The organization and statistical information has not been subjected to the audit procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2014, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office of State Treasurer's internal control over financial reporting and compliance.

Thomas A. Schweich
State Auditor

January 31, 2014

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Douglas J. Porting, CPA, CFE
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Heather R. Stiles, MBA, CPA
Audit Staff:	Gina Henley, MBA
	Tessa Oates
	Albert Borde-Koufie, MBA
	Morgan Alexander

THOMAS A. SCHWEICH
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Clint Zweifel, State Treasurer
Jefferson City, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Office of State Treasurer, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Office of State Treasurer's financial statements, and have issued our report thereon dated January 31, 2014.

Internal Control Over Financial Reporting

In planning and performing of our audit of the financial statements, we considered the Office of State Treasurer's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office of State Treasurer's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office of State Treasurer's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the office's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office of State Treasurer's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.* However, we noted a certain matter which is described in the accompanying Management Advisory Report.

Office of State Treasurer's Response to Finding

The Office of State Treasurer's response to the finding identified in our audit is described in the accompanying Management Advisory Report. The Office of State Treasurer's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the office's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the office's internal control and compliance. Accordingly, this communication is not suitable for any other purposes. However, pursuant to Section 29.200, RSMo, this report is a matter of public record and its distribution is not limited.

Thomas A. Schweich
State Auditor

January 31, 2014

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the Office of the Missouri State Treasurer's (the Treasurer's Office) financial activities for the fiscal year ended June 30, 2013.

HIGHLIGHTS

- The assets of the Treasurer's Office exceeded its liabilities by $1,374,463. The entire amount may be used to meet the office's ongoing obligations.
- The office's total net assets increased by $6,939. The increase in net assets was caused primarily by receipts exceeding disbursements in fiscal 2013.
- As of the close of the current fiscal year, the Treasurer's Office governmental funds reported combined ending fund balances of $1,350,002, an increase of $10,299 in comparison with the prior year. The total amount is available for spending as of July 1, 2013, at the discretion of the Treasurer's Office within the purposes and limits of the office's appropriation authority.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Treasurer's Office basic financial statements comprise two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Treasurer's Office, like the State of Missouri, uses fund accounting to ensure and demonstrate compliance with statutory requirements. All of the funds of the Treasurer's Office can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for most of the basic services provided by the Treasurer's Office. Unlike the government-wide financial statements prepared by the State of Missouri, governmental fund financial statements focus on short-term inflows and outflows of current financial resources and utilize the modified accrual basis of accounting. This presentation focuses on when cash will be received and disbursed making the statements useful in evaluating a government's financing requirements in the near future.

The Treasurer's Office maintains two individual governmental funds, a general fund and a special revenue fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the State Treasurer's General Operations Fund and the State Treasurer's Information Fund.

Proprietary funds. Proprietary funds are used to account for activities similar to private businesses in which goods and services are sold for specified fees and utilize the full accrual

basis of accounting. The Treasurer's Office maintains one proprietary fund, the Central Check Mailing Service Revolving Fund. This fund is an internal service fund, used as an accounting device to accumulate and allocate costs for centralized check mailing services provided by the Treasurer's Office to other state agencies. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the notes to the financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the state government and also utilize the full accrual basis of accounting. The Treasurer's Office maintains one fiduciary fund, the Abandoned Fund Account Fund, to account for unclaimed property turned over to the state in accordance with state statute.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) including a budgetary comparison schedule for the Treasurer's General Operations Fund and the Treasurer's Information Fund.

FUND STATEMENT ANALYSIS

Governmental Funds:

At the end of fiscal year 2013, the Treasurer's Office governmental funds reported combined ending fund balances of $1,350,002, an increase of $10,299 from fiscal year 2012. This entire amount is available for spending at the discretion of the Treasurer's Office within the purposes and limits of the office's appropriation authority.

Fund balances for the governmental funds are as follows:

	Treasurer's General Operations Fund	Treasurer's Information Fund	Total
Fund Balance	$1,347,015	$2,987	$1,350,002

The Treasurer's General Operations Fund was the primary operating fund for the Treasurer's Office in fiscal year 2013. At the end of fiscal year 2013, the Treasurer's General Operations Fund reported a total fund balance of $1,347,015. The net increase in fund balance during fiscal year 2013 was $10,236. Revenues of the Treasurer's General Operations Fund totaled $2,477,570, and expenditures of the Treasurer's General Operations Fund totaled $2,467,334. Contributing factors follow:

- The Treasurer's Office deposits a portion of the state's interest earnings into the Treasurer's General Operations Fund pursuant to Section 30.605, RSMo. The fiscal year 2013 ending fund cash balance saw little change from fiscal year 2012 ending fund cash balance, as the office strives to manage the fund cash balance to more closely match the expenditure authority from the fund.

The Treasurer's Information Fund was a supplemental operating fund for the Treasurer's Office in fiscal year 2013. At the end of fiscal year 2013, the Treasurer's Information Fund reported a total fund balance of $2,987. The net increase in fund balance during fiscal year 2013 was $63. Revenues of the Treasurer's Information Fund totaled $613. Expenditures of the Treasurer's Information Fund totaled $550 in fiscal year 2013. Contributing factors follow:

- In fiscal year 2013 the Treasurer's Information Fund revenues exceeded amounts expended by the fund for the preparation, reproduction, or dissemination of information or publications of the State Treasurer's Office by a minimal amount. The activities of this fund are primarily from 1) public information related cost recoveries; and 2) expenses related to exhibiting the linked deposit program at relevant functions and speaking engagements related to the Unclaimed Property program.

Proprietary Funds:

The Treasurer's Office has one proprietary fund, the Central Check Mailing Service Revolving Fund. This fund is an internal service fund, used as an accounting device to accumulate and allocate costs for centralized check mailing services provided by the Treasurer's Office to other state agencies.

The Central Check Mailing Service Revolving Fund's net position decreased by $3,360. This is primarily due to decrease in the fund cash balances caused by decreased revenues for the fund.

NEXT YEAR'S BUDGET

The Treasurer's Office budget for fiscal year 2014 saw various changes from the appropriation levels in the fiscal year 2013 budget. Several appropriations that had previously been estimated did not retain that status, therefore spending on these items can no longer change as demand increases.

- Abandoned Fund Advertising and Auctions was $225,000 (Estimated) in fiscal year 2013, and is $1,475,000 in fiscal year 2014.
- Abandoned Fund to General Revenue transfer was $30,000,000 (Estimated) in fiscal year 2013, and is $50,000,000 in fiscal year 2014.
- Linked Deposit Refunds was $100 (Estimated) in fiscal year 2013, and is $100 in fiscal year 2014.
- Biennial Transfer was $1 (Estimated) in fiscal year 2013, and is $3,000,000 in fiscal year 2014.

The statewide pay plan for fiscal year 2014 provides an increase of $500 per employee beginning January 1, 2014.

The Treasurer's Office also received a new appropriation of $225,000 in fiscal year 2014 for the purpose of funding two program models that create sustainable communities and help families achieve economic stability in a county with a charter form of government and with more than six hundred thousand but fewer than seven hundred thousand inhabitants.

On June 29, 2009, Governor Nixon signed the Invest in Missouri legislation that reinvests $1 billion in Missouri communities. Beginning January 1, 2010, the legislation began phasing out the statutory interest rate cap that tied state time deposits to the return of short-term U.S. Treasury securities. January 1, 2014 ends the phase-out period and all financial institutions with time deposits of state funds shall pay the state a market rate of interest on all amounts deposited.

Fund Financial Statements

OFFICE OF STATE TREASURER
BALANCE SHEET
TREASURER'S GENERAL OPERATIONS
FUND 0164
June 30, 2013

Assets		
Assets:		
Cash and Cash Equivalents	$	312,493
Investments		1,129,057
Invested Securities Lending Collateral		80,842
Total Assets	$	1,522,392
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable	$	10,817
Accrued Payroll		38,764
Securities Lending Obligation		80,842
Due to Other Funds		44,954
Total Liabilities		175,377
Fund Balance		
Unassigned		1,347,015
Total Fund Balances		1,347,015
Total Liabilities and Fund Balance	$	1,522,392

The accompanying Notes to Fund Financial Statements are an integral part of this statement.

OFFICE OF STATE TREASURER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TREASURER'S GENERAL OPERATIONS
FUND 0164
For the Fiscal Year Ended June 30, 2013

Revenues:		
Investment Earnings:		
Net Increase (Decrease) in Fair Value of Investments	$	(13,000)
Cost Recovery		2,489,601
Cost Reimbursement / Miscellaneous		969
Total Revenues		2,477,570
Expenditures:		
Current:		
General Government		2,467,334
Total Expenditures		2,467,334
Net Change in Fund Balance		10,236
Fund Balances - Beginning		1,336,779
Fund Balances - Ending	$	1,347,015

The accompanying Notes to the Fund Financial Statements are an integral part of this statement.

OFFICE OF STATE TREASURER
BALANCE SHEET
TREASURER'S INFORMATION
FUND 0255
June 30, 2013

Assets		
Assets:		
Cash and Cash Equivalents	$	647
Investments		2,340
Invested Securities Lending Collateral		168
Total Assets	$	3,155
Liabilities and Fund Balance		
Liabilities:		
Securities Lending Obligation	$	168
Total Liabilities		168
Fund Balance:		
Committed for General Government		2,987
Total Fund Balance		2,987
Total Liabilities and Fund Balance	$	3,155

The accompanying Notes to the Fund Financial Statements are an integral part of this statement.

OFFICE OF STATE TREASURER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TREASURER'S INFORMATION
FUND 0255
For the Fiscal Year Ended June 30, 2013

Revenues:		
Investment Earnings:		
Net Increase (Decrease) in the Fair Value of Investments	$	(27)
Cost Reimbursement/Miscellaneous		640
Total Revenues		613
Expenditures:		
Current:		
General Government		550
Total Expenditures		550
Net Change in Fund Balance		63
Fund Balance - Beginning		2,924
Fund Balance - Ending	$	2,987

The accompanying Notes to the Fund Financial Statements are an integral part of this statement.

OFFICE OF STATE TREASURER
STATEMENT OF NET POSITION
CENTRAL CHECK MAILING SERVICE REVOLVING
FUND 0515
June 30, 2013

Assets		
Current Assets:		
Cash and Cash Equivalents	$	132
Investments		477
Invested Securities Lending Collateral		34
Due from Other Funds		21,332
Total Current Assets		21,975
Non-Current Assets:		
Capital Assets:		
Equipment		13,046
Less Accumulated Depreciation/Amortization		(9,403)
Total Non-Current Assets		3,643
Total Assets		25,618
Liabilities		
Current Liabilities:		
Accounts Payable		1,123
Securities Lending Obligation		34
Total Current Liabilities		1,157
Total Liabilities		1,157
Net Position		
Net Investment in Capital Assets		3,643
Unrestricted		20,818
Total Net Position	$	24,461

The accompanying Notes to the Fund Financial Statements are an integral part of this statement.

OFFICE OF STATE TREASURER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
CENTRAL CHECK MAILING SERVICE REVOLVING
FUND 0515
For the Fiscal Year Ended June 30, 2013

Operating Revenues:		
Charges for Services	$	79,647
Total Operating Revenues		79,647
Operating Expenses:		
Personal Service		32,149
Operations		48,117
Depreciation/ Amortization		2,733
Total Operating Expenses		82,999
Operating Income (Loss)		(3,352)
Non-Operating Revenues (Expenses):		
Investment Earnings:		
Net Increase (Decrease) in the Fair Value of Investments		(8)
Total Non-Operating Revenues (Expenses)		(8)
Change in Net Position		(3,360)
Total Net Position - Beginning		27,821
Total Net Position - Ending	$	24,461

The accompanying Notes to the Fund Financial Statements are an integral part of this statement.

OFFICE OF STATE TREASURER
STATEMENT OF CASH FLOWS
CENTRAL CHECK MAILING SERVICE REVOLVING
FUND 0515
For the Fiscal Year Ended June 30, 2013

Cash Flows from Operating Activities:		
Receipts from Customers and Users	$	79,647
Payments to Suppliers		(46,994)
Payments to Employees		(34,523)
Net Cash Provided (Used) by Operating Activities		(1,870)
Cash Flows from Non-Capital Financing Activities:		
Due to/from Other Funds		645
Net Cash Provided (Used) by Non-Capital Financing Activities		645
Cash Flows from Investing Activities:		
Proceeds from Sales and Investment Maturities		902
Net Cash Provided (Used) by Investing Activities		902
Net Increase (Decrease) in Cash		(323)
Cash and Cash Equivalents, Beginning of Year		455
Cash and Cash Equivalents, End of Year	$	132
Reconciliation of Operating Income (Loss) of Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$	(3,352)
Depreciation/Amortization Expense		2,733
Changes in Assets and Liabilities:		
Accounts Payable		1,123
Compensated Absences Payable		(834)
Due to Other Funds		(751)
Accrued Payroll		(789)
Net Cash Provided (Used) by Operating Activities	$	(1,870)

The accompanying Notes to the Fund Financial Statements are an integral part of this statement.

OFFICE OF STATE TREASURER
STATEMENT OF FIDUCIARY NET POSITION
ABANDONED FUND ACCOUNT
FUND 0863
June 30, 2013

Assets		
Cash and Cash Equivalents	$	7,525,401
Investments at Fair Value		27,189,719
Invested Securities Lending Collateral		1,946,816
Capital Assets:		
Equipment		55,076
Software		8,546
Less: Accumulated Depreciation/Amortization		(52,232)
Total Capital Assets, Net		11,390
Total Assets		36,673,326
Liabilities		
Accounts Payable		7,225
Accrued Payroll Payable		32,066
Securities Lending Obligation		1,946,816
Compensated Absences		39,194
Total Liabilities		2,025,301
Net Position		
Net Position Held in Trust for Other Purposes	$	34,648,025

The accompanying Notes to the Fund Financial Statements are an integral part of this statement.

OFFICE OF STATE TREASURER
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ABANDONED FUND ACCOUNT
For the Fiscal Year Ended June 30, 2013

Additions:		
Increase (Decrease) in Appreciation of Assets	$	(291,685)
Unclaimed Property		49,913,043
Cost Reimbursement / Miscellaneous		110
Disposal of Capital Asset		298
Total Additions		49,621,766
Deductions:		
Administrative Expenses		1,742,682
Program Distributions		38,155,002
Depreciation/ Amortization		6,180
Total Deductions		39,903,864
Change in Net Position		9,717,902
Net Position - Beginning		24,930,123
Net Position - Ending	$	34,648,025

The accompanying Notes to the Fund Financial Statements are an integral part of this statement.

Notes to the Fund Financial Statements

OFFICE OF STATE TREASURER
NOTES TO THE FUND FINANCIAL STATEMENTS

1. Significant Accounting Policies

A. Financial Statements and Reporting Entity

The accompanying fund financial statements of the Office of State Treasurer have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Office of State Treasurer has elected not to follow the Financial Accounting Standards Board's pronouncements issued after November 30, 1989, for proprietary activities.

The financial statements present the financial position, the changes in financial position and, where applicable, cash flows of only the transactions of the Office of State Treasurer. They do not present the financial position of the State of Missouri as of June 30, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with GAAP. However, the State of Missouri issued a Comprehensive Annual Financial Report for the State of Missouri for the fiscal year ended June 30, 2013, in conformity with GAAP.

B. Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds.

The governmental fund financial statements are presented using the current financial resources measurement focus and modified accrual basis of accounting. With the current financial resources measurement focus, only current assets and current liabilities are included on the balance sheet. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. Operating statements of governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. Expenditures are recognized when the related fund liability is incurred except for compensated absences (accumulated vacation and compensatory time) and sick pay which are recorded as expenditures when paid.

The proprietary and private-purpose trust fund financial statements are presented using the economic resources measurement focus and accrual basis of accounting. With the economic resources measurement focus, assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary fund-type

operating statements present revenues and expenses in total net position. Operating revenues and expenses in proprietary funds are classified as those activities that make up the primary ongoing operations associated with those funds. Non-operating revenues and expenses in proprietary funds are classified as those activities that are deemed incidental or unusual for those funds.

C. Basis of Presentation

The Office of State Treasurer's financial practices are based upon fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and fund balances and changes therein that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The accompanying financial statements are structured into three categories of funds:

1) Governmental Funds include the general funds and the special revenue funds. These funds account for the revenues and expenditures, capital outlay, and certain debt service of the state. The Treasurer's General Operations Fund and the Treasurer's Information Fund are governmental funds.

2) Proprietary Funds include internal service funds. These funds account for the cost of certain services provided by the state. The Central Check Mailing Service Revolving Fund is a proprietary fund.

3) Fiduciary Funds include private-purpose trust funds. These funds account for assets held by the state in a trustee capacity or as an agent for individuals, other governments, and other funds. The Abandoned Fund Account Fund is a fiduciary fund.

D. Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include bank accounts, petty cash, and all investments with an original maturity of 3 months or less, such as repurchase agreements. Cash balances of the Treasurer's General Operations Fund, Treasurer's Information Fund, Central Check Mailing Service Revolving Fund, and Abandoned Fund Account Fund are pooled with other state funds and invested by the State Treasurer.

E. Investments

These are long-term investments with an original maturity greater than 3 months which are expected to be held to maturity and redeemed at face value. All investments are reported at fair value.

F. Interfund Receivables/Payables

The state makes various transactions between funds to distribute interest earnings, finance operations, provide services, service debt, and acquire capital assets. These receivables at June 30 are classified as "due from other funds" on the Balance Sheet and Statement of Net Position. Payables are classified as "due to other funds" on the Balance Sheet and Statement of Net Position. These receivables/payables are due within one year.

G. Capital Assets

Capital assets, which include equipment, software, and software in progress, are valued at historical cost or estimated historical cost if actual historical cost is not available. The estimate of historical cost was based on current appraised value indexed to the date of acquisition. Donated capital assets are reported at estimated fair value at the time received. Capital assets acquired through lease agreements are capitalized at the inception of the agreement.

The capitalization threshold for equipment is $1,000 and for software is $5,000.

Equipment and software are depreciated/amortized using the straight-line method of depreciation/amortization over a useful life of 3 to 10 years.

H. Long-Term Debt

Long-term liabilities that will be financed from governmental funds are not reported on the fund financial statements since they are presented on the modified accrual basis of accounting. These long-term liabilities include the following:

Compensated absences include accumulated unpaid vacation and compensatory time accruals and related employer payroll taxes. These amounts are not accrued in the governmental funds but are recorded as expenditures when paid.

Vacation leave is accumulated at a rate of 10 to 14 hours per month depending on the number of years of employment. Accumulated vacation leave cannot exceed twice the number of vacation hours earned annually. Compensatory time is accumulated as earned by an individual employee.

Sick leave is accumulated at a rate of 10 hours per month with no limit to the amount which can be accumulated. Accumulated sick leave is not paid upon employee termination and does not represent a liability of the state.

2. Deposits, Investments and Securities Lending Program

The Office of State Treasurer maintains a cash and short-term investment pool that is used by substantially all state funds. These funds do not include accrued interest. Described below is the portfolio that represents the "Cash and Cash Equivalents" and "Investments" as reported at June 30, 2013.

A. Deposits

The state minimizes custodial credit risk by restrictions set forth in state law and stipulations in the State Treasurer's Investment Policy. Custodial credit risk is risk that, in the event of the failure of a depository financial institution, the state will not be able to recover deposits or will not be able to recover collateralized securities that are in the possession of an outside party. Statutes restrict the State Treasurer to deposit funds in financial institutions that are physically located in Missouri, which are selected based on financial stability and community involvement. The financial institution's loan to deposit ratio must exceed 50 percent at the time of deposit and deposits must be collateralized at least 100 percent with approved securities. Deposits must have a maturity of five years or less and earn interest at varying rates based on state law.

B. Investments

Statutes authorize the State Treasurer to invest in U.S. Treasury or Agency securities maturing within five years, commercial paper and banker’s acceptances maturing within 180 days, or in repurchase agreements maturing within 90 days secured by U.S. Treasury or Agency securities of any maturity. There have been no violations of these investment restrictions during fiscal year 2013.

The State Treasurer minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, by establishing a pre-approved list of financial institutions and companies that will be used to purchase commercial paper. The State Treasurer also conducts regular credit monitoring, pre-qualifies the financial institutions and brokers/dealers with which the State Treasurer will do business for broker services and repurchase agreements, and diversifies the portfolio to reduce potential losses on individual securities.

Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the state will not be able to recover the value of their investment or collateral securities that are in the possession of an outside party. The State Treasurer minimizes custodial credit risk by requiring that all securities be held in

the state's name at the state's custodial bank, Wells Fargo Bank, National Association, or at one of the State Treasurer approved collateral custodians.

The state's investments include certain short-term cash equivalents, various long-term items, and restricted assets by maturity in years. The State Treasurer minimizes the risk of the market value of securities falling due to changes in interest rates by maintaining an effective duration of less than 2.5 years, and holding at least 25 percent of the portfolio's total market value in securities with a maturity of 12 months or less.

The State Treasurer minimizes concentration of credit risk, the risk attributed to the magnitude of an investment in a single issuer. State statute prohibits the State Treasurer from investing more than 10 percent of the total time deposits with any single financial institution. State investment policy limits investment in commercial paper to 5 percent of the total portfolio per issuer and no more than 15 percent of the total portfolio may be invested in repurchase agreements with a single counterparty. There are no restrictions in the amount that can be invested in U.S. securities. During fiscal year 2013, the state did not have any instances of noncompliance with these requirements and policies.

The State Treasurer requires investments in commercial paper and bankers' acceptances to have the highest letter and numerical ranking (such as A1/P1) as rated by at least two Nationally Recognized Statistical Rating Organizations (NRSROs). The State Treasurer does not have any additional policies regarding credit ratings of investments.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The State Treasurer does not have any deposits or investments in foreign currency and therefore does not have a policy regarding foreign currency risk.

C. Securities Lending Program

The Missouri Office of State Treasurer participates in a securities lending program to augment investment income. Authority to participate rests in Section 30.260.7, RSMo. As of December 2011, Citibank, National Association, began acting as the State Treasurer's custodial bank and securities lending agent.

Collateral may be in the form of cash, securities issued or guaranteed by the U.S. government or its agencies, or bank letters of credit or equivalent obligation if pre-approved by the Office of State Treasurer. Collateral must be provided in the amount of 102 percent of the then market value of the loaned securities and accrued interest, if any. The maximum duration gap between loans and investments shall be 15 days. The maximum life of term loans shall be 90 days. The Custodian provides for full indemnification to the Office of State Treasurer

for any losses that might occur in the program due to borrower default, insolvency, or failure to return loaned securities.

3. Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental Activities:				
Capital Assets not being Depreciated/Amortized:				
Software in Progress	$ 18,081	$ 18,140	$ (36,221)	$ 0
Total Capital Assets not being Depreciated/Amortized	18,081	18,140	(36,221)	0
Capital Assets being Depreciated/Amortized:				
Equipment, Governmental Funds	133,860	14,821	(7,275)	141,406
Software, Governmental Funds	49,192	49,221	0	98,413
Equipment, Proprietary Funds	13,046	0	0	13,046
Total Capital Assets being Depreciated/Amortized	196,098	64,042	(7,275)	252,865
Less Accumulated Depreciation/ Amortization for:				
Equipment, Governmental Funds	(91,269)	(15,268)	7,275	(99,262)
Software, Governmental Funds	(42,081)	(7,111)	0	(49,192)
Equipment, Proprietary Funds	(6,670)	(2,733)	0	(9,403)
Total Accumulated Depreciation/Amortization	(140,020)	(25,112)	7,275	(157,857)
Total Capital Assets being Depreciated/Amortized, Net	56,078	38,930	0	95,008
Governmental Activities Capital Assets, Net	$ 74,159	$ 57,070	$ (36,221)	$ 95,008

4. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 110,980	$ 98,525	$ 103,143	$ 106,362	$ 103,143
Total Governmental Activities	$ 110,980	$ 98,525	$ 103,143	$ 106,362	$ 103,143

5. Payables

A summary of accounts payable at June 30, 2013, is shown below:

	Governmental Funds	Proprietary Fund	Balance June 30, 2013
Accounts Payable:			
Vendors	$ 10,817	$ 1,123	$ 11,940
Employees	38,764	0	38,764
Total Accounts Payable	$ 49,581	$ 1,123	$ 50,704

6. Interfund Assets and Liabilities

A summary of interfund assets and liabilities at June 30, 2013, is shown below:

	Due To/From Other Funds		
	Treasurer's General Operations Fund	Central Check Mailing Service Revolving Fund	Totals
Due to Other Funds:			
General Government	$ 44,954	$ 0	$ 44,954
Totals	$ 44,954	$ 0	$ 44,954
Due From Other Funds:			
General Government	$ 0	$ 21,332	$ 21,332
Totals	$ 0	$ 21,332	$ 21,332

Interfund assets do not equal interfund liabilities because only funds related to the Office of State Treasurer are being presented, not all state funds.

7. Restatements

During fiscal year 2013, net position of the Central Check Mailing Service Revolving Fund was restated due to a decrease in amounts due from other funds following an adjustment for uncollectible amounts. A summary of this restatement is shown below:

June 30, 2012, Net Position Previously Reported	$	29,096
Prior Period Adjustment		(1,275)
June 30, 2012, Net Position Restated	$	27,821

Required Supplementary Information

OFFICE OF STATE TREASURER
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	Treasurer's General Operations Fund				Treasurer's Information Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	$ 1,425,348	1,425,348	1,425,348	0	$ 2,923	2,923	2,923	0
Resources (Inflows):								
Interest	2,798,911	2,798,911	2,489,601	(309,310)	0	0	0	0
Cost Recovery/Miscellaneous	1,089	1,089	969	(120)	8,015	8,015	640	(7,375)
Total Resources (Inflows)	2,800,000	2,800,000	2,490,570	(309,430)	8,015	8,015	640	(7,375)
Amount Available for Appropriation	4,225,348	4,225,348	3,915,918	(309,430)	10,938	10,938	3,563	(7,375)
Charges to Appropriations (Outflows):								
General Government	2,048,967	2,048,967	1,833,331	215,636	8,000	8,000	536	7,464
Transfers Out	623,463	632,287	631,283	1,004	19	19	19	0
Total Charges to Appropriations	2,672,430	2,681,254	2,464,614	216,640	8,019	8,019	555	7,464
Ending Budgetary Fund Balance	$ 1,552,918	1,544,094	1,451,304	(92,790)	$ 2,919	2,919	3,008	89
Reconciling Items:								
Reclassifying Cash Equivalents as Investments			########				(2,361)	
Investments at Fair Value			1,129,057				2,340	
Invested Securities Lending Collateral			80,842				168	
Accounts Payable			(10,817)				0	
Accrued Payroll			(38,764)				0	
Due to Other Funds			(44,954)				0	
Securities Lending Obligation			(80,842)				(168)	
Fund Balance - GAAP Basis			$ 1,347,015				$ 2,987	

The accompanying Notes to the Required Supplementary Information are an integral part of this schedule.

OFFICE OF STATE TREASURER
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

The Budgetary Comparison Schedule in Required Supplementary Information (RSI) presents comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for the Treasurer's General Operations Fund and the Treasurer's Information Fund.

The Budgetary Comparison Schedule reports revenues and expenditures on a budgetary basis where "actual" revenues are recognized when cash is received, and "actual" expenditures are recognized for cash disbursements. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with generally accepted accounting principles. A reconciliation of the two for the fiscal year ended June 30, 2013, has been presented at the bottom of the Budgetary Comparison Schedule.

The "original budget" expenditures and transfers represent the amounts originally appropriated for each fund. The "final budget" expenditures and transfers include increases and decreases to appropriations during the fiscal year.

In accordance with state statute, all state funds must have an appropriation before amounts can be expended or transferred to another state fund, therefore variances between "budgeted" and "actual" expenditures and transfers on the budgetary schedule will always be positive.

Supplementary Information

Schedule 1

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2013			2012		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND						
Issuing duplicate/outlawed checks	$ 2,587,597	2,586,752	845	3,210,000	3,178,861	31,139
Refunds of excess interest from the linked deposit program	405	405	0	100	30	70
Total General Revenue Fund	2,588,002	2,587,157	845	3,210,100	3,178,891	31,209
TREASURER'S GENERAL OPERATIONS FUND						
Personal service	1,575,924	1,425,765	150,159	1,554,742	1,457,835	96,907
Expense and equipment	270,672	212,440	58,232	270,672	196,909	73,763
Unemployment benefits	10,183	3,520	6,663	10,183	907	9,276
Treasurer state owned building	192,188	191,606	582	199,866	197,094	2,772
Total Treasurer's General Operations Fund	2,048,967	1,833,331	215,636	2,035,463	1,852,745	182,718
TREASURER'S INFORMATION FUND						
Expense and equipment	8,000	536	7,464	8,000	1,806	6,194
Total Treasurer's Information Fund	8,000	536	7,464	8,000	1,806	6,194
CENTRAL CHECK MAILING SERVICE REVOLVING FUND						
Personal service	23,418	21,541	1,877	22,978	22,968	10
Expense and equipment	225,000	46,995	178,005	225,000	84,695	140,305
Total Central Check Mailing Service Revolving Fund	248,418	68,536	179,882	247,978	107,663	140,315
ABANDONED FUND ACCOUNT FUND						
Personal service	525,756	511,005	14,751	517,401	502,500	14,901
Expense and equipment	98,600	86,326	12,274	98,600	78,966	19,634
Advertising and auctions	918,621	918,064	557	955,000	954,827	173
Payment of claims for abandoned property	38,451,000	38,155,002	295,998	38,000,000	36,413,796	1,586,204
Unemployment benefits	0	0	0	2,241	2,240	1
Total Abandoned Fund Account Fund	39,993,977	39,670,397	323,580	39,573,242	37,952,329	1,620,913
Total All Funds	$ 44,887,364	44,159,957	727,407	45,074,783	43,093,434	1,981,349

The accompanying Notes to the Supplementary Information are an integral part of this statement.

Schedule 2

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2013	2012
Personal service	$ 1,958,311	1,983,303
Travel	15,366	21,416
Expense and equipment	415,984	448,599
Communications expense	87,840	83,995
Professional services	790,085	842,589
Equipment repairs and maintenance	77,044	62,011
Equipment and software purchases	69,648	55,687
Abandoned fund claim payments	38,155,002	36,413,796
Replacement of outlawed checks	2,586,752	3,178,861
Unemployment benefits	3,520	3,147
Refunds of excess interest from the linked deposit program	405	30
Total Expenditures	$ 44,159,957	43,093,434

The accompanying Notes to the Supplementary Information are an integral part of this statement.

Schedule 3

OFFICE OF STATE TREASURER
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS
YEAR ENDED JUNE 30, 2013

	Furniture and Equipment	Software	Software in Progress	Motor Vehicles	Total General Capital Assets
Balance, June 30, 2012	$ 346,286	57,739	18,081	15,431	437,537
Additions	23,860	49,221	18,140	0	91,221
Dispositions	(31,824)	0	(36,221)	0	(68,045)
Balance, June 30, 2013	$ 338,322	106,960	0	15,431	460,713

Fund of Acquisition	Balance June 30, 2013
General Revenue Fund	$ 143,396
Treasurer's General Operations Fund	238,120
Central Check Mailing Service Revolving Fund	13,046
Second Injury Fund	829
Abandoned Fund Account Fund	63,623
Treasurer's Information Fund	1,699
Total All Funds	$ 460,713

The accompanying Notes to the Supplementary Information are an integral part of this statement.

Schedule 4

OFFICE OF STATE TREASURER

COMPARATIVE STATEMENT OF FUNDS IN CUSTODY OF STATE TREASURER

	June 30,				
	2013	2012	2011	2010	2009
APPROPRIATED FUNDS					
Demand Deposits:					
US Bank	$ 21,066	19,521,037	19,576,124	36,059,240	25,073,436
Central Bank	72,111,952	8,162,215	69,141,278	51,298,737	62,447,766
Wells Fargo Bank	75,026,626	0	0	0	0
Commerce Bank	8,637,503	10,063,041	14,987,119	15,006,383	8,986,650
Bank of New York Midwest	0	75,045,355	50,045,196	50,190,689	463,418
UMB Bank	13,939	(1,032,510)	(25,491,067)	(132,951,485)	(98,153,059)
Collection bank accounts	1,958,119	2,560,911	12,160,071	1,990,604	2,976,740
Total Demand Deposits	157,769,205	114,320,049	140,418,721	21,594,168	1,794,951
Pooled Investments:					
Time deposits	559,725,267	569,867,495	652,429,893	589,443,027	619,916,057
U.S. government securities	2,300,958,056	2,070,031,748	2,224,602,562	2,473,096,949	2,138,596,968
Commercial paper and banker acceptances	0	0	61,693,783	0	183,069,065
Repurchase agreements	846,675,000	887,623,000	1,213,394,000	704,639,000	344,236,000
Total Pooled Investments	3,707,358,323	3,527,522,243	4,152,120,238	3,767,178,976	3,285,818,090
Total Demand Deposits and Pooled Investments	3,865,127,528	3,641,842,292	4,292,538,959	3,788,773,144	3,287,613,041
Special Fund Dedicated Investments:					
U.S. government securities	41,280,359	39,270,832	39,282,060	35,817,480	34,239,743
Donated corporate stock	5,130	5,130	5,130	5,130	5,130
Total Special Fund Dedicated Investments	41,285,489	39,275,962	39,287,190	35,822,610	34,244,873
Total Appropriated Funds	3,906,413,017	3,681,118,254	4,331,826,149	3,824,595,754	3,321,857,914
NONAPPROPRIATED FUNDS					
Demand deposits	12,375,296	10,640,648	10,926,394	12,584,187	13,198,903
Repurchase agreements	1,000,000	1,006,000	0	1,000,000	1,280,000
Commercial paper and banker acceptances	0	0	999,988	0	0
Time deposits	0	0	0	0	1,000,000
Total Nonappropriated Funds	13,375,296	11,646,648	11,926,382	13,584,187	15,478,903
Total Cash and Investments	$ 3,919,788,313	3,692,764,902	4,343,752,531	3,838,179,941	3,337,336,817

The accompanying Notes to the Supplementary Information are an integral part of this statement.

Schedule 5

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS

	Year Ended June 30,				
	2013	2012	2011	2010	2009
INTEREST RECEIPTS					
General and special funds	$ 23,614,348	26,429,849	31,748,010	39,599,319	97,518,011
Debt retirement funds	1,515,945	2,288,094	2,906,855	6,742,590	16,181,881
Total Appropriated Funds	25,130,293	28,717,943	34,654,865	46,341,909	113,699,892
Trust funds	1,473	6,539	3,792	3,730	166,375
Total Interest Receipts	$ 25,131,766	28,724,482	34,658,657	46,345,639	113,866,267

The accompanying Notes to the Supplementary Information are an integral part of this statement.

Notes to the Supplementary Information

OFFICE OF STATE TREASURER
NOTES TO THE SUPPLEMENTARY INFORMATION

1. General Capital Assets

Capital assets, which include equipment and software, are valued at historical cost or estimated historical cost if actual historical cost is not available. The estimate of historical cost was based on current appraised value indexed to the date of acquisition. Donated capital assets are reported at estimated fair value at the time received. Capital assets acquired through lease agreements are capitalized at the inception of the agreement.

The capitalization threshold for all equipment is $1,000 and software is $5,000.

Equipment and software are depreciated/amortized using the straight-line method of depreciation/amortization over a useful life of 2 to 10 years for equipment and 3 to 5 years for software. Accumulated depreciation/amortization on general capital assets at June 30, 2013, was $354,314.

2. Basis of Presentation

The amounts presented in Schedules 4 and 5 represent all funds in the state treasury and all trust funds in the custody of the State Treasurer.

State treasury funds are subject to appropriation; trust funds are not. The schedules do not include any funds or investments that are not in the custody of the State Treasurer.

3. Cash and Investments

Article IV, Section 15 of the Missouri Constitution establishes the State Treasurer as custodian of all state funds and funds received from the U.S. government. This section further authorizes the State Treasurer to place all such monies on time deposit, bearing interest, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and the State Auditor, or in obligations of the U.S. government or any agency or instrumentality thereof maturing or becoming payable not more than 5 years from the date of purchase. In addition, the State Treasurer may enter into repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law. The State Treasurer may also invest in bankers acceptances issued by domestic commercial banks possessing the highest rating issued by at least 2 nationally recognized statistical rating organizations and in commercial paper, issued by domestic corporations, which has received the highest rating issued by at least 2 nationally recognized statistical rating organizations. Investments in bankers acceptances and commercial paper shall mature and become payable not more than 180 days from the date of purchase, maintain the highest rating throughout the duration of the investment and meet any other requirements provided by law. The State Treasurer shall prepare, maintain, and adhere to a written investment policy which shall include an asset

allocation plan limiting the total amount of state money which may be invested in each investment category authorized by law.

Deposits

The State Treasurer maintains approximately 216 bank accounts throughout the state. These accounts include collection accounts which are demand deposit accounts for various state agencies, and the state's primary operating accounts which are also demand deposit accounts. Cash balances in the state's operating accounts which are not needed for immediate use are invested.

The State Treasurer's deposits at June 30, 2013, were entirely covered by federal depositary insurance or by collateral securities held by the custodial banks in the State Treasurer's name.

To protect the safety of state deposits, Sections 30.270 and 110.020, RSMo, require depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The State Treasurer's investments at June 30, 2013, are listed by type below to give an indication of the level of risk assumed by the state at year end. All investments are insured or registered, or have collateral held by the State Treasurer or a custodial bank in the state's name.

		Reported Amount	Fair Value
Time deposits	$	559,725,267	559,725,267
U.S. government securities		2,300,958,056	2,276,250,113
Repurchase agreements		847,675,000	847,675,000
Other investments		41,285,489	41,456,072
Total Investments	$	3,749,643,812	3,725,106,452

Investments are recorded at acquisition cost except "other" investments which are recorded at par. Investments in time deposits and repurchase agreements are acquired at face value and earn a stated interest rate. Investments in U.S. government securities are acquired at fair value and mature at face value.

4. Demand Deposit and Collection Accounts

The demand deposits with US Bank on Schedule 4 consist of one central demand account at June 30, 2013 and 2012, two at June 30, 2011 and 2010, and one at June 30, 2009. The demand deposits with Central Bank consist of 31 central demand accounts at June 30, 2013, 30 at June 30, 2012, 26 at June 30, 2011, 28 at June 30, 2010, 27 at June 30, 2009.

The demand deposits with Commerce Bank consist of nine central demand accounts at June 30, 2013 and 2012, and seven at June 30, 2011, 2010, and 2009. The demand deposits with Bank of New York consist of no central demand accounts at June 30, 2013, and two at June 30, 2012, 2011 and 2010, and one at June 30, 2009. The demand deposits with Wells Fargo consist of two central demand accounts at June 30, 2013, and no central demand accounts at June 30, 2012, 2011, 2010, and 2009. The demand deposits with UMB Bank consist of one central demand account at June 30, 2013, four at June 30, 2012, and five at June 30, 2011, 2010, and 2009. Demand deposit bank balances were $21,066, $19,521,037, $19,576,124, $36,059,240, and $25,073,472, at June 30, 2013, 2012, 2011, 2010, and 2009, respectively, for US Bank; and $170,849,347, $116,710,766, $102,649,356, $9,661,807, and $101,388,206, at June 30, 2013, 2012, 2011, 2010, and 2009, respectively, for Central Bank; and $8,812,671, $10,423,780, $15,157,804, $15,083,622, and $9,081,750 at June 30, 2013, 2012, 2011, 2010, and 2009, respectively, for Commerce Bank; and $0, $75,076,252, $50,118,446, $50,224,767, and $0 at June 30, 2013, 2012, 2011, 2010, and 2009, respectively, for Bank of New York; $75,014,605 at June 30, 2013 and $0 at June 30, 2012, 2011, 2010, and 2009, respectively, for Wells Fargo; and $13,939, $249,250, $53,005,800, $55,312,039, and $46,778,874 at June 30, 2013, 2012, 2011, 2010, and 2009, respectively, for UMB Bank.

The collection bank accounts on Schedule 4 consist of three master concentration accounts and their related collection accounts. The General Concentration, Conservation Concentration, and Lottery Concentration Accounts were at Central Bank at June 30, 2013, 2012, 2011, 2010, and 2009 and have been reported above. The related collection account bank balances were $2,243,064, $2,641,064, $2,983,788, $2,533,016, and $3,080,097 at June 30, 2013, 2012, 2011, 2010, and 2009, respectively.

Banking service agreements on the central demand accounts allow the State Treasurer to invest outstanding checks up until the checks clear the bank, thereby investing an amount in excess of book balances. The negative balances at June 30 (Schedule 4) for the appropriated funds demand deposits represent the book balance net of amounts invested.

5. Special Fund Dedicated Investments

The State Treasurer is assigned the authority for recording direct investments of special funds in the accounting system. The amounts presented as special fund dedicated investments in the appropriated funds on Schedule 4 represent specific investments made or held by the State Treasurer on behalf of the Pansy Johnson-Travis Memorial State Gardens Trust Fund and the State Public School Fund. The State Treasurer is responsible for purchasing, custodial, income collection, distribution, and record-keeping duties related to the investments of these funds.

The investments of the Pansy Johnson-Travis Memorial State Gardens Trust Fund are maintained in the instruments which were transferred to the State Treasurer from the previous trustee of the fund. The investment purchases for the State Public School Fund are made in accordance with the instructions of the State Public School Fund investment committee.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

Salary Increases

The State Treasurer's Office (STO) provided salary increases to some employees that were not provided to other state employees.

In addition to a 2 percent cost of living adjustment in July 2012 (an increase provided to state employees paid less than $70,000 per year), the State Treasurer provided significant additional salary increases to four senior level and capitol staff during fiscal year 2013. These additional salary increases totaled approximately $38,000 annually, and represented annual increases of approximately 12 to 23 percent for these four employees.

According to the Deputy State Treasurer, these salary increases were based on job performance, change in job responsibilities, and a desire to bring the salary of certain STO staff to a level equal to other state employees in a similar position. However, the STO did not prepare and maintain documentation justifying the pay increases and did not document how the amounts of the increases were determined.

Although Section 30.120, RSMo, grants the State Treasurer the authority to establish employee compensation, given the recent state budget constraints and that other state employees have generally not received such pay increases, the State Treasurer should re-evaluate the reasonableness and necessity of further additional salary increases.

WE RECOMMEND the State Treasurer discontinue providing pay increases significantly over and above those provided to other state employees in the future. In addition, for any such pay increases provided in the future, the STO should prepare and maintain documentation justifying the increases and explaining how the amounts were determined.

AUDITEE'S RESPONSE

This audit marks the Office of State Treasurer's fifth consecutive clean audit. As stated in the audit, the Auditor has found no material deficiencies in internal controls and no instances of legal or contractual noncompliance or other matters required to be reported under Government Auditing Standards.

The Auditor's finding regarding salary increases acknowledges that, pursuant to Section 30.120 RSMo, the State Treasurer has the authority to establish employee compensation. All salaries and salary increases in the Treasurer's Office are within its appropriation authority and are well within, often below, comparable positions in state government. Unlike other state agencies, the State Treasurer's Office does not utilize automatic career advancements, such as step or merit

increases. Instead, the general philosophy of the office is to hire new employees at a lower salary and then increase an employee's salary after, when possible, he or she has demonstrated a solid and high quality work performance. Additionally, as noted by the Auditor's report, those employees who received salary increases in fiscal year 2013 did so because of exceptional job performance and after the acceptance of additional job duties and responsibilities. Adherence to the recommendations made by the Auditor in this finding would encourage employers to hire new employees at the highest possible salary range because of an inability to provide raises in the future based on work performance or the employee's acceptance of new and additional responsibilities.

The ability to retain employees who exhibit excellence is fundamental to any organization's performance. The Office of State Treasurer will continue to implement prudent compensation and professional human resource practices that help it achieve its core mission and goals. The staff of the State Treasurer's Office is the foundation of that effort - protecting and investing taxpayer dollars, modernizing operations, helping families save for college, managing our state's banking system and returning millions of dollars in Unclaimed Property to the individuals who own it.

This audit confirms the Office of State Treasurer met all constitutional duties and all duties set forth in statute exactly as prescribed.

AUDITOR'S COMMENT

The audit finding recognizes the State Treasurer's authority to provide raises to staff. However, individual raises of 12 to 23 percent appear somewhat unreasonable, especially when not accompanied by contemporaneously prepared documentation of the reasons for the raises and how the amounts were determined.

STATISTICAL SECTION

Organization and Statistical Information

OFFICE OF STATE TREASURER
ORGANIZATION AND STATISTICAL INFORMATION

The State Treasurer is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer as defined by Article IV Section 15 are to be the custodian of all state funds; to determine the amount of state monies not needed for current operating expenses; and to invest such monies in interest-bearing time deposits, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and State Auditor, in short-term U.S. government securities, or in certain allowable commercial paper and banker's acceptances.

The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services, 2) disbursements and records, 3) investments and deposit programs, and 4) unclaimed property.

The accounting and banking services area 1) maintains a fund accounting system to fulfill a statutory responsibility to keep separate accounts of the funds of the state and to allocate investment interest to funds, 2) maintains ledger controls on fund balances and appropriations to assure that no check is issued that exceeds the lawful appropriated balances, 3) controls receipt of state monies collected by state agencies and deposited in local banks throughout the state, 4) reconciles bank activity to receipt and disbursement activity reflected on the state books, 5) determines the amount of state monies not needed for current operating expenses, and 6) confirms daily disbursements with the bank as certified by the Office of Administration.

The disbursements and records area provides processing support to other departments of the State Treasurer's Office, as follows: 1) provides retrieval of state checks, and 2) controls and processes outlawed checks and processes and verifies claims for replacement checks.

The investments area places state monies not needed for current operating expenses in interest-bearing time deposits, U.S. government and agency securities, commercial paper, banker's acceptances, and repurchase agreements. This area also administers the State Treasurer's statutory linked deposit program and monitors and accounts for the collateralization of state funds.

The Unclaimed Property Division administers Missouri's Unclaimed Property Act (Chapter 447 RSMo). The Unclaimed Property Division is responsible for 1) ensuring unclaimed property is reported, 2) receiving and recording reports of unclaimed property, 3) depositing unclaimed funds to the Abandoned Fund Account Fund, 4) maintaining custody and safekeeping of abandoned or unclaimed physical property, and 5) processing owner claims for abandoned funds or physical property.

On January 14, 2013, Clint Zweifel was inaugurated for his second term as the forty-fifth Treasurer of the state of Missouri. His term will expire in January 2017.

As of June 30, 2013, the State Treasurer's Office had 42 full-time positions and 3 part-time positions to assist in the accomplishment of its mission.

Thomas A. Schweich

Missouri State Auditor

Audrain County

May 2014

Report No. 2014-035

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Audrain County

Property Tax System	As noted in our two prior audits, neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector. The County Clerk's account book does not indicate additions, abatements, and delinquent credits, and therefore, does not provide all information needed to perform adequate reviews of the County Collector's annual settlements. The County Commission does not document its review of the monthly additions and abatements report and does not document procedures performed to verify the County Collector's annual settlements. As a result, errors and irregularities could go undetected, and there is an increased risk of loss, theft, or misuse of property tax monies going undetected.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Audrain County

We have audited certain operations of Audrain County in fulfillment of our duties under Section 29.230, RSMo. In addition, Nichols, Stopp & VanHoy, LLC, Certified Public Accountants, has been engaged to audit the financial statements of Audrain County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with a legal provision, and (3) no significant deficiencies in management practices and procedures. The accompanying Management Advisory Report presents our finding arising from our audit of Audrain County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Joyce Thomson
Audit Staff:	Nicholas Schafer, MBA
	Dustin T. Davis

Property Tax System

As similarly noted in our prior two audit reports, neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector, who processed property tax monies of approximately $25.8 million during the year ended February 28, 2014.

The County Clerk's account book does not indicate additions, abatements, and delinquent credits, and therefore, does not provide all information needed to perform adequate reviews of the County Collector's annual settlements. The County Commission receives a monthly report of additions and abatements, but does not document its review of this report and does not document procedures performed to verify the County Collector's annual settlements. As a result, errors and irregularities could go undetected and there is an increased risk of loss, theft, or misuse of property tax monies going undetected.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable to the county treasury. An account book or other records that summarize all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector are accounted for properly and could also be used by the County Clerk and County Commission to verify the County Collector's annual settlements. Properly documented approvals and independent comparisons of approved additions and abatements to changes made to the property tax system would help ensure changes to the property tax system records are proper.

Recommendations

The County Clerk maintain a complete and accurate account book with the County Collector. In addition, the County Commission and County Clerk should ensure all property tax additions and abatements are properly approved and monitored, and use the account book to review the accuracy and completeness of the County Collector's annual settlements.

Auditee's Response

The County Commission and the County Clerk provided the following response:

The County Clerk is in the process of compiling a spreadsheet that will enable her to balance with the County Collector. The County Clerk and County Commission will use this spreadsheet to review the annual settlement for the year ended February 28, 2014. The County Commission will document its review of additions and abatements monthly.

Audrain County
Organization and Statistical Information

Audrain County is a county-organized, third-class county. The county seat is Mexico.

Audrain County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 91 full-time employees and 15 part-time employees on December 31, 2013.

In addition, county operations include the Senate Bill 40 Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Steve Hobbs, Presiding Commissioner	$	39,423
Roger Young, Associate Commissioner		37,423
Thomas Groves, Associate Commissioner		37,423
Janis Deimeke, Recorder of Deeds		50,435
Shelley Harvey, County Clerk		50,435
Jacob Shellabarger, Prosecuting Attorney		73,277
Stuart D. Miller, Sheriff		61,499
Patty Meyers, County Treasurer		50,435
Todd Yager, County Coroner		19,854
Connie J. Hagan, Public Administrator		54,461
Kate Becker, County Collector (1), year ended February 28,	60,614	
Melissa Maupin, County Assessor, year ended August 31,		55,379

(1) Includes $5,050 of commissions earned for collecting city property taxes.

Financing Arrangements

The county entered into a lease agreement with a not-for-profit corporation on June 1, 1997, calling for the corporation to issue bonds of $5,595,000 for the purpose of constructing a new jail and for the corporation to lease the jail back to the county for payments totaling the principal and interest due on the outstanding bonds. The bonds are scheduled to be paid off in March 2017. The remaining principal outstanding at December 31, 2013, was

$1,675,000. Interest remaining to be paid over the life of the agreement totals $117,926.

The county entered into a lease purchase agreement with a local bank on October 29, 2013, for the purpose of making improvements to the courthouse totaling $700,000. The lease purchase agreement is scheduled to be paid off in October 2018. The remaining principal outstanding at December 31, 2013, was $700,000. Interest remaining to be paid over the life of the agreement totals $62,383.

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Stoddard County Sheriff

May 2014

Report No. 2014-036

http://auditor.mo.gov

Stoddard County Sheriff
Follow-Up Report on Audit Findings
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*Includes selected findings

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Sheriff of Stoddard County, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2013-112, *Stoddard County Sheriff*, issued in November 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the county and Sheriff about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the Sheriff's office, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed supporting documentation submitted by the Sheriff's office and held a meeting with the Sheriff and some of his staff. Those documents included a report by the Sheriff on the status of recommendations, bank statements and reconciliations from both the Sheriff's general and inmate bank accounts, deposit slips, receipts, check registers, open items lists from each bank account, and various inmate commissary reports. This report is a summary of the results of this follow-up work, which was substantially completed during April 2014.

Thomas A. Schweich
State Auditor

Stoddard County Sheriff
Follow-Up Report on Prior Audit Findings
Status of Findings

1. Missing Monies

Significant weaknesses in internal controls allowed undeposited receipts and missing monies to go undetected. As a result of our audit inquiry, audit staff and Sheriff's office personnel noted discrepancies in the accounting records for inmate monies. In coordination with the Missouri State Highway Patrol, we audited the Sheriff's office records and procedures and determined the office manager did not deposit 321 receipts, totaling $15,139, which included $14,867 in missing monies. The office manager was terminated on April 30, 2013, and criminal charges were filed on June 5, 2013.

Recommendation

The Sheriff continue to take necessary action to recover the missing monies and work with law enforcement authorities regarding any criminal prosecution.

Status

Implemented

Restitution totaling $14,091 was paid to Stoddard County and all court-ordered fines and fees have been paid-in-full. On December 4, 2013, the court issued a suspended imposition of sentence and the former office manager was placed on 5 years' supervised probation. This case is considered closed.

2. Accounting Controls and Procedures

Accounting controls and procedures needed improvement. The Sheriff's office maintained two bank accounts, including an inmate account for depositing and tracking inmate monies and commissary purchases, and a general account for depositing and tracking bonds and inspection, permit, and civil fees.

2.1 Segregation of duties and supervisory review

Receipt and disbursement duties were not adequately segregated, and an adequate supervisory review of the accounting records was not performed. The Sheriff did not document his occasional reviews of bank reconciliations and budget reports. In addition, there was no oversight over receipting, depositing, or disbursement procedures to ensure monies were properly and timely recorded, deposited, and disbursed.

Recommendation

The Sheriff adequately segregate accounting duties or ensure an adequate independent or supervisory review of bank and accounting records is performed and documented.

Status

Implemented

Accounting duties are now segregated and various reviews of bank and accounting records are now performed. Dispatchers, the office manager, and the assistant office manager continue to record monies into the various receipt slip books. The office manager and the assistant office manager now share the responsibilities for depositing monies received, entering transactions into the various accounting systems, and disbursing monies to

the County Collector-Treasurer. The office manager and the assistant office manager review each other's work on a frequent basis. The Sheriff now reviews all deposit records and various accounting records at least monthly. We reviewed the March 2014 month-end folder, which included several documents (i.e. copies of receipt and deposit records, bank reconciliations, etc.) and observed the Sheriff's initials on several of those items indicating his review.

2.2 Receipting and depositing procedures

Receipts were often not deposited intact or timely, and the composition of monies received did not always agree to the composition of deposits. In addition, the method of payment was not always recorded on the receipt slip and did not always agree with other receipt records or to the deposit. Some monies received were not entered into the receipt records or deposited timely, and some receipts were received by dispatchers but not recorded in the dispatch receipt slip book. Further, monies (sales) collected from a soda vending machine were not recorded on receipt records or deposited routinely, and deposits varied significantly in amount. We could not determine if all soda monies collected were deposited.

Recommendation

The Sheriff establish procedures to improve receipting and depositing controls to ensure deposits are made on a timely basis, the method of payment is indicated for all receipts, and the composition of the receipts agrees to the composition of deposits. In addition, the Sheriff should ensure all monies are properly and timely recorded in the accounting records.

Status

Implemented

We reviewed the December 2013 and January 2014 bank statements for both the inmate and general bank accounts and found deposits were made around two to three times per week. All monies received by dispatchers are placed in individual envelopes with a copy of the receipt slip. Both the office manager and the assistant office manager ensure the method of payment of the receipt is correctly marked on the receipt slip and entered into the accounting records. The composition of the receipt records is reconciled to the composition of each deposit. In addition, personnel indicated receipts are entered into the accounting records on a timely basis as part of the office's daily receipt procedures.

2.3 Accounting records

Accounting records for the inmate account were not complete and accurate. In addition, some records provided by the office manager during our audit were fabricated. Our audit of the various accounting records noted the following discrepancies and concerns:

- The office manager provided fabricated manual deposit records to the audit staff for the deposit on October 22, 2012. Records provided to us

indicated different receipt slip numbers and amounts than the original deposit records or the bank provided records for this deposit.

- Receipts were not always posted to the inmate tracking system (ITI) or the computerized accounting system and discrepancies were noted between the systems. In addition, none of the missing receipts identified in MAR finding number 1 had been posted to the computerized accounting system.

- The Sheriff's office did not perform a reconciliation of information entered into the ITI system with information entered into the computerized accounting system.

Recommendation

The Sheriff ensure receipts are properly reported in the accounting systems. In addition, the Sheriff should reconcile the ITI system to the computerized accounting system for inmate transactions.

Status

Implemented

Personnel indicated inmate monies received are entered into the ITI system by the dispatchers upon receipt, verified as entered correctly by the assistant office manager, and then entered into the accounting system by the office manager. As transactions are posted to the accounting system, the office manager compares them to the ITI. In addition, inmate transactions are added and reconciled between the two systems on a monthly basis. We observed the March 2014 summary records and inmate transactions agreed between the systems.

2.4 Liabilities

A complete list of liabilities was not prepared or reconciled to the available cash balance for either the inmate or general bank accounts.

For the inmate account, the office manager maintained a list of amounts owed to inmates; however, the list was not reconciled to the available cash balance and was incomplete. We prepared a list of liabilities for the inmate account as of April 30, 2013, and noted identified liabilities exceeded the available cash balance by $11,846. Due to the failure to record some transactions and the lack of reconciliations between accounting systems, it was likely additional unidentified liabilities existed.

For the general account, records indicated liabilities agreed with the available cash balance of $2,154; however, the list of liabilities was a summary listing and was not itemized (each individual item listed) and the amounts indicated could not be tied to supporting documentation.

Recommendation

The Sheriff prepare a monthly list of liabilities and reconcile the list to the available cash balance for all bank accounts. Any differences should be promptly investigated and resolved.

Status

In Progress

We observed the March 2014 liabilities list prepared for both the general and inmate bank accounts and noted liabilities listed were adequately supported; however, the available cash balance for each bank account includes some unidentified liabilities. Sheriff's office personnel indicated $149 in the general bank account and $3,462 in the inmate bank account have been carried forward since the prior administration and specific liabilities relating to these balances have not been determined. The personnel indicated they are still reviewing records to identify how to distribute this money.

3.1 Commissary Controls and Procedures - Monthly turnover

Monies collected from commissary purchases, totaling $11,972, were not turned over to the County Collector-Treasurer for April 2012, September 2012, and November 2012. Monies (sales) from a soda vending machine were not always turned over to the County Collector-Treasurer. Additionally, monies collected from commissary purchases turned over to the County Collector-Treasurer did not always agree with supporting documentation.

Recommendation

The Sheriff ensure all commissary monies collected are turned over to the County Collector-Treasurer on a monthly basis.

Status

Implemented

Monies are now turned over to the County Collector-Treasurer on a monthly basis. We scanned records from the County Collector-Treasurer and determined monies were generally turned over within a few days after the end of each month. We also agreed the December 2013 and January 2014 turnovers to supporting records.

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

City of Liberal

May 2014

Report No. 2014-037

http://auditor.mo.gov

City of Liberal
Follow-Up Report on Audit Findings
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THOMAS A. SCHWEICH
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Liberal, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2013-098, *City of Liberal*, issued in October 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the city about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the city, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed supporting documentation submitted by city officials and held meetings with city officials. Documentation reviewed included Board of Aldermen meeting minutes, ordinances, bank statements, receipt and deposit records, and various other financial records. This report is a summary of the results of this follow-up work, which was substantially completed during April 2014.

Thomas A. Schweich
State Auditor

1. Accounting Controls, Procedures, and Records

There were numerous weaknesses with accounting controls and procedures.

1.1 Segregation of duties

There was no segregation of the accounting functions, and the Board did not provide any independent or supervisory reviews. The City Clerk was responsible for receiving, recording, and depositing monies; reconciling bank accounts; preparing invoices for payment; issuing checks; and posting entries into the accounting system. Additionally, the City Clerk performed utility billing procedures and payroll related duties. Many of these duties would have normally been performed by a City Treasurer and City Collector; however, the city did not have individuals serving in these positions.

Recommendation

The Board of Aldermen consider appointing separate individuals to the position of City Clerk, City Collector, and City Treasurer to adequately segregate duties. If this is not possible, the Board of Aldermen should perform and document reviews of the City Clerk's work.

Status

Implemented

The Board still does not have individuals serving as the City Treasurer and City Collector. However, the city now has a City Clerk and a Deputy City Clerk. Currently, both the City Clerk and Deputy City Clerk receipt monies, the Deputy City Clerk prepares the deposit, and the City Clerk reviews the deposit. The City Clerk is responsible for preparing invoices for payment, printing checks, reconciling bank accounts, and reviewing utility billings. Checks are signed by the Deputy City Clerk and a Board member. Invoices are approved by the Board. Payroll reports and checks are reviewed by the Mayor, Deputy City Clerk, and Board. The Board approves the bank reconciliation each month at Board meetings. The Board also reviews a copy of the accounts payable listing, adjusting entries, bank statements, a list of all checks written for the month, and a report of bank balances by fund.

1.2 Receipting, recording, and depositing procedures

The city's receipting, recording, and depositing procedures were poor.

Rediform prenumbered receipt slips rather than official prenumbered receipt slips were issued for non-utility monies received. The city utilized several different records/methods to receipt utility monies received, and all pertinent details of monies received were not documented on utility billing stubs. Unnumbered official receipt slips were issued for some utility payments received, unnumbered unofficial receipt slips were issued for utility deposits received, and utility billing stubs used to record some utility payments did not document the payment receipt date. In addition, receipt

slips and utility stubs did not always indicate the method of payment received. Receipt slips were also not issued for some park monies received. City officials did not always record monies received timely in the accounting system or deposit it timely.

Recommendation

The Board of Aldermen ensure official prenumbered receipt slips are issued for all monies received and the numerical sequence of receipt slips is accounted for properly. The method of payment should be documented and the composition of receipts reconciled to the composition of deposits. Additionally, the Board should ensure receipts are posted to the accounting system and deposited timely.

Status

Partially Implemented

For the month of January 2014, official prenumbered receipt slips were issued for monies received (excluding utility payments), the method of payment was documented, and the composition of receipts agreed to the composition of deposits. City officials indicated that no one periodically accounts for the numerical sequence of receipt slips issued. The city is still using utility bill stubs as receipt slips for utility payments, the method of payment is not always noted on the stub, and 16 utility bill stubs for the month of January 2014 did not indicate the payment receipt date. Receipts were posted to the accounting system timely; however, several receipts reviewed were not deposited timely or intact.

1.3 Accounting records

The city did not maintain accurate accounting records.

Some disbursements were (1) not accurately recorded in the accounting system, (2) posted to the wrong fund, (3) not posted to the accounting system, and (4) posted to the accounting system twice.

Numerous and significant problems were identified with the December 31, 2012, bank reconciliation. Numerous checks were erroneously listed as outstanding, multiple deposits and credits were erroneously listed as uncleared transactions, and several adjustments were listed as uncleared transactions. Legitimate deposits in transit and an outstanding check were not recorded on the city's bank reconciliation. Also, some deposits were recorded as checks, and some checks were recorded as deposits. Further, differences existed between the December 31, 2012, reconciled bank balance and the book balance recorded in the accounting records of the Park Fund and Cemetery Fund.

Recommendation

The Board of Aldermen ensure accounting records are accurately maintained.

Status	**In Progress**
	Our comparison of checks to accounting records and review of the bank reconciliation for February 2014, showed most disbursements were recorded accurately. However, some checks were recorded twice and an adjusting entry (deposit/credit) was made to correct the errors.
1.4 Check signers	The Board did not have adequate controls over bank accounts and disbursements. While dual signatures were required on all city checks, several checks issued were signed by the City Clerk and City Superintendent and not a Board member.
Recommendation	The Board of Aldermen require at least one member of the Board to sign all checks.
Status	**Implemented**
	Our review of cancelled checks for January and February 2014 determined all checks were signed by at least one member of the Board of Aldermen.
2. Utility System Controls and Procedures	There were significant weaknesses in city operations related to utility services.
2.1 Utility rates	The city had not performed a formal review of water, sewer, gas, electric, and trash rates, and as a result, there was less assurance utility rates were set at an appropriate level.
Recommendation	The Board of Aldermen document formal reviews of utility rates periodically to ensure revenues are sufficient to cover all costs of providing these services and to support any rate increases.
Status	**Not Implemented**
	On January 14, 2014, the Board approved an ordinance increasing utility rates for water, sewer, electric, gas, and trash service; however, the city did not document a utility rate study to support these rate increases.
2.2 Water reconciliation	The city had not performed a reconciliation of total gallons of water billed to gallons of water pumped until we brought this issue to the attention of the Utility Superintendent. The city then performed a reconciliation for the period from January 10 to February 10, 2013. In addition, city water usage was not tracked, and without this information the city could not properly perform the reconciliation. The February reconciliation showed the city pumped 2,391,000 gallons of water and billed customers for 1,635,569 gallons, a difference of 755,431 gallons or 32 percent of water pumped. This

significant difference was indicative of water loss issues and/or possible unbilled usage, and indicated a need for follow up.

Recommendation

The Board of Aldermen ensure all water use is properly metered, gallons of water pumped is reconciled to gallons billed monthly, and investigate any significant differences.

Status

In Progress

The city's reconciliations of water billed and pumped for December 2013 showed a water loss of 31 percent, and for January 2014 a water loss of 35 percent. City officials indicated the city is currently tracking city water use. City officials indicated the current water loss is due to two water main leaks that need to be repaired or the unmetered water usage of the local fire department. City officials indicated they are currently working to ensure all needed repairs are made and utility usage is metered.

2.3 Adjustments

The City Clerk posted adjustments to the utility computer system without always obtaining independent approval or adequate documentation to support the reason for the adjustments.

Recommendation

The Board of Aldermen require someone independent of the utility system review and approve all adjustments, and ensure documentation is retained supporting such adjustments.

Status

Implemented

The January 2014 Board of Aldermen meeting minutes indicated approval of adjustments and included a detailed listing of the adjustments along with a reason for each one.

2.4 Utility deposits

The city did not prepare a monthly list of utility deposits on hand and reconcile the list to the deposit payable balance in the general ledger.

Recommendation

The Board of Aldermen ensure a list of utility deposits on hand is prepared and reconciled monthly to the deposit payable balance in the general ledger. Any discrepancies should be investigated and resolved.

Status

Implemented

The list of utility deposits on hand agreed to the deposit payable balance in the city's computerized accounting system as of January 31, 2014.

3.1 Disbursements - Procurement procedures

The city did not have a formal bidding policy and did not solicit bids for numerous services and purchases made during the year ended December 31, 2012.

Recommendation	The Board of Aldermen establish formal bidding policies and procedures, including documentation requirements regarding the bids or quotes received and justification for the bid selected.
Status	**Implemented** The Board adopted a bidding ordinance on November 12, 2013, that states purchases under $5,000 will be purchased by the city purchasing manager (City Clerk) in the most expedient manner. Purchases between $5,000 and $10,000 are to have 3 bids solicited. Purchases over $10,000 are to have 3 written bids. Notices for bids are to be advertised 5 days prior to the bid opening. Items may also be advertised in the city office. The ordinance requires Board approval for purchases over $5,000. Due to the timing of the follow up, we could not determine whether the city is adequately documenting bids or quotes received and justification for the bids selected.

3.2 Disbursements - Allocation of expenses	The city did not maintain documentation to support the allocation of expenses among funds. Additionally, there was no basis to support how payroll related expenses for employees performing multiple functions, such as the City Clerk, City Superintendent, and maintenance workers, were allocated among the various city funds.
Recommendation	The Board of Aldermen ensure city expenses are properly allocated to the applicable funds and allocations are supported by adequate documentation.
Status	**Not Implemented** The city still does not maintain current documentation to support the allocation of expenses and payroll related expenses among the applicable funds. City officials used 10-year old documentation to support salary allocations among funds for February 2014.

3.5 Disbursements - Fuel use and purchases	Fuel purchases recorded in police department mileage and fuel use logs were not reconciled to fuel billings to the city. In addition, the city had no records to ensure fuel purchases for other city equipment and vehicles were used appropriately. As a result, fuel use was not reconciled to fuel purchases.
Recommendation	The Board of Aldermen require fuel use logs be maintained for all city-owned vehicles and equipment, and ensure logs are reviewed for accuracy and reconciled to fuel purchases. Any significant discrepancies should be investigated.
Status	**In Progress** Fuel use logs were maintained for all city-owned vehicles and equipment during the month of January 2014; however, the city did not reconcile the

logs to fuel purchases. The Board of Aldermen indicated the city still plans to implement procedures to reconcile the logs to fuel purchases.

5.1 Budgetary Procedures and Financial Reporting - Budgets

Annual budgets did not contain all elements required by state law and were not approved timely. Budgets for the years ended December 31, 2012 and 2011, did not include a budget message, actual and budgeted amounts for the 2 preceding years, and beginning and ending actual and estimated cash balances. Additionally, as of March 9, 2013, the 2013 budget had not been prepared or approved by the Board, and the 2012 budget was not approved by the Board until June 2012.

Recommendation

The Board of Aldermen prepare budgets timely and in compliance with state law.

Status

Partially Implemented

The 2014 budget was approved by the Board on December 27, 2013; however, it did not include a budget message, actual and budgeted amounts for the 2 preceding years, and beginning and ending actual and estimated cash balances. The budget only included projected receipts and disbursements for the coming year.

5.3 Budgetary Procedures and Financial Reporting - Financial statements

The city did not publish financial statements in 2012 or 2011 in compliance with state law.

Recommendation

The Board of Aldermen ensure financial statements are published in accordance with state law.

Status

Partially Implemented

The city published financial statements for the Water and Sewer Fund, Electric Fund, and Gas Fund on February 6, 2014; however, the city did not publish financial statements for the General Fund.

7. Capital Assets

The city did not maintain records for its capital assets including buildings, utility system infrastructure, equipment, and other property. Additionally, assets were not tagged for specific identification, and an annual physical inventory was not performed.

Recommendation

The Board of Aldermen ensure property records are maintained that include all pertinent information for each asset such as tag number, description, cost, acquisition date, location and subsequent disposition. The Board should also properly tag, number, or otherwise identify all applicable city property and conduct and document an annual inventory.

Status

In Progress

A capital assets listing has been prepared as of December 31, 2013, and city officials indicated they are working on tagging all property.

Thomas A. Schweich

Missouri State Auditor

Second Judicial Circuit

City of Kirksville
Municipal Division

May 2014

Report No. 2014-038

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Second Judicial Circuit, City of Kirksville Municipal Division

Ticket Accountability

The Police Department and the municipal division do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly. For 2 of 20 tickets tested, the municipal division incorrectly entered the ticket number into the case management system without detection. Properly accounting for the numerical sequence and ultimate disposition of tickets is necessary to reduce the risk of loss, theft, or misuse of funds.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Second Judicial Circuit
City of Kirksville Municipal Division
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge
Second Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the City Council
Kirksville, Missouri

We have audited certain operations of the City of Kirksville Municipal Division of the Second Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.

2. Evaluate the municipal division's compliance with certain legal provisions.

3. Evaluate the city's compliance with Section 302.341.2, RSMo, which restricts the amount of fines and court costs that may be retained from traffic violations.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) a deficiency in internal controls, (2) no significant noncompliance with legal provisions, and (3) no noncompliance with Section 302.341.2, RSMo. The accompanying Management Advisory Report presents our finding arising from our audit of the City of Kirksville Municipal Division of the Second Judicial Circuit.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Robyn Vogt, M.Acct., CPA
In-Charge Auditor:	Josh Allen, CPA, CFE
Audit Staff:	Keisha Williams

Ticket Accountability

The Police Department and the municipal division do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.

The Police Department tracks the ticket book numbers assigned to each officer on a log. When tickets are issued, officers enter the ticket information into a computerized system. After tickets are reviewed by supervisory personnel within the Police Department, the tickets, with the exception of those voided or filed in the Circuit Court, are forwarded to the Assistant City Prosecutor for review. The Assistant City Prosecutor may dismiss (not file) tickets issued for certain violations. For example, tickets issued for no proof of insurance may be dismissed if the defendant provides proof of insurance. These dismissed tickets are retained by the Assistant City Prosecutor. For tickets with charges to be filed, the Assistant City Prosecutor will sign the tickets and forward them to the municipal division to be entered into the case management system and processed. Neither the Police Department nor the municipal division performs procedures to review the numerical sequence of tickets issued or processed to identify missing tickets.

For 2 of 20 tickets tested, the municipal division incorrectly entered the ticket number into the case management system, making it difficult to ensure the ticket had been properly filed with the municipal division. Had the numerical sequence of tickets been accounted for, these errors may have been detected.

Without properly accounting for the numerical sequence and ultimate disposition of tickets issued, the Police Department and the municipal division cannot ensure all tickets issued are properly submitted for processing. A record should be maintained to account for the ultimate disposition of each ticket to decrease the risk of loss, theft, or misuse of funds.

Recommendation

The City of Kirksville Municipal Division work with the Police Department to ensure the numerical sequence and ultimate disposition of all tickets are accounted for properly.

Auditee's Response

The Municipal Judge provided the following written response:

As a result of this audit and discussion in this regard, the municipal division has further implemented a separate set of records to further verify the disposition of all tickets issued by the Police Department. These additional reports and documentation were discussed with the audit staff at the final exit conference.

Second Judicial Circuit
City of Kirksville Municipal Division
Organization and Statistical Information

The City of Kirksville Municipal Division is in the Second Judicial Circuit, which consists of Adair, Knox, and Lewis Counties. The Honorable Russell E. Steele serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau in which fines and court costs are collected at times other than during court and transmitted to the city treasury.

Personnel

At December 31, 2013, the municipal division employees were as follows:

Title	Name
Municipal Judge	Phoebe Powell Sutton
Court Clerk	Linda Sandstrom
Deputy Court Clerk	Kelli Partin

Financial and Caseload Information

	Year Ended December 31, 2013
Receipts	$139,329
Number of cases filed	1,223

Thomas A. Schweich

Missouri State Auditor

ADMINISTRATION

Review of Article X, Sections 16 Through 24, Constitution of Missouri

Year Ended June 30, 2013

June 2014

Report No. 2014-039

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the review of Article X, Sections 16 through 24, Constitution of Missouri

Background

The Constitution of Missouri was amended in 1980 to add Article X, Sections 16 through 24, commonly referred to as the Hancock Amendment. This tax limitation amendment imposes restrictions on the amount of personal income used to fund state government and the amount by which fees and taxes can be increased. Mathematical formulas are used to determine the relevant threshold amounts each year.

The Hancock Amendment limits the amount of Missourians' personal income that may be used to fund state government to no greater than the portion used to do so in 1981. In other words, since 5.6 percent of Missourians' personal income went to fund state government in 1981, then no more than 5.6 percent can be used to do so in future years, unless revenues are specifically excluded by a vote of the people.

The Hancock Amendment also requires voter approval before taxes or fees can be increased by the General Assembly beyond a certain annual limit. Based upon the calculation provided by the Office of Administration, Division of Budget and Planning, the relevant annual revenue limit for fiscal year 2012 was $84.2 million.

Fiscal Year 2013 Findings

For the fiscal year ended June 30, 2013, our review determined no Hancock refunds were due. In fact, total state revenue was approximately $3.6 billion under the refund threshold. In addition, the Office of Administration, Division of Budget and Planning determined that net taxes and fees increased by a total of $28.6 million. As a result, our review concluded the state complied with these provisions of the Hancock Amendment.

The revenue limit has not been exceeded since the year ended June 30, 1999.

Because of the limited objective of this review, no overall rating is provided.

Review of Article X, Sections 16 Through 24, Constitution of Missouri
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
and
Douglas E. Nelson, Commissioner
Office of Administration
Jefferson City, Missouri

We have conducted a review of revenues of the state of Missouri for the year ended June 30, 2013, and the application to those revenues of Article X, Sections 16 through 24, Missouri Constitution, more commonly referred to as the Hancock Amendment (included as an Appendix). We had previously reported on revenues of the state for the years ended June 30, 1982 through 2012. The amendment, which was adopted by the voters of Missouri on November 4, 1980, limits the growth of state revenues collected in any fiscal year. The objectives of this review were to:

1. Evaluate the formula to calculate the state's revenue limit.

2. Determine the specific items included in total state revenues.

3. Verify the accuracy of the revenue limit computation and compare that limit to total state revenues.

4. Review the state's overall compliance with the provisions of the amendment.

Our review included only the application of the revenue limit to state revenues and, accordingly, did not include a review of the effects of the amendment on any local governmental unit.

Our methodology to accomplish these objectives included discussions with personnel of the Office of Administration, Division of Budget and Planning, inspecting relevant records and reports compiled by that office, and reviewing data and reports from the statewide accounting system.

The Executive Summary and the Background, Methodology, and Conclusions present our comments, findings, and conclusions concerning the state's overall compliance with the provisions of Article X, Sections 16 through 24, Missouri Constitution.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Douglas J. Porting, CPA, CFE
Audit Manager:	Jeffrey Thelen, CPA, CISA
Audit Manager:	Robyn Vogt, M.Acct., CPA

Executive Summary

The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income (MPI) be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

The results of our review determined that for the year ended June 30, 2013, total state revenue (TSR) was approximately $3.6 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2013.

The amendment also imposes an additional revenue limit, which states the general assembly shall not increase taxes or fees in any fiscal year without voter approval that in total produce new annual revenues greater than $50 million adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less.

For the year ended June 30, 2013, the Office of Administration, Division of Budget and Planning has determined that as a result of legislative actions net taxes and fees increased by a total of $28.6 million. As a result, the state also complied with this provision of the amendment.

The revenue limit has not been exceeded since the year ended June 30, 1999. Over the last 5 years the amount of TSR under the refund threshold has ranged from $2.7 billion to $4.4 billion.

A bar graph of TSR compared to the refund threshold follows:

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
CHART OF TOTAL STATE REVENUE VERSUS REFUND THRESHOLD

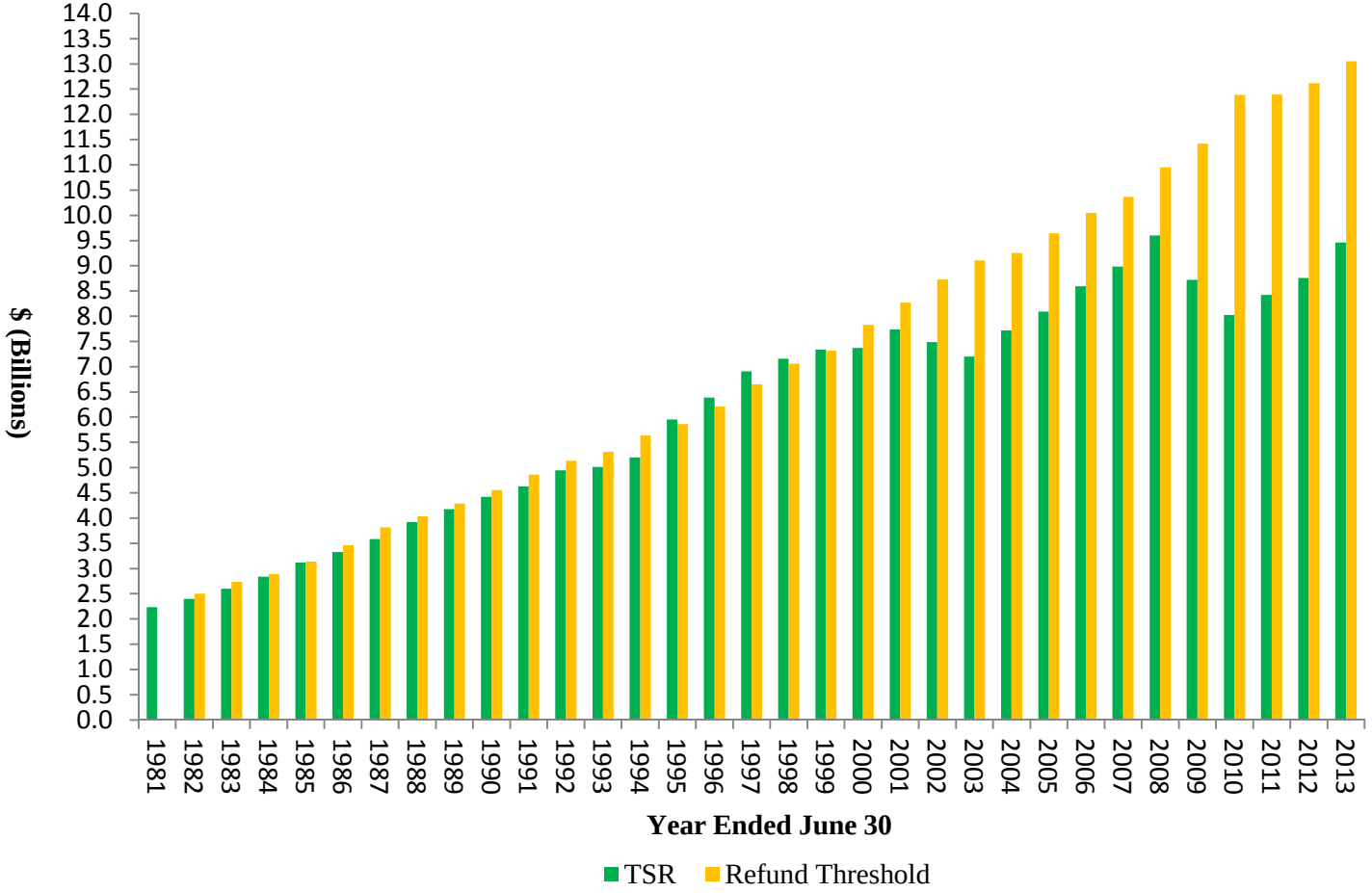

Exhibit A

Review of Article X, Sections 16 Through 24, Constitution of Missouri
Summary of Total State Revenue and Refund Calculations
(In Millions)

		Year Ended June 30,				
		2009	2010	2011	2012	2013
TOTAL STATE REVENUE (TSR)						
Total state receipts	$	22,962.81	25,392.29	25,114.40	24,304.54	24,736.17
Less excluded revenue		(12,742.02)	(15,836.59)	(15,298.29)	(14,220.97)	(14,050.75)
Less expenditure refunds		(1,504.91)	(1,543.13)	(1,414.46)	(1,342.75)	(1,240.31)
Add refundable tax credits		5.66	9.95	22.77	14.85	17.21
TSR	$	8,721.54	8,022.52	8,424.42	8,755.67	9,462.32
REVENUE LIMIT AND REFUND THRESHOLD						
Missouri personal income	$	199,655.00	216,547.00	216,637.00	220,635.00	228,218.00
Base year ratio	x	0.056395	0.056395	0.056395	0.056395	0.056395
Base limit		11,259.54	12,212.17	12,217.24	12,442.71	12,870.35
Judicial article amendment		50.53	50.53	50.53	50.53	51.50
Revenue limit		11,310.07	12,262.70	12,267.77	12,493.24	12,921.85
1 percent adjustment		113.10	122.63	122.68	124.93	129.22
Refund threshold	$	11,423.17	12,385.33	12,390.45	12,618.17	13,051.07
REFUND CALCULATION						
TSR	$	8,721.54	8,022.52	8,424.42	8,755.67	9,462.32
Less refund threshold		11,423.17	12,385.33	12,390.45	12,618.17	13,051.07
Over (Under) Threshold		(2,701.63)	(4,362.81)	(3,966.03)	(3,862.50)	(3,588.75)
1 percent adjustment		0.00	0.00	0.00	0.00	0.00
Refund	$	0.00	0.00	0.00	0.00	0.00

Exhibit B

Review of Article X, Sections 16 Through 24,
Constitution of Missouri
Schedule of Total State Revenues

Revenue Source Code		Type of Revenue	Year Ended June 30, 2009	2010	2011	2012	2013
1001		Sales and use tax	$ 1,927,035,752	1,839,221,316	1,860,913,153	1,928,981,152	1,956,108,763
1003	(l)	Parks sales and use tax	38,627,585	37,541,193	38,326,978	40,226,069	41,011,615
1005	(k)	Soil and water sales and use tax	38,627,589	37,541,196	38,326,982	40,226,073	41,011,618
1007		General revenue reimbursements - local sales and use tax	1,361,895	1,194,248	2,009,254	1,749,610	1,710,168
1009		Motor vehicle sales tax	2,974,344	2,870,175	2,470,456	2,503,662	3,013,954
1009	(bb)	Motor vehicle sales tax - Amendment 3	161,889,790	166,257,149	178,836,881	188,378,783	200,691,181
1011	(t)	Conservation sales and use tax	96,571,218	93,854,189	95,818,337	100,566,000	102,532,262
1013	(f)	Proposition C sales and use tax	758,897,169	737,027,830	751,790,411	789,216,003	803,929,533
1015		Sales and use taxes paid under protest	1,321,174	485,684	1,073,324	118,018	138,240
1022		Individual income tax	5,949,177,456	5,495,243,112	5,641,731,318	5,851,240,169	6,374,054,124
1024		Individual income taxes paid under protest	89,239	98,582	80,953	31,430	2,322
1026		Corporate income tax	434,036,242	408,935,647	455,662,447	432,582,659	469,446,717
1028		Corporate income taxes paid under protest	2,036	150	-	-	38,061
1033		County foreign insurance tax	203,798,991	194,396,970	211,060,727	191,997,525	191,390,872
1037		Worker's compensation insurance tax	12,043,776	9,386,753	12,452,781	13,245,133	14,058,446
1039		Worker's compensation insurance tax - second injury	54,647,952	43,216,506	37,800,696	41,671,672	42,328,061
1041		Excess lines of insurance tax	21,920,932	23,053,334	22,300,553	23,254,218	26,311,783
1049		Heavy beer tax	8,466,036	8,270,996	8,222,901	8,151,881	8,044,713
1051		Light beer tax	37,836	15,330	-	-	-
1053		Liquor tax	18,839,100	19,476,179	19,560,786	20,621,338	21,047,333
1055		Wine tax	4,646,495	5,023,673	5,175,458	5,568,215	5,598,899
1057		Cigarette tax	94,799,204	91,151,815	89,965,910	88,609,043	86,837,985
1059		Tobacco product tax	13,065,193	15,011,542	15,551,490	16,308,821	16,895,556
1060		Motor vehicle fuel tax	399,565,091	401,519,109	399,527,478	393,010,333	400,533,646
1060	(g)	Motor vehicle fuel tax	168,061,247	169,008,528	169,467,566	166,913,857	163,022,120
1060	(bb)	Motor vehicle fuel tax - Amendment 3	149,158,016	149,998,750	150,406,156	148,139,684	144,685,683
1062		Special fuel non-gas tax	1,483,582	782,210	370,352	270,729	262,158
1062	(bb)	Special fuel non-gas tax - Amendment 3	104,383	114,205	133,520	148,356	138,610
1064		Aviation fuel tax	254,811	251,472	254,394	295,198	274,827
1070		Corporation franchise tax	94,337,368	93,155,521	81,733,747	70,171,529	56,194,216
1073		Estate tax	3,068,343	263,642	2,117,782	170,966	174,751
1074	(p)	Bingo tax	2,142,815	2,198,919	2,157,214	2,113,377	2,000,965
1076	(q)	Gaming commission gross receipts tax	316,072,724	334,287,278	341,376,377	337,316,302	329,024,116
1079		County private car tax	-	-	-	2	218
1080		Real and personal property tax	26,699,750	26,051,387	26,547,565	26,395,744	26,662,885
1082		Delinquent real and personal property tax	3,332,155	3,486,501	3,170,652	3,013,387	3,232,208
1084		Hazardous waste fees	1,594,056	1,466,805	1,417,393	1,426,033	2,671,827
1088		Nursing facility reimbursement allowance	13,503,123	14,020,417	14,661,394	17,009,046	18,111,951
1089		Pharmacy reimbursement allowance	37,988,202	66,335,897	92,850,277	95,230,655	95,070,564
1090		Federal reimbursement allowance	6,320,261	6,292,537	7,693,473	42,381,428	19,305,322
1093		Athletic events tax	140,907	104,843	136,650	159,800	165,508
1094		Ambulance service reimbursement allowance	-	-	-	5,252,545	8,135,233
1095		Surcharges	410,904	317,448	288,301	236,155	189,214
1096		Special taxes and assessments	-	31,637	-	-	-
1097		Agency collected sales taxes	352,820	345,639	312,488	205,722	225,236
1099		Other taxes	12,151,473	12,411,499	12,013,430	285,249	83,390
1100		Professional licenses or permits	25,563,003	24,637,691	24,641,882	25,311,321	29,001,314
1102		Recreational licenses or permits	5,013,650	5,153,559	5,684,827	5,525,790	4,965,053
1104		All-terrain vehicle licenses or permits	1	2	-	-	-
1106		Motor vehicle licenses or permits	127,213,317	128,852,046	122,777,623	121,364,737	122,181,185
1106	(bb)	Motor vehicle licenses or permits - Amendment 3	52,894,364	54,833,952	54,761,828	53,890,370	54,681,388
1108		Interstate transportation licenses or permits	49,686,448	44,535,890	47,312,197	50,488,456	48,344,030
1108	(bb)	Interstate transportation licenses or permits - Amendment 3	21,591,711	20,092,995	21,406,443	22,855,732	21,809,372
1110		Driver's licenses or permits	7,675,442	7,374,159	5,891,775	7,187,607	6,832,517
1110	(bb)	Driver's licenses or permits - Amendment 3	9,438,170	9,101,225	7,631,863	8,580,448	8,248,271
1112		Land reclamation commission permits	645,713	593,636	563,010	570,035	566,245
1114		Salesman licenses or permits	79,340	328,500	629,900	618,310	740,050
1116		Vehicle and boat manufacturer and dealer licenses	920,472	892,228	891,432	877,445	866,356
1118		Liquor licenses or permits	4,740,555	4,889,334	4,963,343	4,964,474	5,035,454
1120		Gaming commission licenses	1,769,544	1,617,970	1,732,484	1,601,155	1,555,913

Exhibit B

Review of Article X, Sections 16 Through 24,
Constitution of Missouri
Schedule of Total State Revenues

Revenue Source Code		Type of Revenue	Year Ended June 30, 2009	2010	2011	2012	2013
1122		Beer licenses or permits	345,800	350	-	-	-
1124		Motor carrier licenses	2,672,893	1,604,642	3,813,345	2,553,651	2,692,836
1126		Hunting and fishing licenses and commission permits	30,505,122	31,059,506	30,206,611	31,361,102	30,653,188
1127		Hunting and fishing special tags	1,243,205	1,188,356	1,068,541	1,127,630	961,550
1128		Hazardous waste transporter licenses	315,291	310,352	288,314	316,891	281,665
1130		Water pollution control permits	4,105,784	4,154,272	2,755,242	4,487,263	4,226,907
1132	(bb)	Overdimension/overweight permits - Amendment 3	7,836,787	7,304,243	7,716,060	8,752,113	8,452,114
1134		Merchant licenses	1,291,850	1,312,555	1,379,239	1,466,297	1,448,958
1136		Tobacco licenses	27,210	28,600	26,100	27,300	27,100
1138		Temporary licenses	300	600	225	1,100	575
1140		Duplicate plates	4,861	614,506	1,573,920	1,574,829	1,548,829
1142		Duplicate driver license	-	739,435	1,943,207	1,917,506	1,962,246
1149		Other licenses and permits	3,623,316	3,880,320	3,858,723	3,949,879	3,885,485
1149	(bb)	Other licenses and permits - Amendment 3	1,164,998	1,220,854	969,641	1,497,535	1,259,068
1150		Lobbyist registration fees	12,000	10,630	11,400	11,020	11,130
1152		Motorboat fees	8,351,195	8,752,777	9,779,948	11,848,667	11,829,678
1154		Narcotics and dangerous drugs fees	1,018,475	811,160	811,020	562,899	504,880
1156		Occupational boards exam fees - individual exam fees	694,968	699,961	714,469	751,999	811,132
1160	(bb)	Non-motor fuel decal fees - Amendment 3	70,820	75,514	67,474	109,476	185,168
1162		Filing fees	19,086,452	17,575,031	17,653,490	24,409,792	17,882,469
1163		Certifying/authenticating fees	34,797	29,439	141,542	37,876	45,411
1164		Transfer fees	23,188	22,584	26,420	31,088	28,608
1165		Service contract registration fee	79,300	82,600	86,950	95,200	105,100
1169		Other registration fees	8,463,011	8,249,204	10,573,548	4,477,531	10,664,905
1174		Asbestos fees	240,043	253,980	275,160	290,136	215,940
1178		Milk control fees	75,681	2,737	224,549	124,514	114,907
1180		Home health care license fees	131,350	114,600	123,300	116,050	121,800
1182		Nursing home license fees	148,000	144,875	144,174	129,945	122,011
1184		Title V emissions fees	9,475,409	8,418,337	8,294,850	7,913,341	7,300,494
1185		Emission fees/non Title V facilities	360,787	354,252	376,707	354,144	348,521
1186		Boarding home license fees	706,990	700,607	719,900	707,457	712,735
1188		Public utilities fees	20,573,416	20,969,774	19,424,369	19,494,211	19,996,899
1190		Hospital license fees	85,855	88,588	81,151	83,123	84,559
1192		Grain warehouse license fees	35,662	35,307	34,920	36,604	38,162
1194		Missouri primacy fees	4,769,823	4,733,195	4,581,461	4,723,917	4,771,139
1198		Transport load fees	15,360,359	11,451,506	11,474,813	11,302,684	11,227,662
1200		Storage tank registration fees	218,785	211,800	223,930	52,215	42,980
1202		Tourist cabin permit fees	186,418	190,096	181,740	181,022	183,095
1206		Solid waste disposal fees	12,062,594	10,801,800	11,062,761	11,307,064	10,462,793
1208		New tire fees	2,075,192	2,126,713	2,139,197	2,084,386	1,988,327
1209		Battery fee	689,178	659,823	688,745	683,152	678,421
1210		Ground water protection fees	553,520	703,057	723,147	710,064	920,000
1211		Radioactive waste transport fee	-	62,375	168,825	286,075	318,600
1214		Insurance regulatory fees, renewals and purchasing groups	2,409,276	2,068,293	2,720,667	2,451,999	2,105,145
1216		Air conservation commission permit fees	319,173	262,253	270,803	253,489	298,638
1218		Bingo license fees	44,755	42,505	46,815	41,730	39,580
1220		Lab fees	4,611,505	5,559,077	4,707,017	5,256,158	5,572,347
1222		Program administration fees	1,126,032	1,084,579	1,059,357	1,055,518	1,091,830
1223		Confined animal feed operation indemnity fees	2,143	3,882	1,993	2,143	2,143
1224		Railroad assessments	1,215,231	251,242	665,300	820,331	784,786
1227		Enhanced vehicle emission inspection fees	1,769,830	1,801,168	1,885,301	1,934,155	1,970,590
1233		Grain warehouse inspection fees	1,608,105	2,061,344	2,158,349	2,178,611	1,749,142
1235		Milk inspection fees	1,256,812	1,297,735	1,242,699	1,215,032	1,158,584
1237		Ice cream products inspection fees	30,930	34,400	32,260	36,430	32,806
1239		Mine inspection fees	66,435	54,881	63,038	80,344	64,606
1241		Mobile home and recreational vehicle inspection fees	456,887	408,598	361,545	364,287	357,436
1243		Oil inspection fees	2,421,394	2,405,616	2,424,084	2,384,809	2,360,750
1249		Other inspection fees	1,788,609	1,877,287	2,020,607	2,513,585	2,461,158
1250		Collection fees	23,539,510	22,382,813	24,645,324	26,285,623	26,739,487
1251		Bankruptcy collections	14,045	-	-	6,398	-

Exhibit B

Review of Article X, Sections 16 Through 24,
Constitution of Missouri
Schedule of Total State Revenues

Revenue Source Code		Type of Revenue	Year Ended June 30, 2009	2010	2011	2012	2013
1252		Admission fees	1,083,498	1,206,370	1,221,915	1,250,114	1,320,732
1252	(q)	Admission fees - riverboat gambling	52,232,350	54,445,159	54,296,354	51,348,977	48,803,064
1254		State auditor fees	118,764	190,808	254,001	182,644	185,072
1260		Grade crossing safety fees	1,409,774	1,269,468	1,285,657	1,273,362	1,305,614
1262		Loan administration fees	5,738,930	6,297,549	6,240,808	6,372,132	6,516,695
1262	(c)	Loan administration fees - Fund 881	915,043	94,643	2,781	-	-
1264		Court fees	39,960,611	39,216,151	44,203,725	41,058,636	40,544,604
1266		Financial institutions examination fees	8,669,478	10,226,204	8,962,723	10,104,394	10,176,788
1268		Consumer finance license fees	1,007,100	1,064,775	1,087,800	1,044,175	999,525
1270		Transcript fees	136,551	108,464	95,754	102,947	92,683
1274		Marketing development fees	42,539	32,667	41,602	38,258	36,502
1276		Miscellaneous insurance fees	101,120	93,180	91,920	89,220	90,660
1278		Gaming commission administrative income	51	389	53	314	-
1279	(a)	Lottery commission fees	291,569	268,130	273,771	277,070	301,162
1280		Motor vehicle inspection sticker fees	4,518,331	4,165,029	3,701,374	3,767,945	3,778,928
1282		Logo sign advertising fees	5,890,321	6,177,218	2,049,123	4,602,664	3,167,882
1284		Public defender fees	1,675,741	1,656,372	1,598,188	1,424,603	1,176,797
1286		Witness fees	8,961	10,188	14,068	9,141	5,758
1288		County recorders fees	7,153,824	6,794,853	6,718,174	6,750,687	7,472,773
1290		Training or conference fees	238,543	151,682	140,844	127,634	183,421
1294		Electronic monitoring fee	390,938	212,126	140,469	115,177	78,278
1295		Intervention fees	-	-	-	9,137,637	9,851,227
1298		Substance abuse offender program fees	4,506,829	4,512,493	6,288,725	6,737,998	6,291,593
1302		Criminal records check fees	9,544,860	9,298,093	9,531,901	10,333,134	10,798,720
1303		Other fees	24,715,293	23,499,863	22,636,060	12,788,351	10,700,540
1305	(h)	Bond sales proceeds	135,638,581	1,107,698,801	74,305,145	1,867,300	-
1306		Proceeds from capital leases	-	120	-	1,486,676	-
1310		Land sales	6,069,069	4,651,641	5,051,065	4,403,124	8,422,605
1312		Sales of natural resources products	4,096,409	3,366,092	4,601,621	3,667,239	2,849,276
1314		Sales of agriculture products	1,872,632	2,023,963	2,168,597	2,391,119	2,874,050
1316		Manufactured product sales	10,279,039	11,014,608	9,873,622	8,505,830	8,827,769
1318		Information sales	4,147,230	2,409,400	2,474,349	2,500,392	2,351,654
1320		Souvenir sales	516,912	476,837	543,123	452,030	474,186
1322		Surplus property sales - state	1,969,908	2,028,011	2,423,525	3,082,652	3,704,451
1322	(z)	Surplus property sales - state - Fund 710	1,442,420	1,220,352	1,523,162	1,331,787	1,414,547
1324		Surplus property sales - federal	2,741,375	1,959,831	2,150,411	2,950,034	2,989,213
1326		Unclaimed property sales	-	-	-	876	1,205
1328		Sales of fixed assets - control	6,314,677	7,797,363	7,876,231	10,762,095	10,727,324
1330		Vital records sales	1,388,392	1,327,953	1,205,929	1,047,539	1,149,125
1332	(a)	Lottery ticket sales	415,724,608	416,039,046	434,022,539	464,048,652	490,432,070
1334		Cafeteria sales	947,866	699,433	586,874	546,748	661,975
1338		Other sales	165,471	243,013	382,372	371,843	259,540
1342		Supply sales	429	450	445	143	-
1401		Land rentals/leases	5,020	5,406	5,405	17,090	31,690
1403		State facilities rentals/leases	744,704	834,070	911,961	985,555	1,486,747
1404		Parking rentals/leases	59,971	61,885	63,930	60,356	63,176
1405		Concessions and recreational rentals/leases	2,312,217	2,552,306	2,542,114	2,471,197	2,567,237
1407		Housing/building rentals/leases	479,543	1,092,018	393,486	237,191	255,524
1409		Other leases and rentals	1,178,807	913,786	1,399,403	1,385,089	736,716
1414	(e)	Medicare	16,766,843	10,975,222	8,768,553	7,544,088	5,359,704
1418	(e)	Medicaid	103,783,950	85,028,450	92,207,991	96,595,375	90,326,464
1419	(e)	Medicaid - case managers	-	-	-	-	100
1420	(e)	Medicaid - community based	115,281,339	145,309,030	168,504,569	193,452,249	205,718,504
1422		Private payments	7,510,050	5,934,601	5,613,049	2,067,010	1,813,703
1424		Insurance payments	1,722,218	1,291,657	808,332	714,174	327,885
1426		Other payments	13,444	120,433	5,416	11,555	28,989
1434		Institutional support fees	-	-	66,796	248,416	-
1436		Room and care	28,265,453	27,033,482	26,450,131	26,341,112	26,953,266
1442		Mail/freight services	-	-	16	-	-
1444		Telephone billing	-	-	1,010	1,330	-

Exhibit B

Review of Article X, Sections 16 Through 24,
Constitution of Missouri
Schedule of Total State Revenues

Revenue Source Code		Type of Revenue	Year Ended June 30, 2009	2010	2011	2012	2013
1446		Printing service	200,348	186,357	155,295	197,214	195,571
1448		Computer services	3,412	1,980	1,040	846	847
1450		Administration services	-	10	-	-	12,658
1501		Private donations	5,918,919	5,523,556	3,796,587	4,836,387	5,297,073
1502		Other governmental entity donations	1,077,338	50,000	30,000,000	30,103,121	5,000,000
1507	(e)	NASAO (airport inspections)	11,000	33,000	17,400	20,150	26,000
1510	(e)	US Department of Agriculture	420,410,665	457,571,495	447,130,718	487,260,888	490,290,851
1512	(e)	US Department of Defense	4,651,803	23,767,533	31,454,764	29,677,895	32,995,530
1513	(e)	US Department of Homeland Security	2,042,282	39,057,825	9,471,900	4,625,937	2,909,266
1514	(e)	US Department of Housing and Urban Development	31,289,602	49,360,455	70,778,353	61,464,304	48,483,173
1516	(e)	US Department of Interior	23,070,474	22,699,052	26,612,937	26,594,330	27,550,163
1518	(e)	US Department of Justice	56,902,635	3,816,756	2,269,245	2,730,436	2,575,272
1520	(e)	US Department of Labor	58,743,547	152,277,061	144,779,543	155,545,244	156,406,546
1522	(e)	US Department of Education	658,786,433	619,202,729	637,105,051	660,448,985	657,586,937
1522	(c)	US Department of Education - Fund 880	9,240,882	9,889,521	6,182,000	4,972,235	4,968,022
1522	(c)	US Department of Education - Fund 881	69,496,551	87,353,849	103,667,608	87,420,487	93,334,531
1524	(e)	US Department of Transportation	907,815,007	929,620,189	1,402,202,201	934,758,552	983,599,456
1526	(e)	National Foundation for the Arts and Humanities	3,926,131	4,030,270	4,436,977	4,002,915	3,666,292
1528	(e)	US Veterans Administration	39,646,428	54,492,264	50,961,946	53,316,924	61,159,036
1529	(e)	US General Services Administration	-	-	-	-	43,391
1530	(e)	US Environmental Protection Agency	68,660,802	35,838,751	44,310,100	91,435,790	153,021,768
1532	(e)	US Department of Energy	8,153,289	5,594,925	4,450,006	2,982,042	6,005,146
1534	(e)	Federal Emergency Management Agency	93,612,003	139,707,918	63,343,101	74,016,355	72,661,743
1536	(e)	US Department of Health and Human Services	5,962,380,121	6,016,121,798	6,034,950,237	6,506,141,900	6,431,112,075
1538	(e)	National/community services	-	-	-	1,732,313	3,677,716
1540	(e)	US Social Security Administration	34,225,980	40,514,268	43,705,857	43,570,139	46,294,342
1542	(e)	National Archives and Records	7,883	17,353	93,136	30,882	6,789
1544	(e)	Elections Assistance Commission	-	-	5,456,068	-	24,162
1546	(e)	US Department of Treasury	-	19,625	8,886,997	8,886,997	5,244
1549	(e)	Miscellaneous federal revenues	41,423,945	68,127,965	62,084,275	35,316,069	34,938,505
1551		County mental health programs	17,279,085	18,167,071	19,286,288	17,999,724	13,263,536
1557	(e)	American Recovery and Reinvestment Act	218,840,784	2,002,794,267	1,788,700,092	475,424,794	153,213,693
1558	(e)	American Recovery and Reinvestment Act - other	-	8,023,274	2,440,576	367,067	238,070
1560	(e)	Federal pass-through grants	29,303,116	25,120,494	70,016,585	78,646,931	61,246,642
1601		Time deposits interest	12,009,416	6,253,940	2,167,040	3,614,152	3,864,773
1601	(f)	Time deposits interest - Fund 688	216,290	163,391	37,851	67,544	94,686
1601	(a)	Time deposits interest - Fund 657	100,337	66,243	13,258	15,067	20,393
1601	(k)	Time deposits interest - Fund 614	140,951	103,734	20,915	33,456	39,420
1601	(l)	Time deposits interest - Fund 613	17,798	14,736	5,753	17,005	29,258
1601	(b)	Time deposits interest - Fund 905	18,420	14,778	3,691	6,853	9,488
1601	(p)	Time deposits interest - Fund 289	3,650	3,395	865	1,359	1,480
1601	(q)	Time deposits interest - Fund 285	56,151	47,805	10,069	17,176	20,688
1601	(d)	Time deposits interest - Fund 963	146	1,952	527	882	1,230
1601	(t)	Time deposits interest - Fund 609	93,732	75,531	17,373	34,554	56,042
1601	(c)	Time deposits interest - Fund 880	110,497	101,593	19,456	23,809	36,591
1601	(c)	Time deposits interest - Fund 881	123,463	95,229	23,317	40,064	51,270
1603		U.S./agency securities interest	98,431,256	38,510,748	31,640,225	25,185,835	20,360,811
1603	(f)	U.S./agency securities interest - Fund 688	1,292,741	503,800	353,267	295,075	307,343
1603	(a)	U.S./agency securities interest - Fund 657	549,694	235,454	128,797	74,052	63,503
1603	(k)	U.S./agency securities interest - Fund 614	770,521	319,530	201,400	146,904	132,540
1603	(l)	U.S./agency securities interest - Fund 613	98,993	42,694	50,430	72,001	91,337
1603	(b)	U.S./agency securities interest - Fund 905	100,277	44,708	34,139	29,935	29,795
1603	(p)	U.S./agency securities interest - Fund 289	20,342	10,444	8,338	6,305	5,809
1603	(q)	U.S./agency securities interest - Fund 285	316,656	136,156	90,728	75,941	67,409
1603	(d)	U.S./agency securities interest - Fund 963	2,330	6,043	6,917	5,879	6,115
1603	(t)	U.S./agency securities interest - Fund 609	515,226	232,165	161,971	147,624	173,935
1603	(c)	U.S./agency securities interest - Fund 880	593,614	294,831	193,399	107,257	109,286
1603	(c)	U.S./agency securities interest - Fund 881	684,046	305,371	221,653	177,753	175,470
1605		Other investment interest	414,850	102,828	128,207	410,035	182,587
1605	(d)	Other investment interest - Fund 963	-	194	-	-	-

Exhibit B

Review of Article X, Sections 16 Through 24,
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Schedule of Total State Revenues

Revenue Source Code		Type of Revenue	Year Ended June 30, 2009	2010	2011	2012	2013
1608		Realized gains and losses	-	19	7,891	-	-
1608	(d)	Realized gains and losses - Fund 963	-	1	273	-	-
1610		Interest on loans	1,237,598	1,453,361	3,031,747	2,545,606	3,844,323
1612	(cc)	Interest - federal	125	70	-	23,802,563	22,442,061
1614		Interest on receivables	37,829	17,202	10,584	9,082	4,697
1616		Interest on settlements	108,045	805,015	9,653	2,718	295,109
1618		Other interest	34,041	194,809	39,240	36,972	24,831
1618	(c)	Other interest - Fund 880	-	-	4,796	-	-
1618	(t)	Other interest - Fund 609	88	-	-	-	116
1621		Penalties	9,334,634	10,405,711	6,795,157	8,788,554	16,383,711
1621	(c)	Penalties - Fund 881	22,044	250	74	487	88
1622		Penalties - control	-	-	-	50	-
1624		Settlements	1,283,220	5,845,579	2,085,472	6,183,019	55,120,514
1626		Court awards	12,331,225	9,368,911	5,803,584	1,801,074	1,266,313
1628		Insufficient funds charges	5,061	6,575	6,420	4,415	3,593
1634		Estates	38,120	1,256	588	508	218,619
1636		Unclaimed properties	57,078,780	75,944,392	82,406,170	81,360,731	95,900,842
1636	(a)	Unclaimed properties - state - Fund 657	-	-	-	-	631
1700	(i)	Salary refunds - federal	614,761	537,615	685,275	557,115	504,436
1701	(i)	Salary refunds - state	18,399	15,712	15,075	15,792	5,477
1702	(i)	Salary refunds - local/other	16,418	24,360	20,491	44,337	31,561
1703	(i)	General relief pension refunds	4,955	5,291	2,086	3,469	4,646
1704	(i)	Blind pension refunds	10,319	4,777	1,994	7,624	4,699
1706	(i)	Dependent children pension refunds	275,511	326,393	443,858	424,232	262,817
1715	(i)	Day care refunds	53,530	35,345	25,126	34,888	51,663
1717	(i)	Medicare - Medicaid refunds	294,632,462	340,610,206	482,052,781	507,643,669	639,370,093
1719	(i)	Cost in criminal cases refunds	863,183	977,526	859,303	846,638	958,828
1720	(i)	American Recovery and Reinvestment Act refunds	-	591,913	2,027,020	901,781	988,108
1721	(i)	Vendor refunds - federal	777,934	2,629,247	1,280,623	798,046	869,752
1722	(i)	Vendor refunds - state	566,893	1,268,213	1,018,335	1,373,828	679,317
1722	(a)	Vendor refunds - state - Fund 657	5,318	989	1,974	6,121	4,627
1722	(c)	Vendor refunds - state - Fund 880	2,345	524	5	-	-
1723	(i)	Vendor refunds - local/other	1,163,024	1,839,205	1,541,924	3,375,783	1,401,379
1723	(c)	Vendor refunds - local/other - Fund 880	-	2,279	-	80,441	712
1724	(i)	Political subdivision refunds	3,373	9,988	6,128	63	-
1725	(i)	Excess court payment refunds	1,359,396	1,384,433	3,460,515	227,053	648,913
1727	(i)	School refunds	6,649,921	12,773,166	10,205,891	9,909,164	9,526,783
1727	(c)	School refunds - Fund 880	-	-	7,758	-	-
1728	(i)	Scholarship refunds	240,482	227,907	173,655	102,782	72,950
1729	(i)	Audit findings - federal	43,331	7,880	823	41,960	209
1730	(i)	Audit findings - state	40,980	-	-	152,887	101
1731	(i)	Audit findings - local/other	104,984	349,002	84,447	158,129	40,404
1732	(i)	Utility refunds	32,023	26,130	37,472	27,323	3,305
1733	(i)	Fuel tax refunds	(106,840)	243,111	245,974	219,368	4,205
1735	(i)	Tax incremental financing (TIF) refund	-	-	-	2	-
1737	(i)	Other refunds	4,096,155	6,804,855	3,968,580	5,253,820	3,264,579
1737	(c)	Other refunds - Fund 880	-	-	244	1,073	6
1737	(c)	Other refunds - Fund 881	10,396	35	-	-	-
1806	(v)	Recovery costs	189,968,684	157,227,270	151,037,762	150,426,085	150,725,636
1806	(a)	Recovery costs - Fund 657	845	-	-	-	-
1808		Deposit of surplus property funds	-	921	4,599	-	-
1811	(y)	Local match	72,096,316	87,931,854	91,490,039	127,367,017	98,129,383
1812	(w)	Cost reimbursements - federal	1,447,120	1,046,340	638,071	727,844	437,557
1813	(w)	Cost reimbursements - state	75,467,210	55,264,763	79,229,099	71,087,608	46,502,004
1813		Cost reimbursements - state (included)	13,832,495	12,832,252	14,301,943	15,004,668	15,728,569
1814	(w)	Cost reimbursements - local/other	183,357,141	229,800,753	191,294,541	204,205,080	187,364,955
1814	(c)	Cost reimbursements - local/other - Fund 880	284	-	-	2,890	8,615
1816		Bond account	7,110,689	7,513,599	7,368,307	8,968,358	9,214,123
1818	(u)	Employee expense reimbursement - federal	1,414	2,930	-	6,030	819
1819	(u)	Employee expense reimbursement - state	671	1,301	688	-	450
1820	(u)	Employee expense reimbursement - local/other	-	27	3	73,000	754

Exhibit B

Review of Article X, Sections 16 Through 24,
Constitution of Missouri
Schedule of Total State Revenues

Revenue Source Code		Type of Revenue	Year Ended June 30, 2009	2010	2011	2012	2013
1821	(u)	Employee personal expense reimbursement	63,910	46,387	183,172	97,665	24,186
1822	(n)	Outlawed checks	5,619,566	8,545,958	7,037,537	6,813,442	6,162,199
1822	(b)	Outlawed checks - Fund 905	5,176	5,302	7,945	17,028	6,024
1824	(x)	Canceled checks	1,779,409	4,390,790	2,430,074	2,036,483	2,182,674
1824	(a)	Canceled checks - Fund 657	120	-	686	-	-
1824	(b)	Canceled checks - Fund 905	2,318	550	-	875	2,355
1824	(c)	Canceled checks - Fund 880	-	-	-	-	950
1826	(m)	Redeposit of investments principal	1,801,100	22,021,895	1,216,650	2,837,450	264,945
1826	(d)	Redeposit of investments principal - Fund 963	-	721,761	-	-	-
1828	(o)	Redeposit of loan principal	46,089,055	53,273,825	55,411,431	61,093,018	68,996,096
1830		Telephone commissions	840,814	867,887	893,850	1,171,093	1,447,934
1832		Commission on sales	27,522	15,629	11,653	10,096	11,266
1834		Rebates	1,924,379	886,600	923,074	1,040,862	2,503,915
1834	(a)	Rebates - Fund 657	897	902	2,243	5,979	5,334
1834	(c)	Rebates - Fund 880	5,029	969	3,478	230	738
1834	(aa)	Rebates - WIC	43,522,102	44,278,144	44,989,878	54,902,466	52,386,707
1836		Housing and maintenance receipts	47,823	47,394	47,609	28,552	18,924
1838		Loan defaults	573,499	489,467	903,996	561,905	483,363
1840	(s)	Loan proceeds	25,878,784	10,458,915	20,704,819	12,938,384	9,056,992
1842	(o)	Loan repayment	84,983	120,767	134,928	169,744	218,043
1842	(c)	Loan repayment - Fund 880	-	-	(1,600)	2,358	-
1842	(c)	Loan repayment - Fund 881	58,430,783	44,714,602	56,958,607	63,747,551	64,238,375
1843	(o)	Loans receivable contra account	3,457,702	3,074,095	3,219,769	3,859,410	4,170,829
1844		Insurance proceeds	2,343	100	26,989	1,886	-
1846		Capital credits/dividends	56,056	70,718	67,873	60,241	66,172
1846	(d)	Capital credits/dividends - Fund 963	-	62	-	-	-
1848		Recycling receipts	144,022	203,522	352,568	380,262	317,333
1850		Forfeitures	1,699,515	3,012,793	1,572,364	4,888,368	1,703,594
1852		Overpayments	1,286,358	794,761	250,613	518,149	513,751
1852	(c)	Overpayments - Fund 880	-	-	765	-	-
1856	(e)	Other miscellaneous receipts - federal	8,114,311	5,080,717	5,920,959	5,030,652	7,536,647
1858		Other miscellaneous receipts - state	2,324,164	1,504,015	2,317,557	2,883,176	3,954,119
1858	(a)	Other miscellaneous receipts - state - Fund 657	9,667	4,131	4,865	10,541	3,438
1858	(b)	Other miscellaneous receipts - state - Fund 905	11,956,369	11,444,550	12,628,615	13,780,374	13,536,541
1860		Other miscellaneous receipts - local/other	35,975,437	6,709,058	4,141,399	8,082,121	7,390,306
1860	(a)	Other miscellaneous receipts - local/other - Fund 657	2,460,146	2,644,908	862,178	3,148,119	3,359,445
1860	(c)	Other miscellaneous receipts - local/other - Fund 880	-	-	2,195	403	-
1862		Fees for copying public records	260,326	276,682	249,776	241,633	258,947
1862	(a)	Fees for copying public records - Fund 657	1,340	12	55	97	56
1866		Federal share of grantee sales	197,237	367,625	310,955	179,984	234,984
1868		Receivable overpayment - federal	-	-	-	161	-
1870		Receivable overpayment - state	5,989	6,036	6,584	2,841	19
1872		Receivable overpayment - local	452	(61)	1,550	944	1,345
6001	(j)	Supply sales	1,354	275,708	521,662	408,216	401,968
6002	(j)	Open records fees	9,677	11,171	11,337	8,874	12,065
6003	(j)	Fleet services operations/maintenance	1,428,340	1,366,715	1,574,218	2,149,619	2,244,601
6005	(j)	Fleet services replacement	1,815,707	730,248	870,185	1,476,091	1,590,541
6006	(j)	Criminal records check fees	548,855	414,162	392,457	326,864	373,277
6007	(j)	Mail/freight services	5,206,206	8,561,257	11,506,019	10,803,757	11,230,955
6009	(j)	Telephone billing	30,228,498	30,585,852	30,773,403	32,302,801	34,581,943
6011	(j)	Printing service	7,245,959	6,440,655	5,682,997	6,042,427	5,457,257
6013	(j)	Reimbursement/recovery cost	37,796,274	28,796,499	28,033,182	33,101,501	59,725,679
6015	(j)	Leased facility	89,825,994	91,329,415	101,160,500	104,557,774	105,027,361
6017	(j)	Sale of material, supplies, and services	635,852	659,046	452,218	691,783	564,009
6019	(j)	Training	1,078,692	588,818	438,684	340,177	537,835
6021	(j)	Computer services	19,477,666	21,864,293	22,116,269	23,599,449	19,567,908
6023	(j)	Administration services	618,124	642,348	548,877	396,676	772,096
6025	(j)	Flight operations services	379,838	382,198	374,033	349,239	399,173
6027	(j)	Sale of manufactured products	29,179,527	21,134,511	21,070,342	19,842,283	17,974,645
6029	(j)	Interagency receipts	23,416,792	25,746,374	34,778,712	39,991,261	51,636,237
6029	(c)	Interagency receipts - Fund 880	-	-	-	20,237	-

Exhibit B

Review of Article X, Sections 16 Through 24,
Constitution of Missouri
Schedule of Total State Revenues

Revenue Source Code	Type of Revenue	Year Ended June 30, 2009	2010	2011	2012	2013
6029	(c) Interagency receipts - Fund 881	491,591	474,062	659,991	552,518	588,922
6030	(j) Sampling &/or analysis	614,983	607,533	797,593	597,162	515,738
6031	(r) Redeposit of state funds	199,713	2,916,492	68,696	69,352	58,517
6032	(j) Deposit of unclaimed property	300	-	-	-	1,225
6033	(j) Permits	83,427	53,758	11,479	40,995	47,185
6034	(j) Registration fees	81,635	51,715	45,642	59,342	55,048
6035	(j) Taxes	7,671,468	6,462,818	7,500,691	7,954,247	7,890,094
6036	(j) Transcript fees	8,658	17,296	15,825	19,309	8,016
	Total revenues	22,962,810,345	25,392,293,299	25,114,403,059	24,304,536,535	24,736,168,819
	Fund Exclusions:					
	(a) Lottery Enterprise Fund - Fund 657	419,144,541	419,259,815	435,310,366	467,585,698	494,190,659
	(b) Alternative Care Trust Fund - Fund 905	12,082,560	11,509,888	12,674,390	13,835,065	13,584,203
	(c) Student Loan Funds - Funds 626, 851, 880, and 881	140,126,568	143,327,758	167,946,527	157,149,793	163,513,576
	(d) Pansy Johnson-Travis Memorial State Gardens Trust Fund - Fund 963	2,476	730,013	7,717	6,761	7,345
	Revenue Source Exclusions:					
	(e) Federal funds	8,907,850,373	10,944,202,686	11,231,060,137	10,041,620,203	9,738,679,227
	(f) Proposition C sales and use tax/interest	760,406,200	737,695,021	752,181,529	789,578,622	804,331,562
	(g) Proposition A gas tax and license fee increases	168,061,247	169,008,528	169,467,566	166,913,857	163,022,120
	(h) Bond sales	135,638,581	1,107,698,801	74,305,145	1,867,300	-
	(i) Refunds	311,461,194	370,692,275	508,157,376	532,119,753	658,694,225
	(j) Interagency sales and receipts	257,353,826	246,722,390	268,676,325	285,059,847	320,614,856
	(k) Soil and water sales and use tax/interest	39,539,061	37,964,460	38,549,297	40,406,433	41,183,578
	(l) Parks sales and use tax/interest	38,744,376	37,598,623	38,383,161	40,315,075	41,132,210
	(m) Redeposit of investment principal	1,801,100	22,021,895	1,216,650	2,837,450	264,945
	(n) Outlawed checks	5,619,566	8,545,958	7,037,537	6,813,442	6,162,199
	(o) Redeposit of loan principal	49,631,740	56,468,687	58,766,128	65,122,172	73,384,968
	(p) Bingo	2,166,807	2,212,758	2,166,417	2,121,041	2,008,254
	(q) Riverboat gambling	368,677,881	388,916,398	395,773,528	388,758,396	377,915,277
	(r) Redeposit of state funds	199,713	2,916,492	68,696	69,352	58,517
	(s) Loan proceeds	25,878,784	10,458,915	20,704,819	12,938,384	9,056,992
	(t) Conservation sales and use tax/interest	97,180,264	94,161,885	95,997,681	100,748,178	102,762,355
	(u) State employee expense reimbursement	65,995	50,645	183,863	176,695	26,209
	(v) Recovery costs	189,968,684	157,227,270	151,037,762	150,426,085	150,725,636
	(w) Cost reimbursements	260,271,471	286,111,856	271,161,711	276,020,532	234,304,516
	(x) Canceled checks	1,779,409	4,390,790	2,430,074	2,036,483	2,182,674
	(y) Local match	72,096,316	87,931,854	91,490,039	127,367,017	98,129,383
	(z) Proceeds of surplus property sales - Fund 710	1,442,420	1,220,352	1,523,162	1,331,787	1,414,547
	(aa) WIC rebates	43,522,102	44,278,144	44,989,878	54,902,466	52,386,707
	(bb) Amendment 3 revenue derived from highway users	404,149,039	408,998,887	421,929,866	432,352,497	440,150,855
	(cc) Interest - federal	125	70	-	23,802,563	22,442,061
	Other Exclusions and Limits:					
	CMIA interest payment to the federal government	1,629,506	215,748	24,499	22,013	-
	Agency remitted sales tax	400,123	380,227	369,085	247,169	260,481
	Abandoned funds claim payments	25,133,510	33,675,323	34,703,093	36,413,798	38,155,004
	Total exclusions	12,742,025,558	15,836,594,412	15,298,294,024	14,220,965,927	14,050,745,141
	Total revenues after exclusions	10,220,784,787	9,555,698,887	9,816,109,035	10,083,570,608	10,685,423,678
	Less expenditure refunds (Exhibit C)	(1,504,906,007)	(1,543,126,545)	(1,414,459,977)	(1,342,748,745)	(1,240,311,060)
	Add refundable tax credits:					
	Business Facility	13,702	35,878	2,907,965	402,578	-
	Enterprise Zone	33,142	38,836	185,922	280,469	231,246
	BUILD	3,252,101	4,998,107	7,956,937	2,316,971	5,590,472
	Missouri Quality Jobs	1,877,275	3,116,592	5,322,994	7,360,207	7,355,213
	New Enhanced Enterprise Zone	16,842	1,246,148	2,885,117	3,067,886	3,522,698
	Residential Dwelling Accessibility	11,372	17,984	23,186	5,266	-
	Self-employed Health Insurance	451,605	476,471	1,558,354	1,082,658	451,242
	Public Safety Officer Surviving Spouse	6,170	18,149	20,899	28,212	56,949
	Brownfield Jobs and Investment Credit	-	-	1,906,660	304,395	-
	Total State Revenue	$ 8,721,540,989	8,022,520,507	8,424,417,092	8,755,670,505	9,462,320,438

Exhibit C

Review of Article X, Sections 16 Through 24,
Constitution of Missouri
Schedule of Expenditure Refunds

Object Code	Description		Year Ended June 30, 2009	2010	2011	2012	2013
	SAM II Expenditure Refunds:						
3200	Bond refunds	$	3,142,134	3,406,613	3,624,472	3,381,743	3,766,775
3206	Deposit and escrow refunds		75,915	53,517	75,167	100,829	75,616
3212	Federal share grantee sales refunds		-	386	-	-	-
3213	Tax credit debt offset		238,495	259,589	159,943	424,562	211,413
3215	Debt offset refunds		9,101,435	9,616,812	10,724,197	10,184,106	9,312,765
3218	Motor vehicle license fee refunds		450,450	458,604	342,352	385,841	451,527
3221	Driver's license fee refunds		69,368	57,742	58,495	48,367	61,656
3227	License and permit fee refunds		145,499	183,361	147,645	163,468	236,183
3230	Registration fee refunds		5,200	9,990	4,341	37,308	29,217
3233	Regulatory fee refunds		12,487	7,714	16,754	59,869	15,030
3236	Inspection fee refunds		51,104	52,865	41,178	52,862	42,713
3239	Miscellaneous fee refunds		468,145	321,503	298,548	442,860	420,978
3242	Sales refunds		19,375	9,829	3,455	10,391	16,664
3245	Lease and rentals refunds		13,281	4,996	4,551	5,702	3,265
3248	Medical services refunds		6,600,044	6,002,089	6,525,413	6,331,354	6,010,508
3251	Contributions refunds		5,857,204	14,488,536	16,298,595	5,886,037	29,913
3254	Federal refunds		441,708	3,621,387	355,286	1,514,909	493,420
3257	Penalty and court award refunds		145,810	48,478	14,444	31,479	(856)
3260	Interagency billing refunds		-	12,061	-	295	1,884
3261	Receivable overpayment refunds		32,948	70,421	180,639	328,765	377,953
3267	Deferred revenue refunds		2,415,893	4,176,768	1,545,606	2,445,006	2,401,657
3269	Other refunds		643,992	1,425,466	2,411,778	3,313,740	12,383,222
3272	Sales and use tax protested refunds		-	782	200,205	156,632	8,383
3281	County foreign insurance tax refunds		14,220,444	16,943,164	17,921,126	27,158,118	39,317,277
3284	County domestic insurance tax refunds		-	-	-	2,694,044	-
3287	Worker's compensation insurance tax refunds		2,118,877	725,543	2,212,394	286,762	513,702
3291	Surplus lines insurance tax refund		-	-	-	-	16,672
3293	Cigarette tax refunds		-	-	146,382	19,851	26,810
3299	Aviation fuel tax refunds		58,079	4,957	6,304	8,902	4,131
3305	Special fuel (non-gas) tax refunds		24,411,746	23,022,799	25,710,530	22,218,784	20,461,228
3308	Fuel tax refunds		11,297,330	10,599,366	10,237,237	10,042,959	7,838,108
3311	Sales tax refunds		262	468	36	104	535
3317	General sales and use tax refunds		70,654,335	60,007,381	49,875,140	28,009,782	25,564,348
3326	Motor vehicle sales tax refunds		2,883,786	2,889,341	3,110,419	3,395,473	3,658,569
3329	Motor vehicle use tax refunds		821,239	837,107	955,515	1,128,147	1,060,387
3335	Boat tax refunds		4,610	4,787	6,390	5,036	4,784
3338	Individual tax refunds		1,059,238,817	1,050,281,318	993,083,426	930,792,552	879,453,248
3341	Senior citizens tax refunds		118,574,491	118,595,070	114,887,118	117,603,638	113,962,551
3344	Corporation tax refunds		164,028,331	212,907,168	149,575,393	157,035,524	108,715,703
3347	Franchise tax refunds		6,133,165	1,512,990	2,189,789	5,214,992	1,471,893
3350	Inheritance tax refunds		38,417	18,345	172,440	8,628	-
3356	Other tax refunds		491,591	487,232	1,337,274	1,819,324	1,891,228
	Total SAM II Expenditure Refunds	$	1,504,906,007	1,543,126,545	1,414,459,977	1,342,748,745	1,240,311,060

Review of Article X, Sections 16 Through 24, Constitution of Missouri Background, Methodology, and Conclusions

The following identifies the various components of the amendment and the application of the amendment to state revenues.

Formula

Article X, Section 18(a), Missouri Constitution, establishes the revenue limit formula as follows:

$$\text{Revenue limit for FY 20XX} = \frac{\text{Total state revenue (TSR) in FY 1981}}{\text{CY 1979 Missouri personal income (MPI)}} \times \text{The greater of MPI in the calendar year (CY) prior to the CY in which appropriations are made for FY 20XX or Average MPI for three CYs preceding FY 20XX.}$$

The formula is composed of two principal parts. The first part of the formula, the base year ratio (BYR), is as follows:

$$\frac{\text{TSR in FY 1981}}{\text{CY 1979 MPI}}$$

The application of this ratio to the second part of the formula (future years' MPI) ensures that no greater portion of a future year's personal income will be used to fund state government than was the case at the time of passage of the amendment. The MPI amounts used in the formula for the base year and subsequent years are reported by the U.S. Department of Commerce (DOC).

The Office of Administration, Division of Budget and Planning (OA-BP) does not adjust the BYR for changes already made or for future changes or adjustments to this amount by the DOC. Article X, Section 17(2) refers to ". . . total income . . . as defined and officially reported by" the DOC. Even though the amendment does not specifically refer to such adjustments, this wording suggests that the BYR should be adjusted whenever CY 1979 MPI is adjusted by the DOC. The use of the initial reporting of MPI does provide an unchanging BYR for future years, which provides at least two benefits. First, the state can more easily plan and make appropriate adjustments to stay under the revenue limit. Second, if the initial MPI is subsequently adjusted, retroactive refunds are a possibility. That is, an adjustment to MPI for any prior year (including the base year) could reduce the revenue limit for a prior year below that year's TSR, providing a refund where one previously was not due. Therefore, we find this approach reasonable so long as it is followed consistently.

As with the BYR, the OA-BP uses the MPI first officially published by the DOC after the close of the CY to calculate the revenue limit for the applicable fiscal year. For the reasons expressed in the preceding paragraph, we find this approach reasonable so long as it also is followed consistently.

The BYR was calculated by the OA-BP as follows (dollar amounts are in millions):

$$\frac{\$2{,}232.204096}{\$\ 39{,}581.0} = .05639584891$$

In its calculations of the revenue limit the OA-BP rounded the BYR to .056395.

Article X, Section 18(b) allows the state to exceed the revenue limit by less than 1 percent before a refund is due. Therefore, to determine the point at which the refund provision takes effect (the refund threshold) the revenue limit is adjusted upward by 1 percent. However, should TSR exceed the refund threshold, all revenues in excess of the revenue limit are subject to refund.

Adjustments

Article X, Section 18(d) provides that the revenue limit may be adjusted, ". . . if responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment . . . provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such a change."

The OA-BP has adjusted the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll under Section 483.245, RSMo, which was effective on July 1, 1981. In past years, the State Auditor's office (SAO) disagreed with this adjustment because state funding of these salaries was required by statute instead of by consequence of constitutional amendment. In addition, the Judicial Article Amendment was effective on August 3, 1976, which was prior to the time the Hancock Amendment was adopted by the voters on November 4, 1980. However, the Supreme Court ruled in its decision on January 27, 1998, that an adjustment to the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll is appropriate.

Composition of Total State Revenues

An integral part in applying the provisions of the amendment to state revenues is to determine what constitutes TSR. The amendment does not specify the methodology to be used to determine TSR. Consequently, procedures to calculate TSR have been established and certain decisions as to items that would be either included or excluded have been made, except for items ruled on by the Attorney General or the Missouri courts.

TSR includes all revenues recorded in the Statewide Accounting System for Missouri (SAM II) and receipted by the state treasurer, which may only be withdrawn pursuant to an appropriation or which stand appropriated by the Constitution of Missouri. Various funds not in the state treasury are not

included in TSR. These funds include university local funds; local sales and use tax fund collections made by the Department of Revenue; various funds held in trust for inmates, patients, etc.; and various quasi-governmental agencies such as the Board of Public Buildings, the Housing Development Commission, the Higher Education Loan Authority, the Health and Educational Facilities Authority, and the state's retirement systems. The Hancock Amendment states the composition of TSR is, "defined in the budget message of the governor for fiscal year 1980-81." The funds described above were not addressed in the governor's budget message for that year since the funds were not in the state treasury and were not appropriated. Thus, it seems reasonable to conclude that these funds should not be included in TSR.

Excluded Funds

From the revenue amounts obtained from SAM II, certain funds are entirely excluded to arrive at TSR, as defined in Article X, Section 17(1), Missouri Constitution, as follows:

A. Lottery Enterprise Fund

In November 1984, the voters approved Article III, Section 39(b), Missouri Constitution, which authorized the creation of the Missouri State Lottery. This provision states that revenues produced from the conduct of a state lottery shall not be a part of TSR. Since the voters approved the state lottery, all revenue and expenditure refunds related to the state lottery are excluded.

B. Alternative Care Trust Fund

The Alternative Care Trust Fund was established in 1989 under Section 210.560, RSMo. The Department of Social Services uses this fund to account for funds held in trust for the benefit of children who have been placed in the legal custody of the state. The Department of Corrections, Department of Mental Health, and the Missouri Veterans Commission hold funds in trust for inmates and patients; however, these funds are not in the state treasury and are not included in TSR. Funds held in trust are not state funds since the funds remain the property of the individual. Since the Alternative Care Trust Fund does not account for state funds, it is excluded.

C. Student Loan Funds

Federal legislation passed in 1997 made changes in the accounting required for federal education loans. Starting in federal fiscal year 1998, the federal government considers all monies in these funds as property of the federal government or guaranty agency. As a result, the state excludes these funds held in trust.

D. Pansy Johnson-Travis Memorial State Gardens Trust Fund

The state received an endowment in 1987 for the purpose of establishing a memorial state garden. The state is to invest the endowment for 100 years before using the funds to establish the memorial garden. Since the funds cannot be appropriated until 2087, the revenue is excluded from TSR.

Excluded Revenues

From the revenue amounts obtained from SAM II, certain types of revenues are excluded to arrive at TSR, as defined in Article X, Section 17(1), Missouri Constitution, as follows:

E. Federal Funds

Article X, Section 17, Missouri Constitution, specifically excludes federal funds.

F. Proposition C Sales and Use Tax/Interest

In November 1982, the voters approved Proposition C, which increased the state sales and use tax by 1 percent. Since Proposition C received direct voter approval as provided in Article X, Section 16, Missouri Constitution, the proceeds from the additional 1 percent sales and use tax, including any interest earned on the investment of such taxes, are excluded.

G. Proposition A Gas Tax and License Fee Increases

In April 1987, the voters approved Proposition A, which increased the motor fuel tax by 4 cents per gallon and increased the annual registration fee for certain motor vehicles, effective July 1, 1987. Since the increase in tax and fees received direct voter approval, these revenues are excluded. Also, see item BB. below.

H. Bond Sales

An attorney general opinion concluded that proceeds of the state's general obligation bonds were not to be included in TSR.

I. Refunds

Refunds received due to the overpayment of obligations by the state, as identified by certain revenue source codes, are excluded.

J. Interagency Sales and Receipts

Since interagency transactions do not generate additional revenue for the state as a whole, interagency sales and receipts, as identified by certain revenue source codes, are excluded.

K. Soil and Water Sales and Use Tax/Interest
and
L. Parks Sales and Use Tax/Interest

In August 1984, the voters approved a one-tenth of 1 percent sales tax for soil and water conservation and state parks. Article IV, Section 47(c), Missouri Constitution, states that the additional revenue provided by the tax shall not be part of TSR. Since the voters approved the sales tax, the sales tax and any interest earned on the investment of the balance in these funds are excluded.

M. Redeposit of Investment Principal

The redeposit of investment principal is excluded.

N. Outlawed Checks

Outlawed checks, which are state checks that were not cashed by the payee within the time allowed, are redeposited in the state treasury and are excluded.

O. Redeposit of Loan Principal

Redeposits of loan principal are excluded.

P. Bingo

The August 1992 amendment to Article III, Section 39(d), Missouri Constitution, related to gaming activities also applies to bingo games, in that all state revenues derived from the conduct of gaming activities shall be appropriated beginning July 1, 1993, solely for public education and shall not be included in TSR. Section 313.007, RSMo, requires the bingo tax to be deposited in the Bingo Proceeds for Education Fund. The bingo tax, certain fees, and the interest earned on the investment of the fund are excluded from TSR.

Q. Riverboat Gambling

In August 1992, the voters approved an amendment to Article III, Section 39(d), Missouri Constitution. This constitutional amendment requires that all state gaming revenues must be appropriated for public education and excludes these revenues from TSR.

In 1993, the Missouri General Assembly enacted Senate Bills 10 and 11. This comprehensive gaming legislation established riverboat gaming in the state. This law repealed House Bill 149 related to riverboat gaming, which had been enacted by voters as Proposition A in November 1992.

Under Senate Bills 10 and 11, the legislature imposed a 20 percent tax on adjusted gross receipts from gambling games. In November 2008, the voters approved increasing the tax to 21 percent. The state treats 90 percent of this revenue as state gaming revenues under Article III, Section 39(d), Missouri Constitution, and earmarks the revenues to the Gaming Proceeds for Education Fund. The remaining 10 percent of this revenue is allocated to the home dock city or county. Under Article III, Section 39(d), Missouri Constitution, the 90 percent portion of the adjusted gross receipts tax is exempted from TSR. The remaining 10 percent portion of the adjusted gross receipts tax is also excluded from TSR because these funds are distributed by the Department of Revenue without deposit in the state treasury and without appropriation.

Under Senate Bills 10 and 11, the legislature also established a Gaming Commission Fund in the state treasury and authorized gaming commission license fees, penalties, administrative fees, reimbursements, and admission fees to be deposited in this fund and expended pursuant to state appropriation for various purposes.

On November 24, 1998, the Missouri Court of Appeals, Western District entered its final decision in *Kelly v. Hanson, et. al.*, 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar portion of the state imposed two dollar admission fee payable to the state is not included in TSR, while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs is included in TSR. The remaining one dollar portion of the two dollar admission fee is also excluded from TSR because these funds are distributed

	by the Department of Revenue without deposit in the state treasury and without appropriation.
R. Redeposit of State Funds	The redeposit of state funds for which a state expenditure was originally incurred, such as from closing a petty cash fund and returning the funds to the state treasury, is excluded.
S. Loan Proceeds	The state receives loans or advancements from the federal government, local governments, or private sources, to finance the acceleration of state projects. Since the loans must be repaid in the future, they are excluded.
T. Conservation Sales and Use Tax/Interest	Pursuant to the Supreme Court decision in *Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al.*, 994 S.W. 2d 27 (Mo. Banc. 1999), the revenue derived from the one-eighth of one percent conservation sales tax, and any interest earned on the investment of these funds, are excluded.
U. State Employee Expense Reimbursement	The state receives reimbursement from private individuals, firms, partnerships, corporations, etc., for state employee expenses incurred in providing testimony in a court of law, for which the employee has already been reimbursed by a state expense account. These reimbursements are excluded.
V. Recovery Costs	Monies received from others for costs incurred by the state or to be incurred by the state are excluded. Also, see item W. below.
W. Cost Reimbursements	Monies received from other governments for reimbursements of costs incurred by the state are excluded. Regarding items V. and W., the state has excluded from TSR receipts for cost reimbursements since fiscal year 1982 and receipts for recovery costs since fiscal year 1988. Although the constitution does not specifically mention cost reimbursements and recovery costs and they have not been the subject of a court decision, we have agreed with such exclusions because from an accounting standpoint, they would not be considered revenue.
X. Canceled Checks	Receipts derived from the redeposit of state checks that have been canceled are excluded.
Y. Local Match	Local governments provided funds to the state to use as a local match to qualify for federal or state funding. Since these local match funds are not state funds, they are excluded.
Z. Proceeds of Surplus Property Sales	The proceeds from some sales of surplus property are initially deposited into the Proceeds of Surplus Property Sales Fund then disbursed from this fund to the state fund that owned the property. To avoid counting the same

receipts in TSR twice, the state excludes amounts disbursed from the Proceeds of Surplus Property Sales Fund to other state funds.

AA. WIC Rebates

The Department of Health and Senior Services (DHSS) issues food instruments for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to program participants who use them to obtain formula at participating grocery stores and pharmacies. The participating grocery stores and pharmacies then redeem the food instruments. The food instruments are processed through the Federal Reserve System and the WIC program is charged for the food instruments presented. The DHSS records the redeemed food instruments and sends a monthly invoice to the contracted infant formula manufacturer who then rebates a portion of the sales proceeds to the state.

BB. Amendment 3 Revenue Derived From Highway Users

In November 2004, the voters approved an amendment to Article IV, Sections 29 and 30(a) through 30(c) and added Section 30(d), Missouri Constitution, effective July 1, 2005.

Section 30(a) provides for the apportionment and distribution of net proceeds of motor fuel tax. This section further provides that, ". . . The net proceeds of fuel taxes apportioned, distributed and deposited under this section to the state road fund, counties, cities, towns and villages shall not be included within the definition of "total state revenues". . . ."

Section 30(b) provides for the use and distribution of revenue derived from highway users as an incident to their use or right to use the highways of the state (including all state license fees and taxes on motor vehicles, trailers and motor vehicle fuels and excepting sales tax on motor vehicles and trailers which are not distributed to the state road fund). This section further provides that, ". . . The moneys apportioned or distributed under this section to the state road fund, the state transportation fund, the state road bond fund, counties, cities, towns or villages shall not be included within the definition of "total state revenues". . . ."

As a result, motor vehicle sales tax and special fuel non-gas tax, and fees from motor vehicle licenses or permits, interstate transportation licenses or permits, driver's licenses or permits, overdimension/overweight permits, other licenses and permits, and non-motor fuel decals credited to the State Road Fund, State Road Bond Fund, and/or State Transportation Fund are excluded from TSR.

The increase in interstate transportation license or permits for certain motor vehicles excluded under this section were previously excluded and, as a result, have no impact on TSR. (See item G. above.)

Sections 29, 30(c), and 30(d) have no apparent Hancock implications.

CC. Interest - Federal

Interest assessed and received on advances made to the state by the federal government. Since the interest is due to the federal government, it is excluded from TSR.

Other Exclusions and Limits

Other exclusions and limits have been considered to arrive at TSR, as follows:

Cash Management Improvement Act

The state has to enter into an agreement with the federal government that governs the timing of when the state can obtain federal grant monies. If the state holds federal funds longer than needed, the state has to reimburse the federal government for interest earnings. Since the interest was earned on federal funds and has to be returned to the federal government, it is excluded from TSR.

Agency Remitted Sales Tax

Some state agencies sell goods or services to the public and collect sales tax. To avoid counting the same receipts in TSR twice, the sales tax remitted by state agencies to the Department of Revenue is excluded from TSR.

Abandoned Funds Claim Payments

Under Section 447.543, RSMo, the state receives abandoned funds from various sources (banks, businesses, insurance companies, etc.). These funds are placed in the state Abandoned Fund Account. The rightful owner may receive these funds if properly claimed. The state includes the receipts in TSR. Starting in fiscal year 1998, the state excludes from TSR amounts paid to the rightful owner.

Expenditure Refunds

According to Article X, Section 17(1), Missouri Constitution, total state revenue shall exclude the amount of any credits based on actual tax liabilities. Refunds disbursed due to the excess collection by the state of liabilities owed the state, largely tax refunds, as identified by certain expenditure object codes are excluded. The method used to determine expenditure refunds is not specified in the amendment. Although the OA-BP initially used the appropriation basis to determine expenditures refunds, during fiscal year 1984, the OA-BP changed to the cash basis. The SAO had consistently used the appropriation basis to measure refunds. As a result, a difference existed. However, in its decision of January 27, 1998, the Supreme Court indicated that a cash basis of accounting should be used to determine compliance with the Hancock Amendment. As a result, the SAO changed its calculation of expenditure refunds to the cash basis.

Tobacco Master Settlement Agreement Proceeds

The OA-BP has excluded $135,166,246 received from tobacco companies during fiscal year 2013. The Master Settlement Agreement was entered into effective November 23, 1998, between the major cigarette manufacturers and the states' Attorney Generals. Missouri received its first payments under the settlement agreement during fiscal year 2001 and future payments from tobacco companies extend in perpetuity. The payment received in 2001 included amounts under the settlement agreement for 1998, 2000, and 2001.

The settlement agreement did not require a payment for 1999. Payments for fiscal years 2001 through 2012 were as follows:

Fiscal Year	Amount
2001	$ 338,230,653
2002	172,679,543
2003	166,895,179
2004	142,829,966
2005	144,964,644
2006	133,078,222
2007	139,292,616
2008	153,277,453
2009	168,066,958
2010	140,318,927
2011	132,631,552
2012	135,246,224

The amounts received were coded in the state's accounting system to revenue source code 1806 - recovery costs, which is excluded from TSR. Recovery costs are defined under revenue source code 1806 as, "*all money recovered from others for costs incurred by the state or to be incurred by the state."* The OA-BP believes these receipts should be excluded from TSR because the amounts represent a recovery of health care costs previously incurred or to be incurred by the state attributable to smoking.

Public information was not readily available to determine if the amounts recovered from the tobacco companies under the master settlement agreement were more or less than the health care costs incurred. For our fiscal year 2001 report, we reviewed three extensive research projects conducted by experts. We limited our analysis to Medicaid costs incurred in fiscal years 1998 through 2001. We did not consider Medicaid costs prior to fiscal year 1998. In addition, we did not consider other costs incurred by the state, such as employee health care costs attributable to smoking. These three research projects showed that Medicaid costs attributable to smoking were higher than the amount the state received from the tobacco companies under the settlement agreement. As a result, in our 2001 report we concluded it was proper for the OA-BP to exclude the amounts received from the tobacco companies as a recovery cost.

A study, "Tobacco Damages to the State of Missouri" by Glenn W. Harrison, was commissioned by the Missouri Attorney General's Office for use in a lawsuit against tobacco companies filed May 12, 1997. This lawsuit was dropped because Missouri joined a consortium of states in December 1998, in the Master Settlement Agreement with the tobacco companies. As a result, the Harrison study was not fully completed. However, the draft report provided an estimate of Medicaid costs attributable to smoking for 1970

through 2007 and an estimate of state employee health care costs attributable to smoking for 1970 through 1997. This study estimates that state costs attributable to smoking were higher than the amount the state received. OA officials could not locate any current studies, but they believe continued exclusion is reasonable.

Federal Reimbursement Allowance and Nursing Facility Reimbursement Allowance

The Federal Reimbursement Allowance and the Nursing Facility Reimbursement Allowance tax imposed by the state to pay the state's share of the costs of the Medicaid program when collected by an offset against Medicaid claims, is not directly deposited in the state treasury. As a result, this revenue is not included in TSR.

Compliance

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5, which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income (MPI) be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

Exhibit A presents a summary of the calculations of limited total state revenue (TSR) for the years ended June 30, 2013, 2012, 2011, 2010, and 2009. The results of our review determined that for the year ended June 30, 2013, TSR was approximately $3.6 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2013.

Article X, Section 18(e), Missouri Constitution, imposes an additional revenue limit, which states the general assembly shall not increase taxes or fees in any fiscal year without voter approval that in total produce new annual revenues greater than $50 million adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or 1 percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. For fiscal year 2013, the OA-BP calculated these limits at $106.1 million for the Missouri Personal Income amount and $84.2 million for the 1 percent of total state revenues amount.

For fiscal year 2013, the OA-BP determined that as a result of legislative actions net taxes and fees increased by a total of $28.6 million. As a result, the state complied with Article X, Section 18(e).

Article X, Sections 16 through 24, Constitution of Missouri (Adopted November 4, 1980, Amended April 2, 1996*)

TAXATION

Section 16. Taxes and state spending to be limited--state to support certain local activities--emergency spending and bond payments to be authorized. Property taxes and other local taxes and state taxation and spending may not be increased above the limitations specified herein without direct voter approval as provided by this constitution. The state is prohibited from requiring any new or expanded activities by counties and other political subdivisions without full state financing, or from shifting the tax burden to counties and other political subdivisions. A provision for emergency conditions is established and the repayment of voter approved bonded indebtedness is guaranteed. Implementation of this section is specified in sections 17 through 24, inclusive of this article.

Section 17. Definitions. As used in sections 16 through 24 of Article X:

(1) **"Total state revenues"** includes all general and special revenues, license and fees, excluding federal funds, as defined in the budget message of the governor for fiscal year 1980-1981. Total state revenues shall exclude the amount of any credits based on actual tax liabilities or the imputed tax components of rental payments, but shall include the amount of any credits not related to actual tax liabilities.

(2) **"Personal income of Missouri"** is the total income received by persons in Missouri from all sources, as defined and officially reported by the United States Department of Commerce or its successor agency.

(3) **"General price level"** means the Consumer Price Index for All Urban Consumers for the United States, or its successor publications, as defined and officially reported by the United States Department of Labor, or its successor agency.

Section 18. Limitation on taxes which may be imposed by general assembly--exclusions--refund of excess revenue--adjustments authorized.
(a). There is hereby established a limit on the total amount of taxes which may be imposed by the general assembly in any fiscal year on the taxpayers of this state. Effective with fiscal year 1981-1982, and for each fiscal year thereafter, the general assembly shall not impose taxes of any kind which, together with all other revenues of the state, federal funds excluded, exceed the revenue limit established in this section. The revenue limit shall be calculated for each fiscal year and shall be equal to the product of the ratio of total state revenues in fiscal year 1980-1981 divided by the personal income of Missouri in calendar year 1979 multiplied by the personal income of Missouri in either the calendar year prior to the calendar year in which appropriations for the fiscal year for which the calculation is being made, or

the average of personal income of Missouri in the previous three calendar years, whichever is greater.

(b). For any fiscal year in the event that total state revenues exceed the revenue limit established in this section by one percent or more, the excess revenues shall be refunded pro rata based on the liability reported on the Missouri state income tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than one percent, this excess shall be transferred to the general revenue fund.

(c). The revenue limitation established in this section shall not apply to taxes imposed for the payment of principal and interest on bonds, approved by the voters and authorized under the provisions of this constitution.

(d). If responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment, the state revenue and spending limits may be adjusted to accommodate such change, provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such change.

(e). **Voter approval required for taxes or fees, when, exceptions--compliance procedure.**

1. In addition to the revenue limit imposed by section 18 of this article, the general assembly in any fiscal year shall not increase taxes or fees without voter approval that in total produce new annual revenues greater than either fifty million dollars adjusted annually by the percentage change in the personal income of Missouri for the second previous fiscal year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. In the event that an individual or series of tax or fee increases exceed the ceiling established in this subsection, the taxes or fees shall be submitted by the general assembly to a public vote starting with the largest increase in the given year, and including all increases in descending order, until the aggregate of the remaining increases and decreases is less than the ceiling provided in this subsection.

2. The term "new annual revenues" means the net increase in annual revenues produced by the total of all tax or fee increases enacted by the general assembly in a fiscal year, less applicable refunds and less all contemporaneously occurring tax or fee reductions in that same fiscal year, and shall not include interest earnings on the proceeds of the tax or fee increase. For purposes of this calculation, "enacted by the general assembly" shall include any and all bills that are truly agreed to and finally passed within that fiscal year, except bills vetoed by the governor and not overridden by the general assembly. Each individual tax or fee increase

shall be measured by the estimated new annual revenues collected during the first fiscal year that it is fully effective. The term "increase taxes or fees" means any law or laws passed by the general assembly after May 2, 1996, that increase the rate of an existing tax or fee, impose a new tax or fee, or broaden the scope of a tax or fee to include additional class of property, activity, or income, but shall not include the extension of an existing tax or fee which was set to expire.

3. In the event of an emergency, the general assembly may increase taxes, licenses or fees for one year beyond the limit in this subsection under the same procedure specified in section 19 of this article.

4. Compliance with the limit in this section shall be measured by calculating the aggregate actual new annual revenues produced in the first fiscal year that each individual tax or fee change is fully effective.

5. Any taxpayer or statewide elected official may bring an action under the provisions of section 23 of this article to enforce compliance with the provisions of this section. The Missouri supreme court shall have original jurisdiction to hear any challenge brought by any statewide elected official to enforce this section. In such enforcement actions, the court shall invalidate the taxes and fees which should have received a public vote as defined in subsection 1 of this section. The court shall order remedies of the amount of revenue collected in excess of the limit in this subsection as the court finds appropriate in order to allow such excess amounts to be refunded or to reduce taxes and/or fees in the future to offset the excess monies collected.

Section 19. Limits may be exceeded, when, how. The revenue limit of section 18 of this article may be exceeded only if all of the following conditions are met: (1) The governor requests the general assembly to declare an emergency; (2) the request is specific as to the nature of the emergency, the dollar amount of the emergency, and the method by which the emergency will be funded; and (3) the general assembly thereafter declares an emergency in accordance with the specifics of the governor's request by a majority vote for fiscal year 1981-1982, thereafter a two-thirds vote of the members elected to and serving in each house. The emergency must be declared in accordance with this section prior to incurring any of the expenses which constitute the emergency request. The revenue limit may be exceeded only during the fiscal year for which the emergency is declared. In no event shall any part of the amount representing a refund under section 18 of this article be the subject of an emergency request.

Section 20. Limitation on state expenses. No expenses of state government shall be incurred in any fiscal year which exceed the sum of the

revenue limit established in sections 18 and 19 of this article plus federal funds and any surplus from a previous fiscal year.

Section 21. State support to local governments not to be reduced, additional activities and services not to be imposed without full state funding. The state is hereby prohibited from reducing the state financed proportion of the costs of any existing activity or service required of counties and other political subdivisions. A new activity or service or an increase in the level of any activity or service beyond that required by existing law shall not be required by the general assembly or any state agency of counties or other political subdivision, unless a state appropriation is made and disbursed to pay the county or other political subdivision for any increased costs.

Section 22. Political subdivisions to receive voter approval for increases in taxes and fees--rollbacks may be required--limitation not applicable to taxes for bonds.
(a). Counties and other political subdivisions are hereby prohibited from levying any tax, license or fees, not authorized by law, charter or self-enforcing provisions of the constitution when this section is adopted or from increasing the current levy of an existing tax, license or fees, above that current levy authorized by law or charter when this section is adopted without the approval of the required majority of the qualified voters of that county or other political subdivision voting thereon. If the definition of the base of an existing tax, license or fees, is broadened, the maximum authorized current levy of taxation on the new base in each county or other political subdivision shall be reduced to yield the same estimated gross revenue as on the prior base. If the assessed valuation of property as finally equalized, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each county or other political subdivision shall be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value.

(b). The limitations of this section shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments on contract obligations in anticipation of which bonds are issued which were authorized prior to the effective date of this section.

Section 23. Taxpayers may bring actions for interpretations of limitations. Notwithstanding other provisions of this constitution or other law, any taxpayer of the state, county or other political subdivision shall have standing to bring suit in a circuit court of proper venue and

additionally, when the state is involved, in the Missouri supreme court, to enforce the provisions of sections 16 through 22, inclusive, of this article and, if the suit is sustained, shall receive from the applicable unit of government his costs, including reasonable attorneys' fees incurred in maintaining such suit.

Section 24. Voter approval requirements not exclusive--self-enforceability.

(a). The provisions for voter approval contained in sections 16 through 23, inclusive, of this article do not abrogate and are in addition to other provisions of the constitution requiring voter approval to incur bonded indebtedness and to authorize certain taxes.

(b). The provisions contained in sections 16 through 23, inclusive, of this article are self-enforcing; provided, however, that the general assembly may enact laws implementing such provisions which are not inconsistent with the purposes of said sections.

* The 1996 amendment added Section 18(e).

Thomas A. Schweich

Missouri State Auditor

Maries County

June 2014

Report No. 2014-040

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Maries County

Sheriff Controls and Procedures	The Sheriff's office does not prepare bank reconciliations, does not maintain book balances, and does not identify or reconcile liabilities with cash balances for any bank account. The Sheriff has not adequately segregated accounting duties, and does not conduct an adequate supervisory review of accounting records. Office personnel do not always indicate the method of payment received on receipt slips for the bond account and do not reconcile the composition of receipts to the composition of deposits. The Sheriff's office collects $100 to process applications for new concealed carry weapon permits, $38 of which is disbursed to the Missouri State Highway Patrol for a federal background check, but the Sheriff's office does not disburse the other $62 to the County Treasurer as required by state law. The Sheriff's office typically collects a fee prior to performing civil paper service and sends bills for mileage and any remaining fees once the papers have been served, but no one documents which payments have been received and no follow up is performed on unpaid amounts; therefore, the amount still owed cannot be determined. Neither the county nor the Sheriff properly solicited bids or maintained sufficient documentation for the purchase of two patrol vehicles and one truck, and the Sheriff initially overpaid for the patrol vehicles but was refunded $8,346 for each vehicle.
Sheriff Commissary Account	The Sheriff's office does not issue receipt slips for inmate monies received and does not reconcile receipts recorded on the commissary log to deposits. Monthly bank reconciliations are not performed, liabilities are not reconciled with cash balances, and no independent review of the bank statement is performed. In September 2010, the Sheriff's office received $20,000 from the Department of Justice Equitable Sharing program related to a federal asset seizure and deposited these monies into the commissary account, but state law requires the Sheriff to pay such monies into the county treasury. It appears the Sheriff's office used at least $16,300 to purchase equipment without the approval of the County Commission.
Seized Property	None of the 4 inventory logs maintained by the Sheriff's office included a complete listing of all seized property currently on hand. We selected 15 items from the inventory logs to review and could not locate 6 of the items. The Sheriff's office did not maintain a complete record of all seized property sold at the October 2012 Sheriff's sale, and 23 evidence release forms had not been signed by the Judge and/or the Prosecuting Attorney to document approval to sell the property. A similar condition was noted in our prior audit report.
Property Tax System	As noted in at least our 4 prior audit reports, neither the County Clerk nor the County Commission review the financial activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax transactions each month, and neither the County Clerk nor the County Commission performs procedures to verify the accuracy of the County Collector's annual settlements, which increases the risk of loss, theft, or misuse of property tax monies going undetected.

Prosecuting Attorney Fees	The Prosecuting Attorney's office is charging less in bad check fees than required by state law. Our review of 15 bad check fees found the Prosecuting Attorney's office collected fees totaling $230, but $575 should have been collected had state law been followed.
Officials' Salaries	Various elected officials were underpaid a total of approximately $13,500 during 2012, and it appears these officials have likely been underpaid since at least 2009. Section 50.327, RSMo, as amended in 2007, provides the minimum amount to be paid to each elected official, but county officials have been paid salaries that were set as a percentage of the base salary amounts authorized by state statute.
Capital Assets	As noted in at least our 4 prior audit reports, procedures and records to account for county property are not adequate. The county does not have adequate procedures in place to identify capital asset purchases and dispositions throughout the year, and the county's capital asset records are not complete and up to date.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Maries County

We have audited certain operations of Maries County in fulfillment of our duties under Section 29.230, RSMo. In addition, Casey-Beard-Boehmer PC, Certified Public Accountants, was engaged to audit the financial statements of Maries County for the 2 years ended December 31, 2012. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Maries County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Robyn Vogt, M.Acct., CPA
In-Charge Auditor:	Denise Huddleston, MBA
Audit Staff:	Erica Schroer, MBA
	Nicholas Schafer, MBA
	Andrew Ferguson, M.Acct.

1. Sheriff Controls and Procedures

Sheriff's office accounting procedures are not sufficient and do not provide assurance that monies collected are accounted for properly. In addition, the Sheriff's office did not solicit bids or maintain documentation to support the purchase of vehicles.

The Sheriff's office collected monies related to civil service fees, mileage, concealed carry weapon (CCW) fees, all-terrain vehicle permits, bonds, prisoner board, and other miscellaneous receipts totaling approximately $71,700 for the year ended December 31, 2012.

1.1 Bank reconciliations and liabilities

The Sheriff's office does not prepare bank reconciliations, does not maintain book balances, and does not identify or reconcile liabilities with cash balances for any of the 3 bank accounts. At December 31, 2012, the bank balances were $5,742, $3,656, and $694 in the bond, special civil, and regular bank accounts, respectively.

An office clerk indicated she reviews the bank statements to ensure all deposits and checks are included; however, formal bank reconciliations are not documented for the 3 bank accounts. Cumulative book balances are not maintained and listings of outstanding checks are not prepared. In addition, liabilities are not identified and reconciled with cash balances. Also, no review is performed to compare the bank statements to the accounting records to ensure all monies have been properly deposited and disbursed (see section 1.2).

Without maintaining a cumulative book balance and preparing monthly bank reconciliations, there is little assurance cash receipts and disbursements have been properly handled and recorded. In addition, bank and book errors may not be detected and corrected in a timely manner. Without regular identification and comparison of liabilities to the reconciled cash balance, there is less likelihood errors will be identified and the ability to both identify liabilities and resolve errors is diminished.

1.2 Segregation of duties and supervisory review

The Sheriff has not adequately segregated accounting duties and an adequate supervisory review of the accounting records is not performed. One office clerk is primarily responsible for receipting, recording, and disbursing monies for the bond, special civil, and regular bank accounts. A second office clerk is responsible for the billing and collection of payments for boarding prisoners. The Sheriff does not oversee accounting duties or perform adequate supervisory reviews of accounting records. In addition, while the duties of the two office clerks do not overlap, these office clerks have a mother-daughter relationship. Because of this relationship and lack of segregation and oversight, there is greater risk in this area.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of

duties cannot be achieved, the Sheriff should implement a documented independent or supervisory review of the records.

1.3 Method of payment

Receipt slips for the bond account do not always indicate the method of payment received, and the composition of receipts is not reconciled to the composition of deposits.

To ensure all monies are accounted for and deposited properly, the method of payment should be recorded on all receipt slips, and the composition of receipts should be reconciled to the composition of deposits.

1.4 New concealed carry weapon fees

The Sheriff's office has not disbursed fees collected for processing new CCW applications in accordance with state law. The Sheriff's office collects $100 to process applications for new CCW permits. Of the $100 collected, $38 is disbursed to the Missouri State Highway Patrol for a federal background check, and the remaining $62 should be disbursed to the County Treasurer. However, disbursements to the County Treasurer have not occurred since April 2011. The office clerk responsible for CCW permits took over these duties in April 2011 and did not know how the monies were to be disbursed. Fees for new CCW permits are deposited into the bond account. Because a listing of liabilities is not maintained for this account, the amount of CCW monies not properly disbursed is unknown.

Section 571.101, RSMo, allows the Sheriff to charge a non-refundable fee of up to $100 for processing an initial CCW application, with that fee to be paid to the treasury of the county to the credit of the Sheriff's Revolving Fund.

To adequately account for collections and reduce the risk of loss, theft, or misuse of funds, the $62 portion of each CCW application fee should be disbursed to the County Treasurer monthly. In addition, the Sheriff's office should review the balance of the bond account to ensure all CCW fees are properly disbursed.

1.5 Civil paper service fees

The Sheriff does not have proper controls to follow up and ensure the timely collection of amounts billed for civil paper service fees. The Sheriff's office collected approximately $11,300 in civil paper service fees and mileage for the year ended December 31, 2012.

The Sheriff's office typically collects a fee prior to performing the civil paper service, and sends a bill for mileage and any remaining fees once the papers have been served. Records of civil papers served and fees assessed are maintained on fee sheets and receipt ledgers. The Sheriff's office personnel indicate on these documents the amount initially paid and the remaining amount to be collected or refunded. However, no one writes "paid" next to billed amounts for which payment has been received and no

follow up is performed on unpaid amounts. As a result, an accurate accounts receivable balance cannot be determined.

To ensure amounts owed are collected on a timely basis, the Sheriff should maintain accurate and complete records of civil paper service fees and properly follow up on all unpaid amounts.

1.6 Bidding

Neither the county nor the Sheriff properly solicited bids or maintained sufficient documentation for the purchase of two patrol vehicles and one truck, totaling $91,716, in 2011. These vehicles were purchased through a lease-purchase agreement. The Sheriff stated he used state contracts to purchase the vehicles, but he was unable to provide documentation to support the state contracts used. In addition, neither the County Clerk's office nor the Sheriff's office had invoices for the vehicle purchases. At our request, invoices were obtained from the bank and the vendors.

The amount initially paid through the lease-purchase agreement for the two patrol vehicles did not agree to each vehicle's actual purchase price. The two patrol vehicles were initially purchased at a price of $33,215 for each vehicle. This amount was the price shown on the order confirmation the Sheriff received; however, the invoices obtained from the vendor reported a purchase price of $24,869 for each vehicle. Bank officials had requested the invoices after the lease-purchase agreement was signed and identified the invoice prices differed from the lease-purchase amount. In June 2011, the vendor refunded the $8,346 price difference for each vehicle to the Sheriff's office and the Sheriff used the monies to reduce the lease-purchase agreement balance. Had the Sheriff obtained invoices following the vehicle purchases and compared the invoices with the amount to be paid through the lease-purchase agreement, this discrepancy would have been avoided.

Section 50.660, RSMo, provides bidding requirements. Routine use of a competitive procurement process for major purchases ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Consideration of purchasing options, such as local procurement or the use of state contracts, and the evaluation of various proposals, selection process, and criteria should be clearly documented to demonstrate compliance with applicable laws or regulations and to support decisions made. In addition, to ensure the validity and propriety of all purchases, sufficient documentation, such as invoices, should be maintained.

Similar conditions previously reported

A similar condition to section 1.1 was noted in at least our four prior audit reports and a similar condition to section 1.3 was noted in our prior audit report.

Recommendations

The Sheriff:

1.1 Maintain records of account balances, prepare monthly bank reconciliations, and reconcile to lists of liabilities.

1.2 Adequately segregate accounting duties or ensure supervisory reviews of accounting records are properly performed and documented.

1.3 Indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of deposits. Any differences should be promptly investigated and resolved.

1.4 Review the balance of the bond account and ensure accumulated CCW fees as well as future fees collected are disbursed to the County Treasurer for deposit into the Sheriff's Revolving Fund.

1.5 Develop procedures to track, monitor, and pursue collection of civil paper service fees.

1.6 Work with the County Commission to ensure the use of a competitive procurement process for all major purchases and maintain adequate documentation to support decisions made and items purchased.

Auditee's Response

The Sheriff provided the following written responses:

1.1 The clerk is being removed from that position and new support staff will be trained. We will maintain account balances, prepare monthly bank reconciliations, and reconcile to liabilities.

1.2 The Sheriff's office cannot afford to hire another clerk to handle most accounting transactions so the duties cannot be segregated. However, another supervisor will perform a detailed review of the books monthly. I will also continue to perform random checks.

1.3 The method of payment will be recorded by any person receiving funds and a reconciliation to the composition of deposits will be performed at the time the deposit is prepared.

1.4 CCW fees have been turned over to the County Treasurer, and will continue to be done by the new clerk.

1.5 The new clerk will be tracking, monitoring, and pursing collection of civil paper service fees in a more timely manner, and will document such.

1.6 The Sheriff's office will purchase items on a state bid or use a competitive procurement process for major purchases.

The County Commission and the County Clerk provided the following written response:

1.6 The County Commission will set up a policy with the County Sheriff that all items be properly bid and copies be filed with the County Clerk.

2. Sheriff Commissary Account

Accounting procedures and practices for the Sheriff's commissary account, which maintains inmate monies and federal seizure proceeds, need improvement. Deposits for the commissary account totaled approximately $2,100 for the year ended December 31, 2012.

2.1 Receipt procedures and account reconciliation

Procedures for receipting and recording inmate monies are not sufficient. In addition, bank reconciliations are not performed and liabilities are not reconciled with cash balances. As a result, we were unable to ensure all monies are accounted for properly.

The Sheriff's office does not issue receipt slips for inmate monies received and receipts recorded on the commissary log are not reconciled to deposits. As a result, we could not ensure all monies recorded on the log had been deposited. In addition, the Sheriff's office does not prepare a monthly bank reconciliation and does not identify or reconcile liabilities, such as inmate balances and commissary profits, with cash balances of the commissary bank account. An independent review of the bank statement is also not performed. At December 17, 2012, the bank balance of the commissary account was $2,691. Also, records of commissary profits are not maintained. The profits earned on sales to inmates appear to be retained in the commissary bank account.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, the Sheriff should issue pre-numbered receipt slips for all monies received and reconcile the composition of receipts with the composition of deposits. In addition, monthly bank reconciliations should be prepared, and liabilities should be identified and reconciled to cash balances to ensure sufficient cash is available for the payment of all amounts due and all monies in the bank account can be identified. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed. Also, Section 221.102, RSMo (effective August 28, 2013), requires commissary profits to be deposited into the county Inmate Prisoner Detainee Security Fund.

2.2 Federal seizure proceeds

Purchases made with federal seizure proceeds were not approved by the County Commission and were not handled through the normal county procurement and budget process. In September 2010, the Sheriff's office received $20,000 in proceeds from the Department of Justice Equitable Sharing program related to a federal asset seizure and deposited these monies into the commissary account. Our review noted these monies appear to have been used towards the purchase of at least $16,300 in equipment for the Sheriff's office. No records are maintained to identify the amount of federal seizure proceeds, if any, remaining in the commissary account.

There is no statutory authority allowing the Sheriff to hold county monies outside the county treasury. Section 50.370, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such monies to the County Treasurer. In addition, Attorney General's Opinion No. 45, 1992 to Henderson, states sheriffs are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury. Also, accounting for federal seizures is important to ensure compliance with reporting requirements of Section 513.653, RSMo, and federal guidelines regarding allowable uses, record keeping, and reporting.

Recommendations

The Sheriff:

2.1 Ensure pre-numbered receipt slips are issued for all commissary receipts, and the composition of receipts is reconciled to the composition of deposits. In addition, the Sheriff should ensure a monthly bank reconciliation and listing of liabilities are prepared for the commissary account, compare liabilities to available cash balances, and promptly investigate and resolve any differences. Also, the Sheriff should ensure existing and future commissary profits are turned over to the County Treasurer to be deposited to the Inmate Prisoner Detainee Security Fund.

2.2 Disburse any remaining federal seizure proceeds to the County Treasurer and ensure all future purchases are made through the normal county procurement process.

Auditee's Response

The Sheriff provided the following written responses:

2.1 Receipt slips will be issued and reconciled. Monthly bank reconciliations and listings of liabilities will be prepared and reconciled. Commissary profits will be turned over to the County Treasurer.

2.2 All remaining federal seizure proceeds in this account will be turned over to the County Treasurer.

3. Seized Property

Seized property inventory records are not complete and accurate and a periodic inventory of all seized property is not performed. The Sheriff's office maintained 4 different inventory logs that identified seized property; however, none of the logs included a complete listing of all seized property currently on hand. In addition, none of the logs included property seized during the period of December 11, 2012, through February 4, 2013. The Sheriff and the office clerk were unable to confirm if any property was seized during that time period.

We selected 15 items from the inventory logs to review and could not locate 6 items. The Sheriff indicated 2 items had been disposed of, however, the approval of the dispositions did not appear to be documented and the dispositions had not been recorded on the logs. The Sheriff indicated the other 4 items had been sent to a laboratory for testing; however, no documentation could be provided supporting this property move had occurred.

In addition, a complete record of all seized property sold at the Sheriff's sale in October 2012 was not maintained; therefore, we could not reconcile the property sold with any of the inventory logs or the evidence release forms. We also noted 23 evidence release forms for seized property sold had not been signed by the Judge and/or the Prosecuting Attorney to document approval to sell the property. The Sheriff stated he had received signed release forms for all seized property items sold; however, approved forms for all items could not be provided. The Sheriff's office received $10,355 in proceeds from the sale of seized property.

Considering the often sensitive nature of seized property, accurate and complete inventory records of all seized property items, including information such as description, current location, case number, date of seizure, and disposition of such property, are necessary to ensure all items are accounted for properly. Section 542.301, RSMo, provides guidance for the disposition of unclaimed seized property. Proper disposal of such items would eliminate the significant risks of unauthorized access, use, or theft. Furthermore, adequate documentation should be maintained to support the chain of custody and release of seized property. Also, periodic inventories should be performed and compared to the inventory records of seized property to ensure seized property is accounted for properly.

A similar condition was noted in our prior audit report.

Recommendation

The Sheriff maintain complete and accurate seized property inventory records. Documentation of all seized property dispositions, by sales or other means, should be maintained and the approval for all dispositions should be documented and retained. In addition, the Sheriff should perform a periodic

inventory of seized property, compare it to the seized property inventory records, and investigate any differences.

Auditee's Response

The Sheriff provided the following written response:

The seized property will continue to be logged and an inventory kept. All dispositions will be properly documented and an annual physical inventory will be conducted. The Sheriff's office evidence room was completely full of evidence from previous administrations, and is now in an organized fashion. There have been no items of evidence that have been lost or misplaced.

4. Property Tax System

As noted in at least our 4 prior audit reports, neither the County Clerk nor the County Commission review the financial activities of the County Collector, who processed property tax monies of approximately $5.5 million during the year ended February 28, 2013. The County Clerk does not maintain an account book or other records summarizing property tax transactions each month, such as the total charges, additions, abatements, or delinquent credits. In addition, the County Clerk and the County Commission do not perform procedures to verify the accuracy of the County Collector's annual settlements. As a result, there is an increased risk of loss, theft, or misuse of property tax monies going undetected.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records that summarize all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector are complete and accurate and could also be used by the County Clerk and the County Commission to verify the County Collector's annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

Recommendation

The County Clerk maintain an account book with the County Collector. In addition, the County Clerk and the County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.

Auditee's Response

The County Commission and the County Clerk provided the following written response:

Implementing. The County Clerk now has a spreadsheet to maintain an account book with the County Collector. The County Commission will review the spreadsheet and compare with the County Collector's annual settlements.

5. Prosecuting Attorney Fees

Bad check fees collected by the Prosecuting Attorney's office are not in compliance with state law. Section 570.120, RSMo, requires a fee to be charged on each bad check handled by the Prosecuting Attorney. The fee, based on the amount of the bad check, is turned over to the County Treasurer and deposited to the Prosecuting Attorney Bad Check Fund. The Prosecuting Attorney collected bad check fees totaling approximately $2,500 for the year ended December 31, 2012.

Our review of 15 bad check fees noted the Prosecuting Attorney's office collected fees totaling $230; however, had the fees been charged in accordance with state law, a total of $575 should have been collected. The Prosecuting Attorney indicated she developed a schedule to collect fees using the fees allowed by Section 570.120, RSMo, as a guide, but charged fees less than the amounts authorized by state law.

Recommendation

The Prosecuting Attorney ensure bad check fees comply with state law.

Auditee's Response

The Prosecuting Attorney provided the following response:

I was using an old statute that was changed in 2006. Bad check fees have been charged in accordance with state law since this was brought to my attention. The merchant fees were correct.

6. Officials' Salaries

Salaries paid to most Maries County elected officials during 2012 were not in compliance with state law. In addition, since at least 2009, county officials have been paid salaries that were set as a percentage of the base salary amounts authorized by state statute. For 2012, salaries paid to all county officials, with the exception of the Public Administrator, were set at approximately 96 percent of authorized amounts. However, Section 50.327, RSMo, as amended in 2007, revised requirements regarding base salaries and now provides the minimum amount to be paid to each elected official. The County Commissioners indicated they were not aware of the statutory change affecting base salaries. As a result, by not paying the base salary, the various elected officials were underpaid approximately $13,500 during 2012.

Various state statutes include salary schedules that, according to Section 50.327, RSMo, are to be used as base schedules for those county officials. The County Commission should consult with legal counsel and review salaries paid to elected officials to ensure amounts comply with state law and to evaluate if amounts are owed to officials for any underpaid salaries since 2009.

Recommendation

The County Commission review salaries paid to elected officials since 2009 with legal counsel to ensure amounts comply with state law and to evaluate if any amounts are owed to officials for underpaid salaries.

Auditee's Response

The County Commission and the County Clerk provided the following written response:

Implemented. All elected officials are currently at 100 percent of their base salary, as of July 2013. The County Commission discussed the matter with legal counsel and all back pay has been paid.

7. Capital Assets

As noted in at least our 4 prior audit reports, procedures and records to account for county property are not adequate. In addition, the county does not have adequate procedures in place to identify capital asset purchases and dispositions throughout the year. As a result, the county's capital asset records are not complete and up to date. In 2012, the County Clerk sent a request to all county officials to conduct an annual inventory and submit an inventory report to the County Clerk's office by October 10th in accordance with state law. However, not all officials have conducted the required annual inventory and inventory reports were not prepared by the County Clerk's office, the Sheriff's office, and the Road and Bridge departments.

Adequate capital asset records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Procedures to track capital asset purchases and dispositions throughout the year and compare to physical inventory results would enhance the county's ability to account for capital assets and potentially identify unrecorded additions and dispositions, identify obsolete assets and deter and detect theft of assets. Section 49.093, RSMo, provides that the officer or the officer's designee of each county department is responsible for performing annual inspections and inventories of county property used by the officer's department and for submitting an inventory report to the County Clerk.

Recommendation

The County Commission and the County Clerk work with other county officials to ensure complete and accurate inventory records are maintained and annual physical inventories are conducted, and implement procedures for tracking capital asset purchases and dispositions throughout the year.

Auditee's Response

The County Commission and the County Clerk provided the following written response:

Implementing. The County Clerk now has a program in place to maintain and track capital asset purchases and dispositions. Annual physical inventories will be conducted.

Maries County
Organization and Statistical Information

Maries County is a county-organized, third-class county. The county seat is Vienna.

Maries County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 34 full-time employees and 18 part-time employees on December 31, 2012.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2013	2012
Ray Schwartze, Presiding Commissioner	$	25,963
Ed Fagre, Associate Commissioner		24,045
Douglas Drewel, Associate Commissioner		24,045
Mark Buschmann, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Rhonda Brewer, County Clerk		36,432
Terry D. Schwartze, Prosecuting Attorney		43,143
Harold Chris Heitman, Sheriff		40,267
Rhonda Slone, County Treasurer		36,432
David H. Martin, County Coroner		10,546
Eugene J. Meyer, Public Administrator		27,879
Jayne Helton, County Collector (2), year ended February 28,	37,180	
Judy (Logan) Honse, County Assessor, year ended August 31,		36,432

(1) Compensation is paid by the state.

(2) Includes $748 of commissions earned for collecting city property taxes.

Financing Arrangements

The county has entered into 4 lease-purchase agreements for road and bridge equipment (including a brush cutter, truck, and motor graders). Principal and interest payments are made from the Road and Bridge funds. The final payment for the lease-purchases is scheduled to occur in 2017. The remaining principal and interest due on the lease-purchase agreements at December 31, 2012, was $850,276.

The county has entered into a lease-purchase agreement for vehicles and computer equipment for the Sheriff's office. Principal and interest payments are made from the Citizens Safety Fund. The final payment for the lease-purchase is scheduled to occur in 2020. The remaining principal and interest due on the lease-purchase agreement at December 31, 2012, was $133,811.

The county has entered into a lease-purchase agreement for computer equipment and software for the County Clerk's office. Principal and interest payments are made from the General Revenue Fund. The final payment for the lease-purchase is scheduled to occur in 2019. The remaining principal and interest due on the lease-purchase agreement at December 31, 2012, was $35,802.

Thomas A. Schweich

Missouri State Auditor

Fifth Judicial Circuit

Buchanan County

June 2014

Report No. 2014-041

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Fifth Judicial Circuit, Buchanan County

Accounting Controls and Procedures

The Circuit Clerk has not adequately segregated accounting duties or limited user access rights in the Justice Information System (JIS), and adequate supervisory reviews of accounting records are not performed. The Circuit Clerk does not ensure monies and related filings are timely processed. Our cash count found 845 checks and money orders totaling $53,582, some which had been on hand for more than 3 weeks and 12 of which were not restrictively endorsed. In addition, we found $83 in a safe that had not been receipted or entered in the JIS, and court personnel did not know the proper disposition of these monies. The Circuit Clerk has not established a mail log to record receipts received in the mail.

Neither the Circuit Clerk nor supervisors review non-monetary, voided and adjusting transactions in the JIS, and supporting documentation for these transaction types is not always adequate. The Circuit Clerk and the 30 court employees have the ability to enter non-monetary transactions and adjust costs in the JIS. The Circuit Clerk and 3 court employees are able to void receipt transactions in the JIS, all 3 of whom use the same password which has not been changed for several years. In addition, documentation was not prepared or retained for some of these transactions. For example, we identified a $600 payment was receipted, then voided, then subsequently receipted for $340 without explanatory documentation.

The Circuit Clerk has not disbursed garnishments within the 10 day holding period as established by Supreme Court Rule. As of July 31, 2013, the court was holding approximately $290,000 in garnishment monies due to garnishors. The Circuit Clerk has not developed adequate procedures to follow up on outstanding checks, and 117 checks, totaling $23,180, had been outstanding for over a year, with 68 of them outstanding for more than 2 years. The Circuit Clerk does not review accrued case costs owed to the court, as required by the court's formal plan for debt, and total accrued costs as of July 15, 2013, were approximately $18.8 million. The court does not properly safeguard or limit access to case files, the Circuit Clerk's signature stamp, blank checks, and unprocessed receipts, which increases the risk of loss, theft, or misuse of funds.

Law Library

The court spent $32,000 during calendar year 2012 for law library publications, subscriptions, equipment and other material, but court personnel do not maintain an inventory list of law library materials and had no documentation that physical inventories were performed.

Juvenile Office Receipts

Subsequent to our fieldwork being completed, the Chief Juvenile Officer reviewed all manual receipt slips issued between January 4, 2012, and September 6, 2013, and determined 37 receipts, totaling $1,330, are unaccounted for and had not been transmitted to the County Treasurer for deposit. Local authorities investigated, but insufficient evidence existed to prosecute anyone. Personnel changes were made and the Juvenile office no longer accepts payments.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Fifth Judicial Circuit
Buchanan County
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge and Court en Banc
and
Circuit Clerk of the
Fifth Judicial Circuit
Buchanan County, Missouri

We have audited certain operations of the Fifth Judicial Circuit, Buchanan County, in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the court's internal controls over significant financial functions.

2. Evaluate the court's compliance with certain legal provisions and court rules.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the court, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the court's management, the Office of State Courts Administrator, and Buchanan County and was not subjected to the procedures applied in our audit of the court.

For the areas audited, we identified (1) deficiencies in internal controls, and (2) noncompliance with a legal provision and court rules. The accompanying Management Advisory Report presents our findings arising from our audit of the Fifth Judicial Circuit, Buchanan County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Amanda Locke, M.Acct.
Audit Staff:	Andrew Behrens

1. Accounting Controls and Procedures

Significant weaknesses were identified with accounting controls and procedures.

According to court records, receipts collected during the year ended December 31, 2012, totaled approximately $5.6 million. Fines and court costs are collected; recorded in the Justice Information System (JIS), the Missouri Courts automated case management system; and deposited into the Circuit Clerk's general bank account by personnel of the Consolidated Circuit Court offices.

1.1 Segregation of duties and supervisory review

The Circuit Clerk has not adequately segregated accounting duties or limited user access rights in the JIS, and adequate supervisory reviews of accounting records are not performed. The Circuit Clerk and 30 court employees have the ability to assess fees, receipt monies, post non-monetary transactions, and adjust costs in the JIS. In addition, the Circuit Clerk and 5 of these court employees have the ability to prepare deposits and disbursements; of the 5 employees, 3 can void transactions and 1 prepares the bank reconciliation. As a result, there are instances where the Circuit Clerk and some other court employees could be responsible for transactions from initial receipt to disbursement without involvement from other court employees. Neither the Circuit Clerk nor other personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by court employees to ensure transactions are appropriate.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties to the extent possible and limiting user access rights in the JIS.

1.2 Receipt processing procedures

The Circuit Clerk has not ensured monies and related filings received are processed in a timely manner. The court had not issued receipt slips or recorded 845 checks and money orders, totaling $53,582, in the JIS for monies on hand during a cash count conducted during July 15 through July 17, 2013. These monies were comprised of receipts for garnishment applications, garnished wages, new court filings, and interrogatories. Some of these checks or money orders had been on hand for more than 3 weeks, and many of these checks or money orders were attached to unprocessed garnishment and new court filing applications. Of the checks and money orders made payable to the Circuit Clerk, we identified 12 checks had not been restrictively endorsed at the time of our cash count.

A significant portion of these unprocessed receipts and related paperwork related to service fees for garnishment applications and new court filings. Many of the payments associated with these applications were made

payable to the Buchanan County Sheriff or other county Sheriffs. The court is not entering these checks or money orders into the JIS system as non-monetary receipts, as recommended in the Office of State Courts Administrator (OSCA) Court Clerk procedure handbook, prior to forwarding them, along with the application, to the applicable payee. In addition, during our cash count, $83 was found in a safe that not been receipted or entered in the JIS, and court personnel did not know the proper disposition of these monies.

The Circuit Clerk and court personnel indicated staffing levels are not sufficient to meet workload demands and as a result, monies and respective paperwork received are not processed timely. Processing receipts and related paperwork timely; posting all receipts to the JIS when received; and restrictively endorsing checks immediately upon receipt helps reduce the risk of loss, theft, or misuse of funds.

1.3 Mail log

The Circuit Clerk has not established procedures to record mail receipts immediately upon receipt. Monies received in the mail are not recorded on a mail log. A clerk initially opens and delivers the mail to various clerks; however, that individual does not record the payments received. Instead, various clerks record and process these monies.

To reduce the risk of loss, theft, or misuse of funds, an initial record of monies received combined with procedures to reconcile these monies to the JIS and deposit records is necessary.

1.4 Non-monetary, voided, and adjusting transactions

Neither the Circuit Clerk nor supervisors review non-monetary, voided, and adjusting transactions in the JIS, and supporting documentation for these transaction types is not always adequate. Non-monetary transactions and case fee adjustments recorded during the year ended December 31, 2012, totaled approximately $4.6 million and $650,000, respectively.

Adjusting and non-monetary transactions, including judicial orders, garnishment payouts, and application of bonds, are transactions where no monies are received; however, a credit is applied or the amount due is changed. The Circuit Clerk and the 30 court employees have the ability to enter non-monetary transactions, and adjust costs in the JIS. In addition, the Circuit Clerk and 3 court employees are able to void receipt transactions in the JIS. These individuals use the same password to void receipt transactions in the JIS and the password has not been changed for several years.

Non-monetary, voided, and adjusting transactions should be supported by documentation or a judicial order. However, documentation was not prepared or retained for some of these transactions. For example, we identified a $600 payment was receipted and voided on December 14, 2012,

and then subsequently receipted for $340. No documentation could be provided to support the reason for these changes.

To ensure all non-monetary, voided, and adjusting transactions are valid and to reduce the risk of loss, theft, or misuse of funds, proper documentation should be maintained and someone independent of receipting and recording function should review and approve these transactions.

1.5 Garnishment disbursements

The Circuit Clerk has not disbursed garnishments in a timely manner. The court's procedure is to disburse the garnishment receipts after the garnishment period (ranging from 30 to 180 days) ends, rather than within the 10-day holding period as established by Supreme Court rule. As of December 31, 2012, the court was holding approximately $330,000 in garnishment monies due to garnishors, most of which had been held more than 10 days. As of July 31, 2013, the court was still holding approximately $290,000 in garnishment monies.

Supreme Court Rule 90.11 states garnishments paid shall be disbursed to the garnishor by the clerk, less costs, within 10 days and without an order of the court if the garnishee has not requested an allowance under Rule 90.12(a). Procedures should be established to ensure disbursement of garnishment payments are timely and in accordance with the Supreme Court rule.

1.6 Outstanding checks

The Circuit Clerk has not developed adequate procedures to follow up on outstanding checks. As of July 31, 2013, JIS records indicate 117 checks, totaling $23,180, had been outstanding for over a year. Sixty-eight of these checks have been outstanding for more than 2 years.

To properly monitor disbursements and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law, procedures should be established to routinely investigate outstanding checks.

1.7 Accrued case costs

The Circuit Clerk does not review accrued case costs owed to the court (court costs, incarceration costs, court-ordered restitution, and fines), as required by the court's formal plan for debt. Total accrued costs as of July 15, 2013, were approximately $18.8 million. We requested the court provide a listing of cases showing accrued case costs over 5 years old and this listing totaled approximately $7.8 million as of August 8, 2013. The court adopted a formal Administrative Plan for Collections of Court Debt, as required by Court Operating Rule 21.11. This plan calls for the court to review accounts receivable reports (accrued case costs) from the JIS and the debt collection vendor at least every 120 days and determine if any accounts should be deemed to be uncollectible and written off by court order. The court has not reviewed the required reports and thus, has not deemed any accounts to be uncollectible.

To ensure the accuracy of the accrued case costs, and to provide the Judge and Circuit Clerk with the necessary information to make a determination about collectability, accrued case costs should be reviewed at least every 120 days in compliance with the court's administrative plan.

1.8 Safeguarding assets

The court does not properly safeguard or limit access to case files, the Circuit Clerk's signature stamp, blank checks, and unprocessed receipts. Case files are maintained in boxes located on the floor in a hallway and easily accessible to the public. Blank checks and the signature stamp are both maintained in areas accessible to multiple employees, some of which do not need these items to perform their job duties. In addition, employees who use the signature stamp do not initial to indicate use nor is there any review of the documents stamped. The majority of unprocessed receipts and related paperwork discussed in section 1.2 were lying on desks throughout the office and accessible to anyone with access to the office.

Without adequate safeguards over records and other property, there is the increased risk of inappropriate access and disclosure of confidential information. To reduce the risk of loss, theft, or misuse of funds, the signature stamp, blank checks, and unprocessed receipts should be adequately safeguarded and proper controls established over use of the signature stamp.

Recommendations

The Circuit Clerk:

1.1 Segregate accounting duties, limit user access rights in the JIS to only those necessary for the user to perform job duties, and implement appropriate reviews and monitoring procedures.

1.2 Record and process all receipts and related paperwork timely and restrictively endorse all receipts immediately upon receipt. In addition, comply with OSCA guidance to record garnishments in the JIS timely.

1.3 Require preparation of an initial record of monies received by mail and reconcile it to the JIS.

1.4 Ensure adequate documentation is maintained to support all non-monetary, voided and adjusting transactions, and ensure an independent review and approval of these transactions is performed and documented.

1.5 Establish procedures to ensure garnishment payments are disbursed timely and in accordance with the Supreme Court rule.

1.6 Develop procedures to routinely follow up on outstanding checks and reissue them if necessary or dispose of these monies in accordance with state law.

1.7 Develop procedures to review accrued costs and uncollectible accounts at least every 120 days in compliance with the court's administrative plan. In addition, the Circuit Clerk should ensure any accounts written off are approved by the Judge with a court order as documentation.

1.8 Ensure court records, property, and monies are properly secured and safeguarded and controls are established over the signature stamp.

Auditee's Response

The Circuit Clerk provided the following responses:

1.1 While many of the employees have access rights to perform certain functions, only myself and three other supervisors have the password and training necessary to adjust costs in the system. I will review access rights for employees and consider segregating duties to the extent possible. I have already initiated a procedure to ensure a supervisor reviews all non-monetary transactions.

1.2 Garnishment and new filing applications are completely caught up and are now being entered into the system the same day received. Checks and money orders are now being restrictively endorsed upon receipt. Effective May 19, 2014, the court will implement e-filing which will significantly reduce the amount of paperwork processed by my office. In addition, we identified the payor of the $83 found in the safe and these monies have been properly returned.

1.3 I will do my best to implement this recommendation.

1.4& 1.6 This recommendation has been implemented.

1.5 This recommendation has been implemented. Garnishments are now paid out timely.

1.8 The case files stored in the hallway have been moved to a secure location and now that we are caught up on processing garnishment applications and new filings, unprocessed monies are no longer in the offices. I have also established controls over the signature stamp.

The Presiding Circuit Judge provided the following written response:

1.7 The Court en Banc met twice in March 2014 to discuss and approve changes to the Court's Administrative Plan for Collection of Court Debt. On March 28, 2014, a First Amended Administrative Plan for Collection of Court Debt was adopted by the Court en Banc. The changes to the Court's Administrative Plan will facilitate the judges being more effective in monitoring and collecting the outstanding debt that each judge determines to be collectible. The amended plan provides that accrued outstanding court costs on cases will be reviewed annually by the Court en Banc. In addition, the Court en Banc in its March 28, 2014, meeting identified a significant number of older cases for which the court costs were deemed to be uncollectible and entered orders to have those amounts written off by the Circuit Clerk.

2. Law Library

Court personnel do not maintain an inventory list of law library materials and could provide no documentation to show that physical inventories of law library materials were performed. Court personnel indicated expenditures for law library publications, subscriptions, equipment, and other materials totaled approximately $32,000 during the year ended December 31, 2012.

The law library, which includes legal publications and technical equipment kept in the library, is maintained for use by court personnel and the community. Physical inventories of law library materials, and reconciliation of those inventories to the inventory records, are necessary to ensure inventory records are accurate, identify unrecorded additions and dispositions, detect and deter theft of assets, and identify obsolete materials.

Recommendation

The Court en Banc and the Circuit Clerk ensure periodic physical inventories of law library materials are performed, reconciled to inventory records, and documented.

Auditee's Response

The Presiding Circuit Judge provided the following written response:

The Court en Banc has adopted procedures for an administrative assistant to prepare a listing of all library materials as they are received. A physical inventory of all library materials will be performed annually in February.

3. Juvenile Office Receipts

In September 2013, subsequent to our audit fieldwork completion, the Chief Juvenile Officer performed a review of manual receipts slips and identified $1,330 in unaccounted for monies. The Presiding Circuit Judge notified the State Auditor's office of the results of this review and subsequent actions taken by court and county personnel.

The Chief Juvenile Officer's review included all 167 manual receipts issued between January 4, 2012, and September 6, 2013. The review determined 37 manual receipts, totaling $1,330, representing payments from juveniles for various classes and substance abuse testing are unaccounted for and had not been transmitted to the County Treasurer for deposit. Multiple employees in the Juvenile office issued manual receipt slips during the period of this review and had access to cash receipts, and there were no procedures in place to verify manual receipts were entered into the accounting system and properly transmitted to the County Treasurer.

The results of the review were turned over to local authorities who conducted an investigation, but insufficient evidence existed to prosecute anyone. Personnel changes were made and the Juvenile office no longer accepts payments.

Fifth Judicial Circuit
Buchanan County
Organization and Statistical Information

The Fifth Judicial Circuit consists of Buchanan County as well as Andrew County.

The Fifth Judicial Circuit consists of four circuit judges and three associate circuit judges. The four circuit judges and two of the associate circuit judges are located in Buchanan County but may assist on cases in Andrew County. These judges preside over Divisions I, II, III, IV, V, and VI. The other associate circuit judge is located in Andrew County. Circuit personnel located in Andrew County are not included in the scope of this audit.

Personnel

At December 31, 2012, the judges, Circuit Clerk, and Juvenile Officer of the Fifth Judicial Circuit, Buchanan County, were as follows:

Title	Name
Circuit Judge, Division I	Randall R. Jackson
Circuit Judge, Division II	Weldon C. Judah
Circuit Judge, Division III	Patrick K. Robb
Circuit Judge, Division IV	Daniel F. Kellogg
Associate Circuit Judge, Division V	Keith Marquart
Associate Circuit Judge, Division VI	Ronald E. Taylor
Circuit Clerk	Mary Beattie
Juvenile Officer	Linda Meyer

Financial Information

Receipts of the Fifth Judicial Circuit, Buchanan County, were as follows:

	Year Ended December 31, 2012
Court deposits, fee, bonds, and other	$5,589,579
Child support	59,789
Interest Income	1,244
Total	$5,650,612

Caseload Information

From the Office of State Courts Administrator Missouri Judicial Reports, case filings of the Fifth Judicial Circuit, Buchanan County, were as follows:

	Year Ended June 30, 2012
Civil	6,038
Criminal	5,918
Juvenile	451
Probate	1,627
Total	14,034

Thomas A. Schweich

Missouri State Auditor

Compilation of 2013 Federal Forfeiture Reports

June 2014

No. 2014-042

http://auditor.mo.gov

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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
Jefferson City, Missouri

Section 513.653.1, RSMo, requires law enforcement agencies involved in using the federal forfeiture system under federal law to file a report regarding federal seizures and the proceeds therefrom to the Department of Public Safety and the State Auditor's office. Although Section 513.653.1, RSMo, only requires my office to receive these reports, my office has compiled the information presented to us by law enforcement agencies. The compilation is limited to presenting information that is submitted. We have not audited the reports submitted and, accordingly, do not express an opinion or any other form of assurance on them, including whether or not an agency is in compliance with the statute. The primary objectives of this compilation were to:

1. Identify those law enforcement agencies that submitted federal forfeiture reports; and

2. Summarize the information reported.

Conclusions regarding compliance cannot be made regarding the law enforcement agencies that did not file a report, but results suggest the majority of law enforcement agencies did not use the federal forfeiture system during 2013.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
In-Charge Auditor:	Becky Webb, CPA, CFE
Audit Staff:	Dana Wansing, MPA

Compilation of 2013 Federal Forfeiture Reports
Executive Summary

Law Enforcement Agencies Required to Submit a Federal Forfeiture Report to the State Auditor's office

Section 513.653.1, RSMo, requires law enforcement agencies involved in using the federal forfeiture system under federal law to annually file a report regarding federal seizures and the proceeds received therefrom with the Department of Public Safety (DPS) and the State Auditor's office (SAO).

The DPS compiled a list of law enforcement agencies using information from the Peace Officer Standards and Training (POST) program and the Justice Assistance Grants (JAG) distribution lists, and notified the law enforcement agencies of the requirement to submit reports if the agencies participated in the federal forfeiture system. The notification also included the federal forfeiture report form developed by the DPS. According to DPS personnel, the list does not represent a complete list of all law enforcement agencies, but includes all law enforcement agencies receiving funding from the DPS. Of the 690 law enforcement agencies on the list, 3 cities responded they no longer have a police department (see Appendix B). Thus, these 3 entities are not included in the reporting status, leaving 687 law enforcement agencies as the total possible reports. The following table summarizes the 2013 reporting.

Reporting Status	Number	Percentage
Agencies reporting participation (Appendix A)	137	19.94 %
Agencies reporting no participation (Appendix B)	198	28.82
Number of agencies reporting	335	48.76
Number of agencies that did not report	352	51.24
Total Possible Reports	687	100.00 %

The majority of law enforcement agencies on the list did not respond and were not required to respond if they did not participate in the federal forfeiture system. The other 335 agencies submitted a report indicating their agency either did not participate in the federal forfeiture system or did participate and provided applicable reporting data.

Law Enforcement Agencies Not Reporting

A total of 352 law enforcement agencies did not file a 2013 federal forfeiture report. Seven of these law enforcement agencies reported a December 31, 2012, fund balance on their 2012 federal forfeiture report, and are listed below.

Cameron Police Department
Eureka Police Department
Hickory County Sheriff's Department
Jefferson County Municipal Enforcement Group (JCMEG)
Normandy Police Department
Park Hills Police Department
Webster Groves Police Department

Conclusions regarding compliance cannot be made for non-reporting law enforcement agencies. This compilation work is not an audit and as such, no verification was performed as to whether these agencies did or did not participate in the federal forfeiture system.

Appendix A
Compilation of 2013 Federal Forfeiture Reports
Summary of Information Reported in the 2013 Federal Forfeiture Reports

		Level of Participation by Agency Indicated on Federal Forfeiture Report				Total Value of Items Seized and Turned Over to the Federal Forfeiture System	Agency's Equitable Sharing Fund Balance and Activity				
	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above		Beginning Balance 01-01-13	Receipts	Expenditures	Ending Balance 12-31-13	
1	Arnold Police Department				X	$	17,705	9		17,714	
2	Ballwin Police Department		X				134,047	13,134	9,463	137,718	
3	Barton County Sheriff's Office				X		8,888		650	8,888	A B
4	Bellefontaine Neighbors Police Department		X			12,979	33,118	12,980	22,800	23,298	B
5	Belton Police Department	X	X	X			184,035	230,568	145,745	245,676	A
6	Berkeley Police Department		X				0	427		427	
7	Board of Police Commissioners Kansas City, MO	X	X			113,598	7,903,880	349,746	713,357	7,913,309	A
8	Bolivar Police Department		X			0	4,491	15,715	0	20,206	C
9	Bollinger County Sheriff's Office				X		1,343		1,041	302	B
10	Boone County Sheriff's Office	X	X				82,730	11,746	19,988	67,769	A B
11	Boonville Police Department				X		1,475	969	650	1,794	B
12	Branson Police Department	X				48,527	0		0	0	
13	Brentwood Police Department	X	X			12,700	51,084	12,884	51,044	12,924	
14	Bridgeton Police Department	X	X			926,845	329,090	80,991	40,393	369,688	
15	Brookfield Police Department				X		2,001	10		2,011	
16	Buchanan County Drug Strike Force	X	X	X		0	15,730	7,921	17,839	5,812	
17	Buckner Police Department				X		916	583		1,499	
18	Butler County Sheriff's Office				X	100,000	2,296	0	1,007	1,289	
19	Callaway County Sheriff's Office				X		11,866	105		11,971	
20	Cape Girardeau County Sheriff's Office	X				193,768	0	0	0	0	
21	Cape Girardeau Police Department		X			3,142		363	3,765		A B
22	Caruthersville Police Department		X			853,294	48,915	853,294	116,240	785,969	D
23	Cass County Sheriff's Office				X		891	1	892	0	
24	Chesterfield Police Department	X	X			0	81,814	1,533,180	77,946	1,537,048	
25	Christian County Sheriff's Office	X					39,691	58,971	96,304	2,358	
26	Clay County Sheriff's Office	X	X				0	33,901	583	33,318	
27	Clayton Police Department	X	X			0	127,274	981,240	1,074,998	33,516	B
28	Clinton Police Department				X	0	10,060	16	4,485	5,575	A B
29	Cole County Sheriff's Office		X				3,442	70		3,512	
30	Columbia Police Department	X	X				151,049	82,899	52,517	181,431	B

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	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above		Beginning Balance 01-01-13	Receipts	Expenditures	Ending Balance 12-31-13	
31	Combined Ozarks Multijurisdictional Enforcement Team (COMET)	X	X			0	431,227	58,753	143,842	349,980	A
32	Crawford County Sheriff's Office		X				2,087			2,087	B
33	Creve Coeur Police Department				X	0	10,147	14	687	9,460	A B
34	Crystal City Police Department				X		135			135	
35	Des Peres Department of Public Safety				X		3,045		3,045	0	
36	East Central Drug Task Force		X			0	27,023	3,957	4,291	26,689	D
37	Excelsior Springs Police Department	X	X			1,330,504	89,515	23,187	29,262	83,440	
38	Exeter Police Department				X		0			2,013	A
39	Ferguson Police Department		X				77,364	16,147	43,987	49,524	
40	Festus Police Department	X	X				22,677	3,055	5,037	20,695	
41	Florissant Police Department	X	X	X		40,452	107,360	147,083	69,849	184,594	
42	Franklin County Narcotics Enforcement Unit	X	X			0	5,014	21,055	23,848	2,221	
43	Fredericktown Police Department				X		867			867	D
44	Fulton Police Department				X		41,924	811		42,735	
45	Gasconade County Sheriff's Office				X		524			524	
46	Glendale Police Department				X	0	6,761	7	2,069	4,699	D
47	Grain Valley Police Department				X	0	30	0	30	0	
48	Grandview Police Department	X	X			12,520	15,308	2,673	145	17,836	B
49	Greene County Sheriff's Office	X	X				227,657	58,603	274,868	22,059	A
50	Grundy County Sheriff's Office		X			0	170,695	12,591	50,526	132,760	
51	Hayti Police Department		X				0	22,212	18,482	3,730	
52	Hazelwood Police Department	X	X				30,227	1,106,391	1,123,933	12,685	B
53	Henry County Sheriff's Office		X				50,835	50,835	50,835	0	A B
54	Howell County Sheriff's Office	X				1,600	20,694	49	3,000	17,743	
55	Independence Police Department		X	X			295,556	321,804	158,894	458,466	C
56	Jackson County Drug Task Force	X	X				206,942	17,133		206,942	A B
57	Jackson County Sheriff's Office	X	X					196,419	105,627		A
58	Jasper County Drug Task Force	X	X			365,522	9,731	2,027		3,093	A B
59	Jefferson City Police Department	X	X			209,959	79,880	63,652		147,342	A B
60	Jefferson County Sheriff's Office		X			131,223	85,678	138,608	41,324	182,962	

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	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above		Beginning Balance 01-01-13	Receipts	Expenditures	Ending Balance 12-31-13	
61	Johnson County Sheriff's Office				X	0	13,910	44	8,358	5,596	B
62	Joplin Police Department		X				40,850	7,963	7,150	41,663	
63	Kansas City International Airport Police Department	X	X				132,232	44,548	33,493	143,287	
64	Kirkwood Police Department	X	X			3,639	179,261	82,833	89,586	172,508	B
65	Laclede County Sheriff's Office		X			838	838	0	838	0	D
66	Lafayette County Sheriff's Office				X		13,177		13,177	0	
67	Lake Area Narcotics Enforcement Group (LANEG)	X	X				49,052	25,088	32,356	41,784	
68	Lake St. Louis Police Department				X		4,348			4,348	B
69	Lambert - St. Louis International Airport Police Department	X	X				2,249,334	63,000	336,649	1,975,685	
70	Laurie Police Department				X	0	2,263	0	0	2,263	B
71	Lebanon Police Department		X			0	0	674	0	674	
72	Lee's Summit Police Department		X				163,731	67,104		230,835	C
73	Lincoln County Sheriff's Office	X	X				11,099	29,072		40,171	B
74	Manchester Police Department		X				39,385	12,980	11,867	40,498	
75	Maplewood Police Department	X	X				248,407	19,946	246,908	21,441	A
76	Marthasville Police Department	X	X					150,000		150,000	
77	Maryland Heights Police Department	X	X				246,549	183,945	84,825	345,669	
78	Mineral Area Drug Task Force (MADTF)	X					6,000			6,000	
79	Missouri State Highway Patrol	X	X	X		337,187	3,005,918	636,716	2,021,076	1,621,558	
80	Monett Police Department	X				3,140	0	0	0	0	
81	Morgan County Sheriff's Office	X	X				4,883	34,242	39,125	0	B
82	Municipal Enforcement Group Against Drug Abuse (MEGADA)	X	X			17,163	318,268	8,184	51,500	274,952	
83	Mustang Drug Task Force	X				60,600	310,185	66,950	90,622	286,513	
84	Newton County Sheriff's Office				X		18,037	113	1,000	17,150	
85	Nixa Police Department	X					142	0		142	
86	North Missouri (NOMO) Drug Task Force	X					13,662	17		13,679	
87	Northeast Missouri (NEMO) Narcotics Task Force	X					1,096	0	1,096	0	
88	Northwoods Police Department				X	0	1,337	0	0	1,337	
89	O'Fallon Police Department		X				197,046	151,941	182,792	166,195	B
90	Overland Police Department		X				132,856	29,546	47,843	114,559	

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	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above		Beginning Balance 01-01-13	Receipts	Expenditures	Ending Balance 12-31-13	
91	Ozark Police Department		X			0	412,298	61,087	251,885	221,500	
92	Pagedale Police Department	X					0			0	
93	Pemiscot County Sheriff's Office	X	X				51,743	702,168	239,890	514,021	B
94	Perry County Sheriff's Office	X				22,211	0	22,211	22,211	0	
95	Perryville Police Department	X				19,000	0	0	0	0	
96	Pettis County Sheriff's Office				X		17,609		229	17,380	
97	Phelps County Prosecuting Attorney's Office	X				1,148,746	354,768	85,640	167,621	272,787	
98	Phelps County Sheriff's Office	X	X			771,420	1,963,352	301,842	661,214	1,603,980	
99	Platte County Sheriff's Office		X				132,753	11,934	10,176	134,511	
100	Pleasant Valley Police Department	X				0	0	0		0	
101	Poplar Bluff Police Department		X				32,898	3,252	9,650	33,546	A
102	Pulaski County Sheriff's Office	X				7350	332	7,350	0	7,682	
103	Raytown Police Department				X		3,508		3,508	0	
104	Reeds Spring Police Department			X	X		0			0	
105	Reynolds County Sheriff's Office				X		1,481		1,481	0	
106	Richmond Heights Police Department	X	X			12,461	129,401	12,942	30,966	111,377	
107	Ripley County Sheriff's Office		X			2,886	0	2,886	2,383	508	A
108	Rock Hill Police Department				X		5,569		5,569	0	B
109	Rolla Police Department	X	X			0	25,822	110,545	127,777	8,590	
110	Scotland County Sheriff's Office				X	0	2,444	30	0	2,474	B
111	Sedalia Police Department		X			18,572	0	27,818	12,500	15,318	
112	Sikeston Department of Public Safety	X	X			27,879	22,005	12,806	125	34,686	
113	South Central Drug Task Force	X	X			0	817,314	74,433	448,192	442,820	A
114	Southeast Missouri (SEMO) Drug Task Force	X	X			133,618	820,309	70,706	204,992	686,023	
115	Southwest Missouri (SWMO) Drug Task Force	X				0	11,457	0	672	10,785	
116	Springfield Police Department	X	X				367,976	94,319	301,402	160,893	
117	St. Ann Police Department	X	X				0	5,242	5,242	0	
118	St. Charles County Prosecuting Attorney's Office	X	X				239,740	28,898	59,180	209,458	D
119	St. Charles County Regional Drug Task Force (SCCRDTF)	X	X	X		23,049	217,026	117,996	92,941	242,081	
120	St. Charles County Sheriff's Office	X	X			6,558,729	2,698,486	1,152,600	802,094	3,048,992	B

Appendix A
Compilation of 2013 Federal Forfeiture Reports
Summary of Information Reported in the 2013 Federal Forfeiture Reports

		Level of Participation by Agency Indicated on Federal Forfeiture Report				Total Value of Items Seized and Turned Over to the Federal Forfeiture System	Agency's Equitable Sharing Fund Balance and Activity				
	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above		Beginning Balance 01-01-13	Receipts	Expenditures	Ending Balance 12-31-13	
121	St. Charles Police Department	X	X				242,552	20,182	62,050	200,684	B
122	St. John Police Department	X	X				72,731	41,864	31,306	83,289	C
123	St. Joseph Police Department		X			6,846	5,796	5,796	0	5,796	A B
124	St. Louis County Police Department	X	X			41,943	2,802,195	1,985,433	2,466,166	2,321,462	
125	St. Louis Metropolitan Police Department	X	X	X		2,691	2,888,130	640,601	338,340	3,193,082	A C
126	St. Peters Police Department				X	0	24,863	2,500	2,500	24,863	
127	St. Robert Police Department	X					8,646		2,925	5,721	C
128	Steele Police Department					0	0	22,211	0	22,211	
129	Sunset Hills Police Department		X			0	2,117	9,499	8,674	2,942	B
130	Taney County Sheriff's Office	X					5,393	32		5,425	
131	Texas County Sheriff's Office				X			33	1,000	4,129	A B
132	Troy Police Department	X	X				2,533	1,983	2,079	2,437	
133	Vernon County Sheriff's Office		X				589	7,402	7,410	581	
134	Warren County Sheriff's Office	X	X			1,976	3	1,982	0	1,985	D
135	Waynesville Police Department	X				5,549	0	0	0	0	
136	Wentzville Police Department				X		23,041		18,464	4,577	
137	Woodson Terrace Police Department		X				28,889	12,998	26,365	15,522	
	Total	71	82	8	34	$ 13,584,126	33,106,369	13,822,916	14,334,728	32,802,928	

Note: This appendix shows what each agency reported. Blanks for any item indicate the agency left that item blank and zeroes indicate the agency reported zero.

A Items reported did not mathematically foot. The beginning balance plus receipts minus expenditures did not agree with the ending balance.

B The beginning balance reported as of 01-01-13 does not agree with the ending balance reported as of 12-31-12 in Report No. 2014-006, Compilation of 2012 Federal Forfeiture Reports, or to the law enforcement agency's revised 2012 federal forfeiture report submitted to our office subsequent to release of the compilation report.

C The beginning balance reported as of 01-01-13 does not agree with the ending balance reported as of 12-31-12 in Report No. 2014-006, Compilation of 2012 Federal Forfeiture Reports, but agrees with the 12-31-12 ending balance reported in the law enforcement agency's revised 2012 federal forfeiture report submitted to our office subsequent to release of the compilation report.

D The law enforcement agency did not report in 2012 but has a beginning balance in 2013.

Appendix B
Compilation of 2013 Federal Forfeiture Reports
Law Enforcement Agencies Reporting No Participation

		Level of Participation by Agency Indicated on Federal Forfeiture Report*			
	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above
1	Adair County Sheriff's Office				X
2	Adrian Police Department				X
3	Advance Police Department				X
4	Alma Police Department				X
5	Archie Police Department				X
6	Ashland Police Department				X
7	Atchison County Sheriff's Office				X
8	Audrain County Sheriff's Office				X
9	Barry County Sheriff's Office				X
10	Bates County Sheriff's Office				X
11	Bel-Nor Police Department				X
12	Bethany Police Department				X
13	Beverly Hills Police Department				X
14	Billings Police Department				X
15	Blue Springs Police Department				X
16	Bourbon Police Department				X
17	Bowling Green Police Department				X
18	Braymer Police Department				X
19	Brunswick Police Department				X
20	Buchanan County Sheriff's Office				X
21	Buffalo Police Department				X
22	Butterfield Police Department				X
23	Byrnes Mill Police Department				X
24	Cabool Police Department				X
25	California Police Department				X
26	Camden County Sheriff's Office				X
27	Campbell Police Department				X
28	Canalou Police Department				X
29	Carl Junction Police Department				X
30	Carroll County Sheriff's Office				X
31	Carrollton Police Department				X
32	Carter County Sheriff's Office				X
33	Chariton County Sheriff's Office				X
34	Charlack Police Department				X
35	Chillicothe Police Department				X
36	Clark County Sheriff's Office				X
37	Clarksdale Police Department				X
38	Community Narcotics Enforcement Team (CNET) Drug Task Force				X
39	Corder Police Department				X
40	Country Club Village Police Department				X
41	Crocker Police Department				X
42	Crystal Lakes Police Department				X
43	Curryville Police Department				X
44	Dade County Sheriff's Office				X
45	Dallas County Sheriff's Office				X
46	Daviess County Sheriff's Office				X
47	Dent County Sheriff's Office				X
48	Desloge Police Department				X
49	Dexter Police Department				X
50	Doniphan Police Department				X
51	Douglas County Sheriff's Office				X
52	Drexel Police Department				X
53	Dunklin County Sheriff's Office				X

Appendix B
Compilation of 2013 Federal Forfeiture Reports
Law Enforcement Agencies Reporting No Participation

		Level of Participation by Agency Indicated on Federal Forfeiture Report*			
	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above
54	Duquesne Police Department				X
55	Edmundson Police Department				X
56	Eldon Police Department				X
57	Elsinore Police Department				X
58	Emma Police Department				X
59	Essex Police Department				X
60	Fair Grove Police Department				X
61	Fayette Police Department				X
62	Fordland Police Department				X
63	Foristell Police Department				X
64	Gladstone Department of Public Safety				X
65	Goodman Police Department				X
66	Grandin Police Department				X
67	Green City Police Department				X
68	Greenwood Police Department				X
69	Hannibal Police Department				X
70	Hardin Police Department				X
71	Harrison County Sheriff's Office				X
72	Harrisonville Police Department				X
73	Hawk Point Police Department				X
74	Henrietta Police Department				X
75	Hermann Police Department				X
76	High Hill Police Department				X
77	Highlandville Police Department				X
78	Holt Police Department				X
79	Holts Summit Police Department				X
80	Howard County Sheriff's Office				X
81	Humansville Police Department				X
82	Iron County Sheriff's Office				X
83	Ironton Police Department				X
84	Jackson County Park and Recreational Rangers				X
85	Jackson Police Department				X
86	Jasper County Sheriff's Office				X
87	Kearney Police Department				X
88	Kennett Police Department				X
89	Kimberling City Police Department				X
90	Kirksville Police Department				X
91	La Grange Police Department				X
92	Lake Ozark Police Department				X
93	Lake Tapawingo Police Department				X
94	Lake Waukomis Police Department				X
95	Lakeshire Police Department				X
96	Lamar Police Department				X
97	Lathrop Police Department				X
98	Lawson Police Department				X
99	Leadington Police Department				X
100	Leasburg Police Department				X
101	Lewis County Sheriff's Office				X
102	Liberty Police Department				X
103	Licking Police Department				X
104	Lincoln Police Department				X
105	Lincoln University Police Department				X
106	Louisiana Police Department				X

Appendix B
Compilation of 2013 Federal Forfeiture Reports
Law Enforcement Agencies Reporting No Participation

		Level of Participation by Agency Indicated on Federal Forfeiture Report*			
	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above
107	Macon County Sheriff's Office				X
108	Marceline Police Department				X
109	Maryville Department of Public Safety				X
110	McDonald County Sheriff's Office				X
111	Memphis Police Department				X
112	Mercer County Sheriff's Office				X
113	Mexico Department of Public Safety				X
114	Milan Police Department				X
115	Miller County Sheriff's Office				X
116	Missouri Capitol Police				X
117	Missouri Department of Conservation				X
118	Missouri Division of Alcohol and Tobacco Control				X
119	Missouri Division of Fire Safety				X
120	Missouri Department of Social Services - State Technical Assistance Team				X
121	Missouri Southern State University Police Department				X
122	Missouri State Park Rangers				X
123	Moniteau County Sheriff's Office				X
124	Monroe County Sheriff's Office				X
125	Montgomery City Police Department				X
126	Montgomery County Sheriff's Office				X
127	Mosby Police Department				X
128	Mound City Police Department				X
129	Mountain Grove Police Department				X
130	Mt. Vernon Police Department				X
131	Nevada Police Department				X
132	New Franklin Police Department				X
133	New London Police Department				X
134	Newburg Police Department				X
135	Noel Police Department				X
136	North Kansas City Police Department				X
137	Northmoor Police Department				X
138	Norwood Police Department				X
139	Oran Police Department				X
140	Orrick Police Department				X
141	Osage Beach Police Department				X
142	Owensville Police Department				X
143	Parma Police Department				X
144	Pevely Police Department				X
145	Pike County Sheriff's Office				X
146	Platte City Police Department				X
147	Platte Woods Police Department				X
148	Plattsburg Police Department				X
149	Putnam County Sheriff's Office				X
150	Republic Police Department				X
151	Rich Hill Police Department				X
152	Richmond Police Department				X
153	Rockaway Beach Police Department				X
154	Rogersville Police Department				X
155	Saline County Sheriff's Department				X
156	Sarcoxie Police Department				X
157	Savannah Police Department				X
158	Shelby County Sheriff's Office				X
159	Shrewsbury Police Department				X

Appendix B
Compilation of 2013 Federal Forfeiture Reports
Law Enforcement Agencies Reporting No Participation

		Level of Participation by Agency Indicated on Federal Forfeiture Report*			
	Name	Submitted a request for forfeited assets	Received federal sharing funds (cash)	Received federal sharing assets (non-cash)	None of the above
160	Silex Police Department				X
161	Slater Police Department				X
162	Smithton Police Department				X
163	Smithville Police Department				X
164	Southwest City Police Department				X
165	Springfield-Branson Airport Police Department				X
166	St. Charles Community College Police Department				X
167	St. Clair County Sheriff's Office				X
168	St. Mary Police Department				X
169	Stanberry Police Department				X
170	Stover Police Department				X
171	Strasburg Police Department				X
172	Sturgeon Police Department				X
173	Sugar Creek Police Department				X
174	Sunrise Beach Police Department				X
175	Tarkio Police Department				X
176	Thayer Police Department				X
177	Three Rivers College Police Department				X
178	Town and Country Police Department				X
179	Tracy Police Department				X
180	Trimble Police Department				X
181	Truman State University Police Department				X
182	Union Police Department				X
183	University of Central Missouri Department of Public Safety				X
184	University of Missouri - Kansas City Police Department				X
185	University of Missouri - St. Louis Police Department				X
186	University of Missouri Police Department				X
187	University of Missouri Science and Technology Police Department				X
188	Velda City Police Department				X
189	Verona Police Department				X
190	Vienna Police Department				X
191	Warsaw Police Department				X
192	Washington University Police Department				X
193	West Plains Police Department				X
194	Wheaton Police Department				X
195	Willard Police Department				X
196	Willow Springs Police Department				X
197	Wood Heights Police Department				X
198	Worth County Sheriff's Office				X

* This appendix lists law enforcement agencies that only marked "None of the Above" in their 2013 federal forfeiture report.

Note: The cities of Farber, New Cambria, and Sheldon reported they no longer have police departments and are excluded from this list.

Thomas A. Schweich

Missouri State Auditor

NATURAL RESOURCES

Division of Environmental Quality

Hazardous Waste Program

June 2014

Report No. 2014-043

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Department of Natural Resources, Division of Environmental Quality - Hazardous Waste Program

Hazardous Waste Program Investigations

The Department of Natural Resources (DNR), Hazardous Waste Program has not completed investigations of potential environmental concerns at 23 identified or potential former manufactured gas plants (FMGP). Based on past investigations, it appears these sites have a high probability of hazardous waste contamination. State law requires the DNR to investigate all known or suspected abandoned or uncontrolled hazardous waste sites.

The DNR has not yet completed investigations of potential environmental concerns at 111 former lead smelters and 3,300 former mining waste sites. While these sites are generally exempted from being regulated as a hazardous waste site under state law, the DNR is required to conduct investigations involving releases or potential releases of hazardous substances under its cooperative agreements with the EPA. Lead is recognized as a hazardous material and can pose a threat to public health and the environment.

Brownfield Remediation Tax Credit Program

In April 2014, the Office of State Auditor issued Report No. 2014-023, *Brownfield Remediation Tax Credit Program*, which included findings directed to the DNR, Hazardous Waste Program. For example, the audit questioned several decisions related to the Carondelet Coke Project that resulted in state taxpayers primarily funding remediation costs; and noted a lack of communication between the Department of Economic Development and the DNR which allowed tax credits to be issued for a project that was not properly remediated.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Department of Natural Resources
Division of Environmental Quality - Hazardous Waste Program
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Sara Parker Pauley, Director
Department of Natural Resources
and
Leanne Tippett Mosby, Director
Division of Environmental Quality
Jefferson City, Missouri

We have audited certain operations of the Department of Natural Resources, Division of Environmental Quality, Hazardous Waste Program in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2013 and 2012. The objectives of our audit were to:

1. Evaluate the program's internal controls over significant management and financial functions.

2. Evaluate the program's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the program; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the program's management and was not subjected to the procedures applied in our audit of the program.

For the areas audited, we identified (1) deficiencies in internal control, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Natural Resources, Division of Environmental Quality, Hazardous Waste Program.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Dennis Lockwood, CPA
In-Charge Auditor:	Toni Wade
Audit Staff:	Sara Lewis, CPA
	Waleed Atout

Department of Natural Resources
Division of Environmental Quality - Hazardous Waste Program
Management Advisory Report - State Auditor's Findings

1. Hazardous Waste Program Investigations

The Department of Natural Resources (DNR) Hazardous Waste Program has not completed investigations of potential environmental concerns at identified or potential former manufactured gas plants (FMGP), lead smelters, and mining waste sites.

Former manufactured gas plants

The DNR has identified 23 FMGPs or potential FMGPs that have not yet been investigated. The DNR indicated 43 FMGP sites have been investigated and remediated with another 31 FMGP sites currently undergoing investigation or remediation. Of the 74 FMGPs for which an investigation has been started or completed, at least 16 FMGP sites have been enrolled in the Brownfield Voluntary Clean-up Program, 5 sites have been added to the Registry of Confirmed Abandoned or Uncontrolled Hazardous Waste Disposal Sites in Missouri, 4 sites required an EPA removal action, and 10 sites required a voluntary deed restriction to be filed to address the environmental contamination. Based upon past investigations, it appears FMGP sites have a high probability of hazardous waste contamination.

Section 260.440.2, RSMo, requires the DNR to investigate all known or suspected abandoned or uncontrolled hazardous waste sites. Section 260.375(29), RSMo, requires the DNR to control, abate, or clean up any hazardous wastes placed into or on the land in a manner that may endanger the health of humans or the environment, and to recover remediation costs from the person responsible for the waste.

Lead smelter and mining sites

The DNR has not completed investigations of 111 former lead smelters. DNR personnel indicated these sites have a high probability of contamination and/or known or suspected releases of hazardous substances. In addition, the DNR has not investigated approximately 3,300 former mining sites.

Former lead smelters and mining waste sites are generally exempted by state statute from being regulated as a hazardous waste site; however, under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), also known as the Superfund, lead is recognized as a hazardous substance and excessive levels of lead can pose a significant threat to public health and the environment. The DNR has identified about 12,800 known or potential former mining sites, estimated investigations have been conducted for about 9,500 of those sites, and reported the investigations resulted in 10 mining areas in 6 counties containing approximately 7,100 sites being placed on the National Priorities Listing (NPL). The NPL is the list of national priorities among the known releases or threatened releases of hazardous substances, pollutants, or contaminants throughout the United States and its territories. The NPL is intended primarily to guide the EPA in determining which sites warrant further investigation. The U.S. Environmental Protection Agency is responsible for

remediation of NPL sites. Some individual lead smelter and mining sites in other counties have required remediation. The DNR indicated former mining sites ranged in size from a few square yards up to several hundred acres, and the inventory of former mining sites is based on a review of historical data and references noted in geological and mining industry publications as far back as the early 1800s.

The DNR is required to conduct investigations involving releases or potential releases of hazardous substances under its cooperative agreements with the EPA. The DNR indicated the priority for site investigations is based upon potential risks to human health and the environment; however, adequate funding has not been available to complete all of the lead smelter and mining site investigation work. The preceding DNR statistics regarding investigations are as of April 1, 2014.

Recommendation

The DNR conduct site investigations on all identified and suspected hazardous waste sites as required by state law. In addition, the DNR should conduct investigations of all identified and suspected former lead smelter and mining sites.

Auditee's Response

DNR will continue to prioritize and conduct site investigations of identified and suspected FMGP sites, former lead smelter sites, mining sites, and sites impacted by releases of hazardous substances, in a manner consistent with DNR's cooperative agreements with EPA pursuant to CERCLA, as resources allow. As previously discussed with the Auditor's staff, DNR disagrees with the suggestion that DNR has failed to comply with state law.

2. Brownfield Remediation Tax Credit Program

In April 2014, the Office of State Auditor issued Report No. 2014-023, *Brownfield Remediation Tax Credit Program.* The audit included findings and recommendations directed to the Department of Natural Resources (DNR), Hazardous Waste Program. These findings and recommendations are summarized below.

2.1 Carondelet Coke Project

A number of decisions made several years ago by previous Department of Economic Development (DED) and DNR officials appear questionable. While documentation to fully explain the analytic processes no longer exist, these decisions resulted in previous owners not being required to pay the majority of the cost to remediate environmental issues. Instead, the DED will issue $12.275 million in Brownfield Remediation Tax Credits (BRTCs) to fund the cleanup costs through the BRTC program, while the 2 of 3 responsible parties will pay a total of $942,500. Questionable decisions include:

- Not taking legal action against the most recent owner that produced hazardous materials.

- Not requiring the previous owners to fund more of the costs to remediate the site. One option available to the DNR was to request the EPA to enforce the cleanup under Superfund authority.

DED officials indicated former DED officials had discussed the adequacy of the financial commitments by the two companies and the failure to include the third company or its officials in the agreement. However, the former DED officials, in consultation with former DNR officials, determined seeking additional compensation from those parties would likely require legal action (with no certain outcome) resulting in several years delay to address the environmental concerns. DNR personnel indicated the third and most recent owner refused to engage in negotiations, had filed for bankruptcy, and was believed to have no resources that could be accessed to fund the remediation. However, according to media reports, the owner also owned several industrial coke plants in other states at the time. The report also noted the DNR also did not hold previous owners responsible for environmental damages caused in other hazardous waste sites.

2.2 Remediation oversight

Lack of communication between the DED and the DNR allowed BRTCs to be issued for a project that was not properly remediated. The DED authorized BRTCs totaling $1,814,976 for a project in September 2008, and in March 2009 authorized additional BRTCs totaling $604,038. In February 2011, the DNR, unaware of the additional remediation work for which the additional tax credits were authorized, issued a certificate of completion for the project, and the DED, unaware that the certificate of completion did not encompass the additional remediation activities, issued BRTCs totaling $2,419,014. In early 2012, after receiving a complaint from a subsequent owner, a joint DNR and DED review determined (1) the site was still contaminated, (2) the developer had not properly completed some remedial activities required by the remediation plan, and (3) the DNR had not approved alternative remediation activities that included repainting rather than removing windows.

The DNR subsequently rescinded its certificate of completion for the project, and in September 2012 the Attorney General's office filed a lawsuit against the project developer to recover BRTCs issued. However, in March 2014 the parties agreed to dismiss the case. Also, the DED authorized $462,481 in additional BRTCs for the subsequent owner to perform further remediation activities.

The DED implemented new procedures to require a copy of the DNR approved remediation plan to be on file with the DED prior to authorization of BRTCs and to confirm the DNR had approved activities for which the developer requested any additional BRTCs. The DNR modified its project monitoring procedures to include verification of cleanup test results through independent sampling and testing by DNR personnel.

Recommendations

The DED and the DNR:

2.1 Ensure all reasonable efforts are made to hold responsible parties accountable for environmental damages on BRTC projects.

2.2 Comply with newly implemented procedures to ensure approved remediation activities are properly completed before issuing BRTCs.

Auditee's Response

The DED and the DNR provided the following responses.

2.1 DNR will continue to work to hold responsible parties accountable for environmental damages as warranted while working with DED to assist in the remediation of contaminated properties in order to protect the environment and return such properties to productive reuse. As indicated in the audit, DED has not authorized tax credits to any parties causing environmental issues for any of the projects reviewed. A number of decisions regarding efforts by DNR to hold potentially responsible parties liable for contamination in the project primarily discussed in the audit were made during the 1990s. DNR will continue to insure the remediation of contaminated properties.

2.2 DED and DNR will continue to comply with all procedures to ensure approved remediation activities are properly completed before issuing tax credits.

Department of Natural Resources
Division of Environmental Quality - Hazardous Waste Program
Organization and Statistical Information

The Hazardous Waste Program is under the supervision of the Department of Natural Resources (DNR), Division of Environmental Quality. The goal of the Hazardous Waste Program (HWP) is to protect human health and the environment from threats posed by hazardous waste. The program encourages the reduction of hazardous waste generation, regulates the management of hazardous waste, oversees the cleanup of contamination, promotes property reuse, and regulates removal and cleanup of petroleum storage tanks in the state of Missouri.

The HWP program includes the following sections: Brownfield Voluntary Cleanup, Superfund, Permits, Tanks, Compliance and Enforcement, Federal Facilities, and Budget and Planning. For the 2 years ended June 30, 2013, the DNR reported the numbers of clients served at sites subject to monitoring by the various sections were:

Site Type	2013	2012
Hazardous Waste Generators	4,664	4,629
Underground Storage Tanks	3,530	3,558
Brownfield Voluntary Cleanup	328	354
Superfund	309	309
Federal Facility	306	306
Drycleaner	187	209
Treatment, Storage, and Disposal	94	93
Resource Recovery	28	27
Total sites	9,446	9,485

The Hazardous Waste Management Commission has seven members appointed by the Governor who each serve a four-year term. The commission promotes hazardous waste recycling, reuse and reduction; adopts and modifies rules to implement the hazardous waste statutes; holds hearings on rules, complaints and permit appeals; and is empowered to grant variances. All members shall be representative of the general interest of the public and shall have an interest in and knowledge of waste management and the effects of improper waste management on the health and the environment. The Commission members do not have a direct role in the day to day program operations.

Commission Members at June 30, 2013

Commissioner	Term Expires
Andrew J. Bracker	April 3, 2011 (1)
James T. Frakes	April 3, 2012 (1)
Elizabeth B. Aull	April 3, 2012 (1)
Charles Adams	April 3, 2012 (1)
Michael R. Foresman	April 3, 2013 (1)
Deron Sugg	April 3, 2013 (1)

(1) Members continue to serve until a replacement is named.

Sara Parker Pauley currently serves as the Director of the DNR, and Leanne Tippett Mosby currently serves as the Director of the Division of Environmental Quality. David J. Lamb currently serves as the Program Director of the Hazardous Waste Program. At June 30, 2013, the Hazardous Waste Program had 141 employees.

Appendix A-1

Department of Natural Resources - Divison of Environmental Quality - Hazardous Waste Program
Combined Statement of Receipts, Disbursements, Other Financing Uses,
and Changes in Cash and Investments
Year Ended June 30, 2013

	Underground Storage Tank Regulation Program Fund	Environmental Radiation Monitoring Fund	Hazardous Waste Fund	Dry-cleaning Environmental Response Trust Fund	Total
RECEIPTS					
Fees	$ 42,006	318,600	2,806,141	189,213	3,355,960
Recovery costs	4,375	0	1,249,073	0	1,253,448
Interest	0	2,226	37,554	8,489	48,269
Penalties	0	0	0	3,987	3,987
Settlements	0	0	3,000,000	0	3,000,000
Transfers In	0	0	679	1,020	1,699
Total Receipts	46,381	320,826	7,093,447	202,709	7,663,363
DISBURSEMENTS					
Personal service	65,481	35,209	1,577,014	92,307	1,770,011
Employee fringe benefits	23,374	12,810	687,408	41,903	765,495
Expense and equipment	4,013	199,359	260,317	2,875	466,564
Program specific distributions	0	0	61,181	350,000	411,181
Transfers	35,295	46,557	607,655	93,788	783,295
Total Disbursements	128,163	293,935	3,193,575	580,873	4,196,546
RECEIPTS OVER (UNDER) DISBURSEMENTS BEFORE OTHER FINANCING USES	(81,782)	26,891	3,899,872	(378,164)	3,466,817
OTHER FINANCING USES					
Appropriations exercised by other state agencies					
Office of Administration	2,605	846	42,946	7,520	53,917
Attorney General	0	0	445,007	0	445,007
Department of Health and Senior Services	0	77,599	351,691	0	429,290
Total Other Financing Uses	2,605	78,445	839,644	7,520	928,214
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER USES	(84,387)	(51,554)	3,060,228	(385,684)	2,538,603
CASH AND INVESTMENTS, JULY 1	299,616	285,568	5,653,465	1,281,299	7,519,948
CASH AND INVESTMENTS, JUNE 30	$ 215,229	234,014	8,713,693	895,615	10,058,551

Appendix A-2

Department of Natural Resources - Division of Environmental Quality - Hazardous Waste Program
Combined Statement of Receipts, Disbursements, Other Financing Uses,
and Changes in Cash and Investments
Year Ended June 30, 2012

	Underground Storage Tank Regulation Program Fund	Environmental Radiation Monitoring Fund	Hazardous Waste Fund	Dry-cleaning Environmental Response Trust Fund	Total
RECEIPTS					
Fees	$ 52,515	286,075	2,804,807	236,155	3,379,552
Recovery costs	11,163	0	1,194,900	0	1,206,063
Refunds	0	0	1,300	0	1,300
Interest	0	1,847	33,430	10,992	46,269
Penalties	0	0	0	4,128	4,128
Settlements	0	0	70,532	0	70,532
Miscellaneous	0	0	920	0	920
Transfers In	0	0	2,297	0	2,297
Total Receipts	63,678	287,922	4,108,186	251,275	4,711,061
DISBURSEMENTS					
Personal service	59,115	17,439	1,488,784	121,801	1,687,139
Employee fringe benefits	20,520	7,013	657,034	56,009	740,576
Expense and equipment	13,932	192,567	205,883	6,636	419,018
Program specific distributions	0	0	62,685	376,000	438,685
Transfers	33,830	0	577,134	89,076	700,040
Total Disbursements	127,397	217,019	2,991,520	649,522	3,985,458
RECEIPTS OVER (UNDER) DISBURSEMENTS BEFORE OTHER FINANCING USES	(63,719)	70,903	1,116,666	(398,247)	725,603
OTHER FINANCING USES					
Appropriations exercised by other state agencies					
Office of Administration	1,972	207	58,829	6,813	67,821
Attorney General	0	0	443,859	0	443,859
Department of Health and Senior Services	0	0	312,206	0	312,206
Total Other Financing Uses	1,972	207	814,894	6,813	823,886
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER USES	(65,691)	70,696	301,772	(405,060)	(98,283)
CASH AND INVESTMENTS, JULY 1	365,307	214,872	5,351,693	1,686,359	7,618,231
CASH AND INVESTMENTS, JUNE 3(	$ 299,616	285,568	5,653,465	1,281,299	7,519,948

Appendix B

Department of Natural Resources - Division of Environmental Quality - Hazardous Waste Program
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2013			2012		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
DEPARTMENT OF NATURAL RESOURCES-FEDERAL AND OTHER FUND						
Personal Service	$ 3,701,326	3,375,205	326,121	3,689,740	3,514,200	175,540
Expense and Equipment	363,584	337,371	26,213	410,684	406,633	4,051
Leaking Underground Storage Tanks	420,000	33,997	386,003	420,000	212,388	207,612
Superfund Cleanup*	975,000	88,934	886,066	975,000	473,056	501,944
Total Department of Natural Resources-Federal and Other Fund	5,459,910	3,835,507	1,624,403	5,495,424	4,606,277	889,147
NATURAL RESOURCES PROTECTION FUND						
Personal Service*	213,344	203,010	10,334	199,965	187,508	12,457
Expense and Equipment*	15,926	14,732	1,194	15,375	14,777	598
Environmental Damage	219,661	95,140	124,521	219,711	0	219,711
Total Natural Resources Protection Fund	448,931	312,882	136,049	435,051	202,285	232,766
SOLID WASTE MANAGEMENT FUND						
Personal Service	11,207	11,008	199	10,996	10,895	101
Total Solid Waste Management Fund	11,207	11,008	199	10,996	10,895	101
PETROLEUM STORAGE TANK INSURANCE FUND						
Petroleum Related Act-Personal Service* **	601,033	586,239	14,794	927,262	569,738	357,524
Petroleum Related Act-Expense and Equipment*	57,806	51,857	5,949	162,426	61,524	100,902
Total Petroleum Storage Tank Insurance Fund	658,839	638,096	20,743	1,089,688	631,262	458,426
UNDERGROUND STORAGE TANK REGULATION PROGRAM FUND						
Personal Service	87,655	57,114	30,541	86,020	59,114	26,906
Expense and Equipment	9,783	4,013	5,770	14,056	13,932	124
Refund Accounts	0	0	0	4,965	0	4,965
Total Underground Storage Tank Regulation Program Fund	97,438	61,127	36,311	105,041	73,046	31,995
ENVIRONMENTAL RADIATION MONITORING FUND						
Personal Service	28,606	27,573	1,033	14,500	12,800	1,700
Expense and Equipment	196,300	194,365	1,935	215,000	182,879	32,121
Refund Accounts	0	0	0	250	0	250
Total Environmental Radiation Monitoring Fund	224,906	221,938	2,968	229,750	195,679	34,071
HAZARDOUS WASTE FUND						
Personal Service*	1,286,493	1,210,283	76,210	1,294,731	1,146,369	148,362
Expense and Equipment*	152,350	151,133	1,217	141,453	137,559	3,894
Superfund Cleanup*	200,000	30,262	169,738	21,274	12,757	8,517
Refund Accounts	42,489	42,489	0	44,430	12,540	31,890
Total Hazardous Waste Fund	1,681,332	1,434,167	247,165	1,501,888	1,309,225	192,663
DRY-CLEANING ENVIRONMENTAL RESPONSE TRUST FUND						
Personal Service	140,642	92,307	48,335	174,466	121,801	52,665
Expense and Equipment	3,118	2,361	757	25,932	6,636	19,296
Refund Accounts	514	514	0	4,000	0	4,000
Drycleaners Cleanup	350,000	350,000	0	376,000	376,000	0
Total Dry-cleaning Environmental Response Trust Fund	494,274	445,182	49,092	580,398	504,437	75,961
Total All Funds	$ 9,076,837	6,959,907	2,116,930	9,448,236	7,533,106	1,915,130

* Appropriations and expenditures include other state agencies and DNR divisions other than the Hazardous Waste Program

** The Petroleum Storage Tank Insurance Fund Board authorized budget for the year ended June 30, 2012 was less than the amount appropriated.

Appendix C

Department of Natural Resources - Division of Environmental Quality - Hazardous Waste Program
Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2013	2012	2011	2010	2009
Salaries and wages	$ 5,562,739	5,622,425	5,863,747	6,157,368	6,161,894
Travel, in-state	134,842	178,026	119,200	160,824	193,462
Travel, out-of-state	18,293	17,115	16,739	29,442	69,925
Fuel and utilities	0	0	0	0	0
Supplies	83,254	75,773	88,602	107,945	137,359
Professional development	59,455	40,093	33,988	104,479	101,056
Communication service and supplies	51,261	55,651	63,035	69,032	66,680
Services:					
Professional	378,501	964,316	973,438	4,064,443	1,171,693
Housekeeping and janitorial	0	3	574	1,065	1,002
Maintenance and repair	4,713	8,555	9,588	17,880	30,539
Equipment:					
Computer	12,361	0	65	5,200	0
Motorized	0	0	0	0	0
Office	7,976	5,836	5,972	7,195	12,539
Other	187,872	114,845	15,087	19,191	31,136
Property and improvements	0	0	0	0	325,363
Building lease payments	763	625	4,230	2,425	1,774
Equipment rental and leases	2,751	4,063	2,777	12,968	4,207
Miscellaneous expenses	943	1,556	121	680	957
Refunds	43,002	12,540	49,488	62,473	19,705
Program distributions	411,181	431,684	3,506,319	212,179	817,692
Total Expenditures	$ 6,959,907	7,533,106	10,752,970	11,034,789	9,146,983

Thomas A. Schweich

Missouri State Auditor

City of DeWitt

June 2014

Report No. 2014-044

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the City of DeWitt

Water Fund Financial Condition	Based on the current water rate structure, the city cannot generate sufficient revenues to cover the costs of operating and maintaining the water system, and the Water Fund cash balance has declined in recent years. The city did not perform an analysis or prepare a statement of costs before implementing a $5 monthly surcharge for each water account.
Utility Controls and Procedures	The city does not maintain adequate utility account ledgers to document total monthly billings and collections, and outstanding customer account balances. The City Clerk does not maintain an adequate receipt ledger. The city does not maintain a centralized list of customer deposits, and customer deposits are not maintained in a separate fund or bank account.
Accounting Controls and Procedures	The city transferred restricted monies from the Street Fund to the Water Fund to meet the Water Fund's obligations. The city has not adequately segregated the duties of the City Clerk, does not prepare annual budgets for city funds as required by state law, and the City Clerk does not prepare formal bank reconciliations. Not all authorized signatories on the city bank accounts are covered by the city's bond.
Ordinances, Meeting Minutes, and Contracts	City ordinances are not complete, well organized, or up to date. The city did not prepare formal minutes of some Board meetings and did not retain copies of the agenda for some Board meetings. The city did not have or could not locate contracts or agreements between the city and the public water supply district that supplies water to the city, the Water System Consultant, or the City Attorney.
Payroll and Related Issues	The City Clerk did not prepare or submit documentation to the Board to support commission amounts she received as City Collector. The city classified the Meter Reader as an independent contractor without documenting reasons, and the City Clerk incorrectly reported net rather than gross wages as Social Security and Medicare wages on the 2012 W-2 forms.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

City of DeWitt
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of DeWitt, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of DeWitt. We have audited certain operations of the city in fulfillment of our duties. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2013. The objectives of our audit were to:

1. Evaluate the city's internal controls over significant management and financial functions.

2. Evaluate the city's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the city, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in our audit of the city.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the City of DeWitt.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Susan J. Beeler, CPA, CIA
In-Charge Auditor:	Patrick M. Pullins, M.Acct., CISA

1. Water Fund Financial Condition

Water rates are not sufficient to pay for the costs of services provided. As a result, the Water Fund cash balance has declined in recent years, causing the Board of Aldermen to subsidize the Water Fund from the Street Fund to avoid a deficit cash balance. Customer utility deposits, which totaled $1,700 as of June 30, 2013, are also maintained in this fund. The table below reflects the ending cash balance of the Water Fund over the last 5 years:

Ending Cash Balance, Year Ended June 30,				
2013	2012	2011	2010	2009
$ 2,901[1]	1,103	5,463	9,716	6,193

[1] Includes a $5,000 transfer from the Street Fund. Without the transfer, the cash balance would have been negative $2,099.

The city water billing structure charges all customers a minimum fee per month, which includes the first 1,000 gallons of water usage. The next two 1,000 gallon increments (up to 2,000 gallons and up to 3,000 gallons) are billed at slightly decreasing rates. All gallons over 3,000 gallons are billed at the same rate the city pays the local public water supply district (PWSD) for the water supplied.

Based on this rate structure, the city cannot generate sufficient revenues to cover the costs of operating and maintaining the water system. In addition, the city did not perform an analysis or prepare a statement of costs before implementing a $5 monthly surcharge for each water account to offset some of these losses. Due to the immediate need of monies in the Water Fund, the city transferred restricted monies from the Street Fund to the Water Fund in order to pay current Water Fund invoices (see MAR finding number 3.1).

Water fees are user charges which should cover the cost of providing the service. The city should perform a detailed review of its water costs, including depreciation, evaluate the current fee structure at all levels, and set rates to cover the total cost of operation. Section 67.042, RSMo, provides that fees may be increased if supported by a statement of costs, which shows the increase is necessary to cover costs of providing the service. Preparing a statement of costs would not only allow the city to determine the rates necessary to support current and future operations, but also provide documentation to customers of the rationale behind the rate set.

Recommendation

The Board of Aldermen document formal reviews of water rates periodically and set the water rate to ensure revenues are sufficient to cover all costs of providing these services, including reserves for future capital improvements, and to support any rate increase.

Auditee's Response

The Board of Aldermen provided the following response:

Within the next four months we will be contracting for a formal rate study. We will set rates as needed based on that study. In addition, we will

periodically review rates to ensure they are sufficient to cover costs. We will also consider rate increases when the public water supply district raises rates. We will document these rate reviews to ensure we are in compliance with the law.

2. Utility Controls and Procedures

Controls over city utilities are not adequate.

The City of DeWitt provides water and trash services to customers and maintains approximately 60 utility accounts. The city bills customers monthly for each service, and uses the funds collected to pay the service providers. According to city records, water receipts totaled $26,177 and trash receipts totaled $5,745, for the year ended June 30, 2013.

2.1 Utility records

The city does not maintain adequate utility account ledgers. As a result, total monthly billings and collections, and outstanding balances of customer accounts cannot be easily determined. Additionally, the City Clerk does not maintain an adequate receipt ledger to support deposit amounts and details.

The city employed two different City Clerks during the year ended June 30, 2013, and each used a different utility account ledger. The current City Clerk's utility account ledger contains individual pages for each account. The first page relates to water billings and includes columns to indicate the current meter reading, usage (determined by manually subtracting the previous reading from the current reading), costs to be billed, and payments received. The second page shows trash fees billed and trash payments received.

Billings and balances

There is no indication in the utility account ledger of the total amount billed to each customer; rather, this must be determined by totaling the water and trash pages for each account. In addition, neither of the two utility account ledgers contained a running balance of each customer's outstanding balance. While most customers paid their utility bills monthly and in full, some customers only made partial payments or pre-paid their bills in advance. Both City Clerks made notations in the ledgers when this occurred, but we identified instances where the notation was not taken into account when preparing the subsequent billing, resulting in customers receiving incorrect bills.

Receipt records

The City Clerk does not maintain an adequate receipt ledger to record receipts that make up each deposit, nor does she record the method of payment (cash, check, or money order) for payments received. Prior to March 2013, the City Clerk did not maintain any receipt ledger. Instead, she recorded the applicable portion of each payment received on the water page and the trash page of the utility account ledger. The receipt date was not always recorded with these amounts. Starting in March 2013, the City Clerk began keeping a receipt ledger to document receipts making up each

deposit. However, total receipts by customer and the date and method of payment for each receipt is not recorded in the ledger.

Because the city does not (1) issue separate receipt slips for utility payments received [instead using the billing stub as a receipt slip], (2) record the method of payment for receipts, and (3) maintain an adequate record of receipts making up each deposit, there is insufficient documentation to verify the amount of utility receipts. As a result, it is difficult to reconcile payments from the ledgers to the bank deposits.

Conclusion

Documentation of total billings, collections, and outstanding balances of customer accounts, as well as maintaining a detailed receipt ledger with receipt dates and notations of the method of payment for each receipt is needed to ensure all utility costs are billed, collected, and deposited, and to reduce the risk of loss, theft, or misuse of monies.

2.2 Customer deposits

The city is not maintaining complete and adequate records related to water customer deposits. In addition, customer deposits, which constitute a liability of the city, are maintained in the Water Fund and sufficient money would not have been available to cover the deposit liability at June 30, 2013, if the city had not subsidized the Water Fund from the Street Fund to avoid a deficit fund balance (see MAR finding number 1). Customer deposits totaled $1,700 as of June 30, 2013, when adding together the individual deposit amounts indicated in the utility account ledger.

According to city policy, all new water customers are required to pay a refundable water deposit, although the city has not adopted a formal ordinance requiring deposits (see MAR finding number 4.1). Currently the city collects a $100 deposit from all new customers; however, varying amounts have been collected in the past.

The city does not maintain a centralized list of customer deposits. Instead, deposits are recorded in notations in the margins on the manual utility account ledger for each account. Therefore, the city is not aware of the total amount of monies necessary to refund the deposits, if required. Additionally, we noted unexplained differences in individual deposit amounts between the two utility account ledgers used during the year ended June 30, 2013.

Maintaining customer utility deposits in a separate fund or bank account, preparing a complete and accurate listing of the deposit liability, and periodically reconciling to the fund or account balance is necessary to ensure sufficient funds are on hand to cover potential utility deposit liabilities, provide a record of monies held for individual customers, and allow for prompt detection of discrepancies.

Recommendations

The Board of Aldermen:

2.1 Ensure records are maintained to document customer account balances and total billings and collections. In addition, the Board should ensure receipt listings are maintained that show total amounts received from each customer, as well as the date and method of payment for each receipt. The composition of receipts should be reconciled to the composition of deposits to ensure all monies are properly deposited.

2.2 Establish a separate fund or account for utility deposits, prepare a monthly listing of liabilities, and reconcile this list to the reconciled fund or bank balance monthly.

Auditee's Response

The Board of Aldermen provided the following responses:

2.1 We will implement this recommendation. We will update our ledger books to ensure all necessary information is documented. We have started maintaining a complete receipt ledger, including composition of receipts. We will reconcile the composition of receipts to the composition of deposits to ensure all monies are properly deposited.

2.2 We will open a separate bank account for the water deposits. We will prepare a list of all water deposits on hand and will reconcile that list to the monthly bank statement of the new account.

3. Accounting Controls and Procedures

Accounting controls and procedures are in need of improvement.

3.1 Restricted funds

The city transferred $5,000 in restricted monies from the Street Fund to the Water Fund in November 2012 and again in July 2013. City officials authorized these transfers because the Water Fund had an insufficient balance to meet the fund's payment obligations. The Street Fund is used to account for state motor vehicle-related revenues (legally restricted for street-related use), utility franchise tax revenues (restricted by ordinance for street lighting use), and railroad and utility tax revenues (not legally restricted). The city does not separately track the restricted and non-restricted monies within the Street Fund. Expenditures from the Street Fund during the fiscal year (not including the transfer) totaled $3,570.

City officials indicated the decision to transfer restricted Street Fund monies to the Water Fund was made because monies had been transferred from the Water Fund to the Street Fund in 2005, 2007, and 2008 (totaling $22,656) to pay for paving city streets. However, monies in both funds are restricted for

their intended purposes, and there should be no transfers between these funds. Based on these prior transfers there may be remaining interfund liabilities that need to be resolved between these two funds to ensure restricted monies are used properly.

Article IV, Section 30, Missouri Constitution, requires motor vehicle-related receipts apportioned by the state of Missouri be disbursed for street-related purposes and city Ordinance Section 10-20 requires utility franchise tax revenues to be used for street lighting and other municipal electric bills. Because the city does not separately track restricted and non-restricted monies in the Street Fund, the city cannot ensure restricted monies were used appropriately and were not transferred to the Water Fund. In addition, receipts of the Water Fund represent user fees restricted for the operation of the water system, which would be limited to buying and delivering the water to customers, repaying debt, if applicable, and repairing and replacing infrastructure.

3.2 Segregation of duties and supervisory review

The city has not established an independent oversight or adequate segregation of duties related to the City Clerk's activities.

The City Clerk's duties include receiving and depositing monies, recording receipts and disbursements, preparing and distributing checks, and preparing monthly and year-end financial reports. The City Clerk also acts as City Collector and prepares property tax bills and maintains tax records. In addition, the City Clerk signs checks and receives the bank statements. Many of the City Clerk's duties would normally be performed by a City Treasurer; however, the city does not have an individual serving in this position and there is no evidence the Board provides adequate supervision or review of the work performed by the City Clerk/Collector.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city, the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these offices, by the same person at the same time would be incompatible. If segregating duties is not possible, a timely supervisory review by the Board of Aldermen should be performed and documented.

3.3 Budgets

The city does not prepare annual budgets for city funds as required by state law.

Section 67.010, RSMo, requires the preparation of an annual budget that shall represent a complete financial plan for the ensuing budget year, and also sets specific requirements for information to be included in the budget. Section 67.080, RSMo, provides that no expenditure of public monies shall be made unless it is authorized in a budget.

A complete and well-planned budget, in addition to meeting statutory requirements, serves as a means to manage city resources, assists in setting tax levies, and informs the public about city operations and current finances.

3.4 Bank reconciliations

The City Clerk does not prepare formal bank reconciliations for the two bank accounts (operating and water).

The City Clerk receives bank statements monthly and compares the checks that have cleared the bank to the manual check registers. The City Clerk makes a checkmark notation on the registers to indicate the checks have cleared; however, she does not prepare a list of outstanding checks. Additionally, other reconciling items, such as interest posted to the account, are not documented.

The preparation and independent review of formal monthly bank reconciliations is necessary to ensure accounting records are in balance and to identify errors in a timely manner.

3.5 Official bonding

The Mayor and Mayor Pro-Tem, who are authorized signatories on the city bank accounts, are not covered by the city's bond. Failure to properly bond individuals who have access to funds exposes the city to risk of loss.

Recommendations

The Board of Aldermen:

3.1 Determine and resolve interfund liabilities and discontinue transferring monies between restricted funds.

3.2 Adequately segregate the duties of the City Clerk/Collector. At a minimum, there should be a documented supervisory review of the city records and reconciliations.

3.3 Prepare annual budgets that include all information required by state law, and ensure the budget is formally approved and the approval is documented in the Board minutes.

3.4 Prepare formal bank reconciliations monthly, including listings of outstanding checks, deposits in transit, and other reconciling items; and investigate and promptly resolve any discrepancies.

3.5 Maintain bond coverage for all officials with access to city assets.

Auditee's Response

The Board of Aldermen provided the following responses:

3.1 We agree and will implement this recommendation.

3.2 Segregation of duties is not possible due to having only 1 employee. However, the Mayor has been doing a review of some records, but

this review was not documented. He will start documenting his review of various city records and reconciliations.

3.3 We will implement this recommendation starting with fiscal year 2015.

3.4 We have implemented this recommendation. In addition, the Mayor will review the bank reconciliations as part of his monthly review.

3.5 We will consider obtaining bond coverage for all check signers.

4. Ordinances, Meeting Minutes, and Contracts

City ordinances are not well maintained, meeting minutes and agendas are not always prepared and retained, and written contracts are not always prepared to document contractual relationships.

4.1 Ordinances

City ordinances are not complete, well organized, or up to date. Many ordinances are old and no longer relevant but have not been updated or rescinded by the Board. In addition, some relevant issues are not addressed in the city ordinances.

Several city ordinances conflict with current city practices. For example, according to city ordinance, the Mayor and members of the Board of Aldermen are each to be paid a salary; however, none of them are currently paid a salary. Ordinances set the City Clerk's salary at $10 per year and the City Collector's commission at 5 percent of property tax collections; however, the current City Clerk salary is $200 per month and the City Clerk currently receives a 10 percent Collector commission on property tax collections. Other ordinances that are outdated or not followed include one requiring all able-bodied males to spend 2 days each year working on city streets, another requiring a city prison, and others related to specific contracts for trash collection and street lighting that have ended.

In addition, the city does not have ordinances addressing current issues, such as conflicts of interest for board members or city employees, purchasing and bidding rules and procedures, fees for late utility payments, water deposit amounts, and procedures related to Sunshine Law (Chapter 610, RSMo) requests, including naming a Custodian of Records and establishing a fee structure for records requests.

Since ordinances represent legislation passed by the Board to govern the city and its residents, it is important ordinances be maintained in a complete and up-to-date manner.

4.2 Board minutes and agendas

Formal minutes of the July, October, and November 2012 Board meetings were not prepared and the city did not retain copies of the agenda for the July 2012, October 2012, February 2013, or April 2013 Board meetings to

demonstrate compliance with the Sunshine Law, related to public notification.

In one instance, according to a city newsletter published by the current Mayor (then a member of the Board of Aldermen), the prior City Clerk failed to post the notice of the July 26, 2012, special meeting as required by the Sunshine Law. When the Board realized the meeting was not posted as required by the Sunshine Law, the decision was made to destroy the minutes and not recognize the meeting as being an official meeting of the Board. However, Section 610.010(5), RSMo, defines a public meeting as "any meeting of a public governmental body subject to sections 610.010 to 610.030 at which any public business is discussed, decided, or public policy formulated."

Section 610.020, RSMo, requires a tentative agenda and a meeting notice be posted at least 24 hours prior to all meetings of a public governmental body. In addition, minutes serve as the only official permanent public record of decisions made by the Board. Therefore, it is imperative that the minutes be prepared and retained to document all business conducted.

4.3 Written contracts

The city could not locate or does not have written contracts or agreements with certain outside parties.

- The city could not locate copies of any contract or agreement between the city and the PWSD that supplies water to the city. According to the City Clerk, the two parties created the city water system in the 1950s, and the City Clerk is unaware of any documented agreement.

- The city does not have written contracts with the individuals who serve as the Water System Consultant or with the City Attorney. The city pays the Water Consultant a $100 per month retainer and the City Attorney a $50 per month retainer.

Clear and detailed written contracts are necessary to ensure all parties are aware of their duties and responsibilities, prevent misunderstandings, and ensure city monies are used appropriately and effectively. In addition, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

Recommendations

The Board of Aldermen:

4.1 Ensure ordinances are maintained in a complete and up-to-date manner.

4.2 Ensure notices and tentative agendas for board meetings are posted and retained, and meeting minutes are prepared and maintained for all meetings.

4.3 Enter into written contracts or agreements defining services provided and benefits received.

Auditee's Response

The Board of Aldermen provided the following responses:

4.1 We will work on updating ordinances over the next six months to a year.

4.2 We will ensure all future agendas and meeting minutes are prepared and retained. We will also ensure all meeting notices are posted.

4.3 We will implement this recommendation.

5. Payroll and Related Issues

The city does not maintain adequate documentation to support additional compensation paid to the City Clerk and is not in compliance with salary and wage reporting requirements.

5.1 Collector commissions

The City Clerk did not prepare or submit documentation to support the commission amount received for her duties as City Collector. During the year ended June 30, 2013, the City Clerk received an additional $312.

The City Clerk receives a 10 percent commission on property taxes collected for her role as City Collector, in addition to her salary of $200 per month. However, there is no documentation prepared or submitted to the Board to support the calculation of the commission amount. Rather, the amount is simply shown as an increase in the amount of salary due to the City Clerk on the list of bills to be approved at the next board meeting.

Adequate documentation should be maintained to support all payments made. Without obtaining and properly reviewing adequate documentation, the city cannot determine the validity and propriety of disbursements.

5.2 Wage and salary reporting

The city has classified the Meter Reader as an independent contractor and has not accurately reported wages earned by employees in the position of City Clerk.

Employment classification

The city did not document reasons for classifying the meter reader position as an independent contractor instead of as a city employee. In addition, the city failed to withhold and report payroll and income taxes on payments to each of the individuals who served as meter reader during 2013, who each received a $200 per month salary. These payments were reported to the Internal Revenue Service (IRS) on Form 1099-MISC.

The City Clerk indicated the decision to report payments to meter readers using a Form 1099-MISC resulted from a previous person in that position requesting the city not withhold any payroll taxes from his payroll check.

Section 105.300, RSMo, defines an elected or appointed officer or employee of a political subdivision as an employee for Social Security and Medicare tax purposes. For employees, the IRS requires employers to report employee compensation on W-2 forms and withhold and remit income and payroll taxes. Similarly, Chapter 143, RSMo, includes requirements for reporting wages and withholding state income taxes. State and federal laws require employers to pay the employer's share of Social Security and Medicare on the compensation paid to employees. Proper classification of employees is necessary to ensure compliance with various state and federal laws and regulations.

W-2 forms

The City Clerk completed the 2012 employee W-2 forms incorrectly. The City Clerk inaccurately reported net wages rather than gross wages as Social Security and Medicare wages for all three individuals employed as City Clerk during 2012, resulting in an underreporting of $158.

Conclusion

The failure to withhold and properly report payroll and income taxes for city employees makes the city potentially subject to additional tax liabilities along with penalties and interest.

Recommendations

The Board of Aldermen:

5.1 Require adequate documentation to support any additional compensation paid to city employees.

5.2 Ensure all persons hired are properly classified as employees or independent contractors in compliance with state and federal laws and regulations, and all compensation paid is subject to income and payroll taxes and properly reported.

Auditee's Response

The Board of Aldermen provided the following responses:

5.1 We will implement this recommendation.

5.2 Starting in January 2014 we are now classifying the Meter Reader as an employee. Going forward we will ensure W-2 forms are properly prepared.

City of DeWitt
Organization and Statistical Information

The City of DeWitt is located in Carroll County. The city was incorporated in 1910 and is currently a fourth-class city. The city employed two part-time employees on June 30, 2013.

City operations include water utilities, trash service (provided through the Carroll County Solid Waste Authority), street maintenance, and a city park.

Mayor and Board of Aldermen

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor and Board of Aldermen at June 30, 2013, are identified below. The Mayor and Board of Aldermen members receive no compensation.

Jesse Lybarger, Mayor
Billie Gay White, Alderwoman, Ward 1
Veronica Elliott, Alderwoman, Ward 1
Pam Vanatti, Alderwoman, Ward 2
Alvin Whitmill, Alderman, Ward 2

Financial Activity

A summary of the city's financial activity for the year ended June 30, 2013, follows:

City of DeWitt
Schedule of Receipts, Disbursements, and Changes in Cash Balances
Year Ended June 30, 2013

	General Fund	Street Fund	Water Fund	Special Water Fund (1)	Totals
RECEIPTS					
Charges for services	$ 45	0	0	0	45
Franchise taxes	1,835	1,977	0	0	3,812
Interest	12	0	2	0	14
License fees	28	0	0	0	28
Motor fuel and vehicle fees	0	4,459	0	0	4,459
Property taxes	3,519	1,446	0	0	4,965
Utility receipts	5,745	0	26,177	45	31,967
Transfers in	0	0	5,000	0	5,000
Total Receipts	11,184	7,882	31,179	45	50,290
DISBURSEMENTS					
Administration	245	0	1,031	0	1,276
Election expense	350	0	0	0	350
Employment taxes	399	0	0	0	399
Printing and publications	156	0	366	0	522
Professional services	1,687	0	1,100	0	2,787
Refunds	0	0	73	0	73
Repair and maintenance	0	215	387	0	602
Salaries and wages	1,804	0	3,251	0	5,055
Street lighting	0	3,355	0	0	3,355
Trash collection	6,537	0	0	0	6,537
Water	0	0	23,173	0	23,173
Transfers out	0	5,000	0	0	5,000
Total Disbursements	11,178	8,570	29,381	0	49,129
RECEIPTS OVER (UNDER) DISBURSEMENTS	6	(688)	1,798	45	1,161
CASH, JULY 1, 2012	4,669	12,795	1,103	0	18,567
CASH, JUNE 30, 2013	$ 4,675	12,107	2,901	45	19,728

(1) The Special Water Fund was created in June 2013 to account for a $5 surcharge added to customer water accounts to provide additional funds for water system maintenance.

Thomas A. Schweich

Missouri State Auditor

Webster County Procurement Procedures and County Clerk

June 2014

Report No. 2014-045

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Webster County Procurement Procedures and County Clerk

Improper Purchases, Missing Receipts, and Unauthorized/Unapproved Purchases	The former Administrative Assistant to the County Clerk made a total of at least $17,676 in improper personal purchases with county credit cards, county charge accounts, and county checks, and this activity remained undetected for more than 3 years. In addition, this employee did not transmit $201 received to the County Treasurer, and additional monies could be missing. This employee also purchased $774 worth of items, including gift cards, a clock, and head phones, without authorization. Billy Breitenstein, the former Administrative Assistant, was charged with felony stealing and fraudulent use of a credit device on June 9, 2014.
Procurement Controls and Procedures	The County Commission and County Clerk did not adequately segregate county procurement duties or provide adequate oversight, which allowed the misappropriation to continue undetected for a significant period of time. In addition, the Administrative Assistant was allowed to use flextime during the regular work week and he sometimes worked when no one else was present, which likely contributed to the misappropriation of funds. The County Commission and the County Clerk did not perform adequate reviews of vendor jackets, credit card statements, invoices, or other supporting documentation. The Administrative Assistant sometimes created, altered, or did not submit credit card statements for review, and also misclassified purchases in the county's accounting system to conceal improper purchases. The County Commission and County Clerk lack adequate physical controls and written policies to ensure the appropriate usage of credit cards. Neither the County Commission nor the County Clerk performed adequate reviews of Staples charge account activity and supporting documentation, which allowed improper personal and unauthorized purchases. Also, because there was no reconciliations of invoices to the vendor jacket, the county overpaid Staples $1,000 in January 2013. Staples applied the overpayment to subsequent purchases, but $360 is still due the county.
County Clerk Receipts	The County Clerk did not adequately segregate accounting duties or provide adequate oversight of receipts, transmittals, and related records, which increases the risk of loss, theft, or misuse of funds going undetected. The county's controls and procedures over receipting and transmitting monies are not sufficient, and there is no assurance all monies received are transmitted. The Administrative Assistant and other office personnel did not always issue receipt slips for monies received, indicate the method of payment, issue receipt slips in numerical sequence, retain copies of voided and blank receipt slips, and did not record some monies received on the month-end transmittal report and transmit them to the County Treasurer.

Additional Comments

Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Poor**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
County Clerk of Webster County

We have audited certain county disbursement operations and the County Clerk of Webster County. During our audit of Webster County in fulfillment of our duties under Section 29.230, RSMo, it was determined county funds had been misappropriated. The scope of our audit included, but was not necessarily limited to January 1, 2012, through July 26, 2013. The objectives of our audit were to:

1. Evaluate the County Commission's and County Clerk's internal controls over significant management and financial functions.

2. Evaluate the County Commission's and County Clerk's compliance with certain legal provisions and county policies.

3. Determine the extent of misappropriated county funds and monies missing.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) no significant noncompliance with legal provisions but noncompliance with county policies, and (3) misappropriated county funds and missing monies totaling at least $18,651. The accompanying Management Advisory Report presents our findings arising from our audit of certain disbursement operations of Webster County and the Webster County Clerk.

An audit of certain operations of Webster County, fulfilling our obligations under Section 29.230, RSMo, is still in progress, and any additional findings and recommendations will be included in the subsequent report.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Roberta Bledsoe
Audit Staff:	Michelle Crawford, M.Acct., CIA

Webster County Procurement Procedures and County Clerk Management Advisory Report
State Auditor's Findings

1. Improper Purchases, Missing Receipts, and Unauthorized/ Unapproved Purchases

The former Administrative Assistant to the County Clerk made improper purchases with county credit cards, county charge accounts, and county checks, and this activity remained undetected for more than 3 years. In addition, this employee did not transmit some monies received to the County Treasurer. Significant weaknesses in internal controls and record-keeping procedures resulted in these misappropriations occurring and going undetected for a significant period of time.

Numerous improper purchases for personal items totaling at least $17,676 were made from May 28, 2010, to July 26, 2013. Weaknesses with the county's procurement function indicate additional county funds could have been misappropriated. In addition, $201 of various fees and all-terrain vehicle (ATV) permit monies collected between July 9, 2012, and May 28, 2013 in the County Clerk's office were not transmitted to the County Treasurer. Problems with ATV permit and liquor license records indicate additional monies collected in the County Clerk's office could be missing. Also, various items totaling $774 purchased without authorization or approval from March 18, 2013, to July 8, 2013, were found in the County Clerk's office after termination of the Administrative Assistant.

In August 2013, personnel in the County Clerk's office determined the Administrative Assistant had fraudulently acquired a county credit card. At the request of the County Commission and County Clerk, the County Prosecuting Attorney contacted the Missouri State Highway Patrol (MSHP) on August 9, 2013, to investigate a fraudulently acquired credit card, missing records, and unauthorized access into the county's accounting system. The County Commission and County Clerk notified the State Auditor's office (SAO) on October 1, 2013, of their concerns and the related MSHP investigation, and provided documentation showing some improper purchases. Audit work by the SAO identified additional improper purchases and missing monies.

Billy Breitenstein, the County Clerk's Administrative Assistant, was terminated on July 26, 2013, for reasons unrelated to misuse of county credit cards. He was charged with felony stealing and fraudulent use of a credit device on June 9, 2014. The MSHP investigation discovered some improperly purchased items (e.g., an external hard drive, guns, and a taser) that were located in the Administrative Assistant's residence. Mr. Breitenstein was primarily responsible for all county procurement and accounting duties (assumed the duties of the accounts payable clerk who left county employment in March 2010), and receipting and transmitting of monies for the County Clerk's office.

As stated in the State Auditor's Report, the scope of our audit included, but was not necessarily limited to the period January 1, 2012, through July 26, 2013. After identification of possible misappropriation of county funds, we

applied limited procedures to county disbursement operations for the period March 1, 2010, through December 31, 2011.

The Administrative Assistant made numerous improper personal purchases totaling at least $17,676 using county funds. These purchases were made using county credit cards ($16,077), the county's Staples charge account ($1,457), and county checks ($142). The Administrative Assistant used various methods to conceal many of these personal purchases. In addition, cash receipts for various fees totaling $161 recorded on receipt slips issued by personnel in the County Clerk's office were not transmitted by the Administrative Assistant to the County Treasurer. An additional $40 associated with the issuance of ATV permits by the Administrative Assistant was not transmitted to the County Treasurer during this time period. Also, various items that had not been authorized/approved, totaling $774, were purchased by the Administrative Assistant through use of the county's Staples charge account. These items were found in the County Clerk's office after termination of the Administrative Assistant. See MAR finding numbers 2 and 3 for more information regarding these various transactions.

Conclusion

The lack of adequate controls and procedures and the absence of proper oversight by the County Commission and County Clerk, as further discussed throughout this report, resulted in the untimely detection of the misappropriated and missing monies. The Supporting Documentation of Improper Purchases, Missing Receipts, and Unauthorized/Unapproved Purchases section at the end of this report provides details regarding the misappropriated and missing monies.

Recommendation

The County Commission and County Clerk work with law enforcement authorities regarding any criminal prosecution and take necessary action to recover the misappropriated monies.

Auditee's Response

The County Commission and County Clerk provided the following written response:

The County Commission and County Clerk will work with and fully cooperate with law enforcement, the judicial system, and any other authorities regarding any and all criminal prosecutions and take any and all necessary action to recover the misappropriated monies.

2. Procurement Controls and Procedures

Significant weaknesses exist in the procurement controls and procedures of the county.

2.1 Segregation of duties and oversight

The County Commission and County Clerk did not adequately segregate county procurement duties or provide adequate oversight of procurement functions and records. The Administrative Assistant was primarily responsible for all county procurement duties, including obtaining approved invoices from county officials, filing and retaining invoices, entering the invoices into the computer system, generating a vendor jacket (a summary of invoices used by the County Clerk and County Commission to document their review and approval), and printing and mailing checks. In addition, the Administrative Assistant often acted as a purchasing agent and made purchases for several county offices. The County Commission and County Clerk did not perform adequate reviews of vendor jackets, credit card statements, invoices, and other supporting documentation.

Also, according to County Clerk's office personnel, the Administrative Assistant was allowed to use flextime during the regular work week (Monday through Friday), and he sometimes worked when no one else was present in the courthouse. This unsupervised time likely contributed to the Administrative Assistant's ability to manipulate records and conceal the misappropriations.

Proper segregation of duties helps to ensure transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, the County Commission and County Clerk should implement an adequate documented independent supervisory review of the procurement records.

2.2 Credit cards

Controls and procedures over credit cards need improvement. The county purchased items and services totaling approximately $270,000 through use of 32 credit cards from March 1, 2010 through July 26, 2013.

Personal purchases

The County Commission and the County Clerk did not perform adequate reviews of vendor jackets, credit card statements, invoices, and other supporting documentation, and, as noted in MAR finding number 1, personal purchases made by the Administrative Assistant through use of county credit cards totaling $16,077 went undetected. We discuss the Administrative Assistant's efforts to conceal personal purchases along with other problems including lack of documentation and inadequate reviews in the following bullet points. Some purchases are discussed in more than one point.

- The Administrative Assistant did not always submit credit card statements to the County Commission and County Clerk for their review, created some credit card statements, altered some transactions on credit card statements (using correction tape), and marked some transactions "void" on credit card statements to conceal personal purchases made. Personal purchases totaling $1,255 were made and concealed by the Administrative Assistant by creating statements and altering or marking transactions void on credit card statements. We also noted instances where invoices or receipts for credit card transactions were paid prior to the county receiving the monthly credit card billing statement. Had the County Commission and County Clerk reviewed credit card statements along with invoices or receipts supporting each itemized transaction, some of these improper purchases would likely have been timely detected.

  The Administrative Assistant also concealed personal purchases made by misclassifying the purchases in the accounting system and on the vendor jacket approved by the County Commission and County Clerk. For example, several personal purchases for law enforcement items were coded to the general revenue "miscellaneous" or buildings and grounds "miscellaneous" account code in the accounting system, and personal fuel purchases were coded to the Sheriff's office and the Road and Bridge department.

- Adequate supporting documentation was not maintained for some credit card transactions. For example, the County Commission approved a credit card payment totaling $5,293 for which there was no supporting documentation. This payment was coded as "supplies" in the county accounting system and the only support in county records was the signed warrant/check dated September 4, 2012. However, this amount actually represented a past due amount reported on a credit card statement with a closing date of September 1, 2012. Additionally, in April 2013, the Administrative Assistant duplicated and re-submitted previously paid credit card invoices/supporting documentation to the County Commission for 3 legitimate county purchases totaling $5,351 to conceal past due amounts and personal purchases. These invoices were previously paid and included on December 2012 and January 2013 vendor jackets. The County Commission re-approved all 3 duplicated and re-submitted invoices.

  Additionally, the county had no supporting documentation for personal purchases made by the Administrative Assistant totaling $15,124. At our request, the county obtained some of these invoices from vendors, and many of the remaining unsupported purchases were made from vendors the county typically does not do business with such as

Groupon; Amazon Marketplace; and Advertising, Premiums & Incentives.

- The Administrative Assistant made personal purchases totaling $3,751, and the billing and/or shipping address on the invoices was his personal address. The Administrative Assistant purchased a pair of binoculars using the county's "purchasing" credit card and a pair of night vision binoculars using the county's "Webster County #1" credit card. The Administrative Assistant left both pair of binoculars at a police department in a city in a neighboring county, where he worked as a reserve officer. We observed both pair of binoculars and verified they were purchased with county credit cards. Both pair of binoculars are now in the custody of the MSHP.

- The Administrative Assistant made personal purchases on county holidays or weekends totaling $5,230. His job duties did not require him to work on holidays or weekends.

The County Clerk and County Sheriff reviewed all transactions presented in the Supporting Documentation of Improper Purchases, Missing Receipts, and Unauthorized/Unapproved Purchases section at the end of this report and verified these purchases were not legitimate purchases related to county operations.

Detailed supporting documentation, such as itemized receipts and vendor invoices, should be maintained for all credit card transactions and reconciled to the credit card statements by someone other than the cardholder. Without adequate supporting documentation and proper approval, the county is unable to ensure purchases are for legitimate goods or services.

Policies and procedures

The County Commission and County Clerk do not have adequate physical controls or written policies to ensure appropriate usage of credit cards. In addition, the county paid late fees ($3,014) and finance charges ($819) totaling $3,833 from July 2010 through July 2013.

- The Administrative Assistant made personal purchases totaling $6,617 from the county credit card assigned to him, made personal purchases totaling $5,655 from a credit card he opened in November 2012 (without approval of the County Commission and County Clerk), and made personal purchases totaling $4,076 from 4 of 5 other county credit cards that were stored in the County Clerk's vault. County Clerk's office personnel believed 1 of the 5 cards (disaster card) in the vault was inactive; however, the Administrative Assistant made a $299 purchase at a pawn shop using that card.

- The County Commission and County Clerk allowed county officials and employees to make personal purchases on county credit cards, and adequate reviews of these purchases and the related reimbursements were not performed. The Administrative Assistant did not include personal checks for reimbursement of personal purchases totaling $575, even though he made notations that he had enclosed personal checks on several credit card statements and supporting documentation.

In October 2005, the County Commission implemented a written credit card policy stating, "Original receipts must be submitted for each purchase prior to payment from county funds. Any person failing to submit documentation becomes personally responsible for payment of the charges concerned (including late fees or service charges, if any). Failure to provide documentation or payment will result in the charges being deducted from the person's next paycheck and the immediate loss of credit privileges."

The County Commission and County Clerk should review credit card assignments and usage to evaluate each employee's or office's continued need for a card, limit use to official purposes only, restrict access to shared cards, and adopt formal written policies documenting the appropriate use of county credit cards. Failure to adequately account for active credit cards could result in additional loss, theft, and misuse going undetected. In addition, failure to pay bills promptly exposes the county to unnecessary costs.

2.3 Charge account and checks

The County Commission and the County Clerk did not perform adequate reviews of Staples charge account statements, county checks, invoices, and other supporting documentation. As a result, personal purchases made by the Administrative Assistant through use of the county's Staples charge account ($1,457) and county checks ($142) went undetected, as noted in MAR finding number 1.

Personal purchases

The Administrative Assistant made personal purchases totaling $1,457 using the Staples charge account from September 2012 to June 2013, and all checks for these purchases were signed by the County Clerk, the County Treasurer, and a member of the County Commission. There was no indication the County Commission or County Clerk reviewed or approved the vendor jackets or invoices for $1,139 of these purchases. In addition, the Administrative Assistant used Staples reward program coupons earned from county purchases to purchase $843 of the $1,457 items. He purchased kitchen and household items, electronic equipment, and a gift card through use of the coupons.

In addition, the county issued 2 checks totaling $142 to vendors for personal purchases of the Administrative Assistant in November 2012 ($20), and May 2013 ($122). The vendor jacket prepared by the Administrative

Assistant for the $20 payment indicated the payment was for postage and handling. No other supporting documentation was found related to this payment; however, we identified other personal purchases with this vendor on county credit cards. The $122 check was for the personal purchase of a Taser holster and cartridge, and a related personal purchase of a Taser and 10 other cartridges was made through use of a county credit card in April 2013.

Overpayment

Our review of payments to Staples identified an overpayment of $1,000 in January 2013. The vendor jacket generated by the Administrative Assistant reported $1,114 due to Staples, while the related invoice only showed $114 due. Staples applied the overpayment to subsequent purchases; however, $360 is still due to the county. No reconciliation of invoices to the vendor jacket was performed by the County Commission or County Clerk, and as a result, the overpayment went undetected.

Unauthorized/unapproved purchases

Various items that had not been authorized/approved for purchase, totaling $774, were purchased by the Administrative Assistant through use of the county's Staples charge account. These items were found in the County Clerk's office after termination of the Administrative Assistant. Personnel in the County Clerk's office indicated the Administrative Assistant may have purchased some of these items to be given out at employee events. These items included a camcorder, head phones, earpods, a bar speaker, silver clock, pens, and several gift cards, and were purchased using county funds or through use of vendor reward program coupons earned from county purchases.

Conclusion

Detailed supporting documentation, such as itemized receipts and vendor invoices, should be maintained for all charge account transactions and county checks, and reconciled to the monthly statements and checks by someone other than the purchaser. Without adequate supporting documentation and proper approvals, the county is unable to ensure purchases are for legitimate goods or services.

Recommendations

The County Commission and County Clerk:

2.1 Adequately segregate the procurement function to the extent possible or ensure supervisory reviews of accounting records are performed and documented.

2.2 Adopt formal policies and procedures for credit card usage that include criteria for identifying employees that should be assigned a card and limits use to official purposes only, restrict access to shared credit cards, require adequate documentation be maintained and reconciled to billing statements, and require purchases be approved by someone other than the card user. In addition, the

County Commission and County Clerk should implement procedures to ensure bills are paid timely to avoid late fees and finance charges.

2.3 Require adequate documentation be maintained and reconciled to monthly charge account statements, and require purchases be approved by someone other than the purchaser.

Auditee's Response

The County Commission and County Clerk provided the following written responses:

2.1 The County Commission and County Clerk will take the necessary steps to ensure documented supervisory reviews of accounting records and the supporting documentation, which includes, but is not limited to segregating the responsibility of purchasing on behalf of the county and the accounts payable on behalf of the county.

2.2 The County Commission and the County Clerk will review all current credit card assignments and usage to evaluate the necessity of county credit card(s) issued to any employee or office of Webster County. Based on the evaluation of the necessity for a county credit card, appropriate actions will be taken to limit the number of credit cards being issued or utilized and monetary limits will be instituted. A reminder of the county's written policy will be re-submitted to each employee/office for review of the credit card(s) use guidelines, which includes, but is not limited to a requirement that the card(s) be used only for official purposes, adequate documentation to be submitted for all purchases, to reconcile the documentation to the billing statement(s), and that someone other than the purchaser approve the item(s) purchased. The shared county credit cards will be maintained and secured in the county vault; such card(s) will require that the user sign a record sheet evidencing the signing in and out of the card(s). The County Commission and County Clerk will enforce the written policy that requires all bills are paid in a timely manner to avoid late fees or finance charges.

2.3 The County Commission and the County Clerk will ensure that itemized receipts and invoices are maintained for all charge account transactions and county checks/monies. We will require that the receipts and invoices be reconciled to monthly statements/invoices by someone other than the person designated as the purchaser.

3. County Clerk Receipts

Significant weaknesses exist in receipting and transmittal controls and record-keeping procedures in the County Clerk's office. The County Clerk's office collected approximately $14,000 in liquor license, ATV permit,

notary commission and service, and other miscellaneous fees during the year ended December 31, 2012.

3.1 Segregation of duties

The County Clerk did not adequately segregate accounting duties or provide adequate oversight of receipts, transmittals, and related records. The County Clerk's Administrative Assistant received monies, recorded transactions, maintained accounting records, transmitted monies to the County Treasurer, and prepared month-end reports. The County Clerk or other office personnel did not perform a comparison of records prepared by the Administrative Assistant to the monies transmitted to the County Treasurer.

Proper segregation of duties helps ensure transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, the County Clerk should implement an adequate documented independent or supervisory review of the accounting records.

3.2 Receipting and transmitting

Controls and procedures over receipting and transmitting monies are not sufficient. As a result, there is no assurance all monies received are transmitted, and, as noted in MAR finding number 1, some monies received were not transmitted to the County Treasurer.

- The Administrative Assistant and other office personnel did not issue receipt slips for some monies received (receipt slips were only issued upon request), and the method of payment (cash, check, or money order) was not always recorded on receipt slips.

- The Administrative Assistant and other office personnel did not always issue receipt slips in numerical sequence. Multiple receipt books were used concurrently. Original (top) copies of some voided and blank receipt slips were not retained, and some receipt slips were skipped and not properly defaced to prevent later use.

- The Administrative Assistant did not record some monies received on the month-end transmittal report, did not transmit these monies to the County Treasurer, and these monies ($161) are missing.

Properly receipting and recording receipts on month-end reports, recording the method of payment, and transmitting monies received intact are necessary to ensure receipts are adequately safeguarded and to reduce the risk of loss, theft, or misuse of funds going undetected.

3.3 ATV permits and liquor licenses

The County Clerk or Administrative Assistant did not properly account for the numerical sequence of ATV permits and liquor licenses issued, and there is no procedure to reconcile ATV permits and liquor licenses issued to fees collected and amounts transmitted. ATV permits and records indicate 4 ATV permits were issued by the Administrative Assistant (including one to

himself); however, receipt slips were not issued for these monies nor were the monies ($40) transmitted to the County Treasurer. In addition, during our review of the ATV permit log maintained by the Administrative Assistant, we could not account for 12 of 70 ATV permit numbers used during the period July 1, 2012, to July 26, 2013. As a result, additional monies related to ATV permits could be missing. In addition, 3 liquor license numbers were used twice.

To adequately account for collections and reduce the risk of loss, theft, or misuse of funds, the numerical sequence of permits and licenses should be accounted for properly and compared to fees recorded and transmitted. In addition, a complete and accurate permit log should be maintained.

Recommendations

The County Clerk:

3.1 Adequately segregate receipting and transmittal duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.

3.2 Issue receipt slips for all monies received, with the method of payment documented, reconcile the composition of receipt slips to the composition of transmittals, and transmit receipts intact to the County Treasurer. The County Clerk should also ensure receipt slips are issued in numerical sequence, all copies of voided and blank receipt slips are retained, and the numerical sequence of receipt slips is accounted for properly.

3.3 Account for the numerical sequence of permits and licenses, ensure the permit log is complete and accurate, and reconcile permits and licenses issued to fees recorded and transmitted.

Auditee's Response

The County Clerk provided the following written responses:

3.1 The County Clerk will implement a segregation of responsibilities to ensure more efficient checks and balances regarding monies, including, but not limited to the segregation of the receipt of monies, the recording of transactions of monies, maintenance of the accounting records, transmittal of the monies to the Webster County Treasurer and the preparation of the month-end reports. The County Clerk will perform a documented review of accounting records each month.

3.2 The County Clerk will utilize one receipt book for all monies received, which will document the method of payment, such as cash, check or money order, on every receipt provided and the initials of the individual making such receipt. The composition of monies

collected will be compared to the composition of monies transmitted to the Webster County Treasurer. In addition, a log will be maintained for comparison to the receipts provided and monies collected. The County Clerk will require that receipts be issued in numerical sequence, with skipped/voided slips being retained and stapled to the carbon copy in the receipt book. A copy of the applicable receipt book pages will be provided, along with the monies, to the County Treasurer for review and accountability purposes.

3.3 The County Clerk will continue to maintain a log for all permits and licenses issued. However, such log will be reconciled with the receipt book evidencing the monies received. In addition, a policy will be instituted that requires permits and license forms be purchased from a third party vendor and in pre-printed numerical sequence to ensure the numbers cannot be altered at time of issuance.

Webster County Procurement Procedures and County Clerk Organization and Statistical Information

Webster County is a county-organized, third-class county, and the county seat is Marshfield.

Webster County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in appropriating and approving the disbursement of county funds and accounting for county property. The County Clerk is the chief fiscal and administrative officer of the county, whose duties include issuing county checks and maintaining records of disbursements approved for payment by the county commission, issuing county licenses, and collecting various county fees for remittance to the county treasury.

The County Commission and County Clerk as of December 31, 2012, are listed below:

Officeholder
Paul Ipock, Presiding Commissioner
Susan Knust, Associate Commissioner (1)
Denzil Young, Associate Commissioner
Stanley Whitehurst, County Clerk

(1) Ward Jones replaced Susan Knust on January 1, 2013.

Webster County Procurement Procedures and County Clerk
Supporting Documentation of Improper Purchases, Missing Receipts, and Unauthorized/Unapproved Purchases

Summary of Improper Purchases, Missing Receipts, and Unauthorized/Unapproved Purchases

		Amount
Personal Purchases using County Credit Cards	$	16,347.89
Repayment of Personal Purchases by Personal Check		(270.73)
Subtotal of Personal Purchases using County Credit Cards		16,077.16
Personal Purchases using County Staples Charge Account		1,457.62
Personal Purchases using County Checks		141.77
Subtotal of Personal Purchases		17,676.55
Missing Cash Receipts		201.00
Unauthorized/Unapproved Purchases using County Staples Charge Account		773.80
Total	$	18,651.35

Personal Purchases using County Credit Cards

County credit card number 2194 issued to Billy Breitenstein

Date of Transaction	Vendor/Location of Purchase or Online Purchase	Item/Purpose		Amount
01/29/12	Pizza Hut/Marshfield	Food (3) (4)	$	27.55
02/01/12	Cody's 2 Eagle Stop/Marshfield	Fuel or convenience store items		45.92
02/27/12	Love 5 Travel/Strafford	Lodging		47.00
02/28/12	El Charros/Marshfield	Food		19.09
03/08/12	KY3/Springfield	Daily deal (5)		10.00
03/22/12	McDonald's/Marshfield	Food		7.99
03/26/12	Verizon Wireless/Online	Cellular service and equipment		338.46
04/04/12	Hurricane Bay Car Wash/Marshfield	Car wash		6.00
04/24/12	Subway/Springfield	Food		8.97
04/29/12	Fuddruckers/Springfield	Food (4)		11.33
05/01/12	JBC Tire & Service Center/Springfield	4 tires, tire balance, brake rotor, and rear brake service		925.81
05/10/12	Cody's 2 Eagle Stop/Marshfield	Fuel or convenience store items		47.41
05/18/12	GovX/Online	Hand cuff/magazine combination paddle		27.90
05/22/12	Galls/Online	Metal attachment for officer nameplate that says "Serving Since" and the year		9.56
05/24/12	Cody's 2 Eagle Stop/Marshfield	Fuel or convenience store items		48.78
05/24/12	McDonald's/Marshfield	Food		6.90
05/24/12	Galls/Online	2 pairs of handcuffs		68.87
05/25/12	Galls/Online	Nameplate		7.64
05/26/12	Walmart/Marshfield	Groceries and alcohol (4)		179.05
05/27/12	Cody's 2 Eagle Stop/Marshfield	Fuel or convenience store items (4)		34.82
06/01/12	Cody's 2 Eagle Stop/Marshfield	Fuel or convenience store items		47.70
06/01/12	Golden China Buffett/Marshfield	Food		5.92
06/02/12	Burger King/Ozark	Food (4)		13.14
06/02/12	Walmart/Ozark	Electronic items, medicine, and beverage (4)		23.25
06/03/12	Subway/Springfield	Food (4)		15.92
06/03/12	Kum & Go/Springfield	Fuel or convenience store items (4)		33.14
06/04/12	Harter House/Stafford	Groceries		7.63
06/05/12	Cody's 2 Eagle Stop/Marshfield	Fuel or convenience store items		24.35
06/05/12	Sonic Drive In/Marshfield	Food		8.96
06/08/12	Cody's 2 Eagle/Marshfield	Fuel or convenience store items		40.53
06/17/12	Petro Mart/Columbia	Fuel or convenience store items (4)		33.52
06/17/12	Fastrip/Marshfield	Fuel or convenience store items (4)		44.10
06/17/12	Fastrip/Marshfield	Fuel or convenience store items (4)		25.75
06/17/12	Walmart/Marshfield	Vendor indicated it could be Fuel or convenience store items purchased from Murphy Fuel (4)		20.77
06/18/12	O'Reilly Auto Parts/Marshfield	Automotive parts		8.63
06/22/12	Kum & Go/Springfield	Fuel or convenience store items		37.10
06/26/12	Verizon Wireless/Online	Cellular service and equipment		236.09
06/28/12	Battlefield Snack Bar/Springfield	Food		6.43
06/28/12	Cheddar's/Springfield	Food		30.00
07/01/12	The Roost Bar and Grill/Springfield	Food (4)		26.49
07/03/12	Pizza Hut/Marshfield	Food		26.72
07/04/12	Kum & Go/Springfield	Fuel or convenience store items (4)		37.31
07/05/12	Walmart/Springfield	Vendor indicated it could be fuel or convenience store items purchased from Murphy Fuel		68.24
07/14/12	Fastrip/Marshfield	Fuel or convenience store items (4)		40.42
07/14/12	Fastrip/Marshfield	Fuel or convenience store items (4)		41.85
07/20/12	Phils Auto Repair/Marshfield	Water pump repair		302.33
07/22/12	Brics Belgium Waffle/Ozark	Food (4)		16.79
07/24/12	Cody's 2 Eagle Stop/Marshfield	Fuel or convenience store items		44.75
07/25/12	Advertising, Premiums & Incentives/Online	Unknown (5)		59.42
09/06/12	Advertising, Premiums & Incentives/Online	Credit for return		(4.00)
10/29/12	U-Haul/Marshfield	Equipment rental and mileage (2) (3)		92.67
11/07/12	Casey's General Store/Seymour	Fuel or convenience store items		4.46
Total 2012				3,299.43

Date of Transaction	Vendor/Location of Purchase or Online Purchase	Item/Purpose	Amount
03/02/11	Vistaprint/Online	Business cards, business card holder, mouse pad, glass sign, and t-shirt	5.24
03/02/11	Vistaprint/Online	Business cards, business card holder, mouse pad, glass sign, and t-shirt	13.72
03/15/11	China Garden/Marshfield	Food (1)	11.86
03/16/11	Casey's General Store/Marshfield	Fuel or convenience store items (1)	53.01
03/16/11	China Garden/Marshfield	Food (1)	5.93
05/22/11	Walmart/Springfield	Vendor indicated it could be Fuel or convenience store items purchased from Murphy Fuel (3) (4)	15.02
05/23/11	Olfy (Orange Leaf Frozen Yogurt)/Springfield	Food (3)	12.98
06/24/11	Vistaprint/Online	"Special Response Unit" vehicle sign	63.68
07/04/11	Casey's General Store/Marshfield	Fuel or convenience store items (4)	47.78
07/14/11	Staples/Online	I love to travel set, office supplies, travel coffee cup set, beach cooler tote with towel, CD/DVD envelopes, and travel bag with wristlet	139.96
07/30/11	Doubletree by Hilton Hotels/St. Louis	Lodging-ultimate fly and stay package	177.37
08/20/11	Galls/Online	Law enforcement flashlight, pants, boots, and socks (4)	290.81
09/17/11	Signal Food Store/Ozark	Fuel or convenience store items (4)	30.00
10/03/11	Cody's 2 Eagle Stop/Marshfield	Fuel or convenience store items	50.50
10/04/11	Verizon Wireless/Online	Cellular service and equipment	350.48
10/04/11	Dish Network/Online	Unknown (5)	100.00
10/08/11	Brown Derby Liquor Store/Springfield	Unknown (4) (5)	21.49
10/10/11	Cowans Travel Center/Strafford	Fuel or convenience store items (4)	7.91
10/22/11	Old Chicago/Springfield	Food (4)	50.00
10/24/11	Kum & Go/Springfield	Fuel or convenience store items	40.00
10/24/11	Kum & Go/Springfield	Fuel or convenience store items	10.01
10/26/11	Absolute Muffler & Brake/Marshfield	Automotive repair	47.69
10/27/11	Amazon Marketplace	Unknown (5)	8.59
11/22/11	Verizon Wireless/Online	Cellular service and equipment	170.34
11/26/11	Toy R Us/Springfield	Unknown (4) (5)	203.42
11/26/11	Best Buy/Springfield	Unknown (4) (5)	462.66
11/29/11	Cody's 2 Eagle Stop/Marshfield	Fuel or convenience store items	45.41
12/05/11	Trendgear/Online	Flashing strobe lights	101.99
12/15/11	The Roost Bar and Grill/Springfield	Food	27.00
12/18/11	Casey's General Store/Marshfield	Fuel or convenience store items (3) (4)	45.09
Total 2011			2,609.94
05/28/10	Strobes N' More/Online	Light Emitting Diode (LED) dash lights	266.34
05/29/10	Party City/Springfield	Balloons (4)	106.29
07/01/10	Rapid Roberts/Springfield	Fuel or convenience store items (1)	55.00
07/01/10	Galls/Online	Light Emitting Diode (LED) traffic baton	28.59
07/04/10	Kum & Go/Springfield	Fuel or convenience store items (1) (4)	40.00
07/19/10	Sonic Drive In/Marshfield	Food	4.08
09/01/10	Walmart/Marshfield	Unknown (5)	25.00
10/29/10	Walgreens/Marshfield	Candy	29.84
12/11/10	Prestige Emergency Lights/Online	2-100 watt speakers (4)	153.22
Total 2010			708.36
Total for credit card number 2194			$ 6,617.73

County credit card number 3184 (Purchasing)

Date of Transaction	Vendor/Location of Purchase or Online Purchase	Item/Purpose	Amount
01/30/13	Galls/Online	Binoculars (2) (6)	$ 46.18
02/09/13	Gunslinger Gun and Pawn/Springfield	Pump shot gun (2) (4)	418.05
02/22/13	Walmart/Marshfield	Bodyshaver, gun sling, Remington 870 NRS gun stock, and gun grip	168.47
03/13/13	Casey's General Store/Marshfield	Fuel or convenience store items	55.27
03/15/13	Battlefield Snack Bar/Springfield	Food (3)	25.46
03/15/13	Battlefield Snack Bar/Springfield	Food (3)	5.14
03/17/13	Signal Food Store/Buffalo	Fuel or convenience store items (3) (4)	3.68
03/17/13	Signal Food Store/Buffalo	Fuel or convenience store items (3) (4)	60.82
03/19/13	Casey's General Store/Marshfield	Fuel or convenience store items	36.29
03/19/13	Walmart/Springfield	Vendor indicated it could be Fuel or convenience store items purchased from Murphy Fuel	76.19
03/20/13	Sonic Drive In/Marshfield	Food	9.11
03/22/13	Silver Dollar City/Branson	Tickets (3)	169.82
03/22/13	Groupon/Online	Daily deal (3) (5)	19.00
03/22/13	Groupon/Online	Daily deal (3) (5)	18.00
03/23/13	Macadoodles/Springfield	Liquor (3) (4)	31.92
03/28/13	Groupon/Online	Daily deal (3) (5)	10.00
04/02/13	Ed Roher Safety Products/Online	Taser, 10 cartridges, and holster (2)	1,280.37
04/02/13	McDonald's/Marshfield	Food	7.77
04/02/13	Walgreens/Marshfield	Unknown (5)	12.61
04/02/13	Walgreens/Marshfield	Unknown (5)	20.00
04/14/13	Kum & Go/Springfield	Fuel or convenience store items (4)	46.56
04/17/13	Missouri State University TIX/Online	Tickets	90.50
04/20/13	Kum & Go/Springfield	Fuel or convenience store items (4)	34.07
04/20/13	Kum & Go/Springfield	Fuel or convenience store items (4)	22.64
04/20/13	Price Cutter/Springfield	Groceries (4)	43.03
04/20/13	Walmart/Springfield	Groceries (4)	67.22
04/22/13	Groupon/Online	Daily deal (5)	270.97

Date of Transaction	Vendor/Location of Purchase or Online Purchase	Item/Purpose	Amount
04/22/13	Groupon/Online	Daily deal (5)	16.66
04/22/13	Groupon/Online	Daily deal (5)	15.00
04/22/13	Groupon/Online	Daily deal (5)	18.00
04/22/13	Groupon/Online	Daily deal (5)	10.00
04/22/13	Groupon/Online	Daily deal (5)	18.73
04/24/13	Sonic Drive In/Marshfield	Food	8.79
04/25/13	Deerfield Veterinary Hospital/Springfield	Veterinary services	80.75
04/25/13	Walmart/Springfield	Groceries and cleaning supplies	41.76
04/27/13	Kum & Go/Republic	Fuel or convenience store items (4)	43.63
05/09/13	Amazon Marketplace/Online	Unknown (5)	10.55
05/10/13	Amazon Marketplace/Online	Unknown (5)	10.59
05/20/13	Hampton Inn/St. Louis	Lodging (2)	237.28
06/15/13	Walmart/Springfield	Groceries and alcohol (4)	70.80
06/15/13	Dollar General/Springfield	Funnels, hangers, and crackers (4)	9.03
06/20/13	Rapid Roberts/Marshfield	Fuel or convenience store items	25.01
06/22/13	Chrysler Capital/Online	Car payment (4)	432.75
06/27/13	GJS Liquor Store/Online	Unknown (5)	114.94
06/27/13	Amazon Marketplace/Online	Unknown (5)	18.98
06/27/13	Amazon Marketplace/Online	Unknown (5)	84.99
06/27/13	Amazon Marketplace/Online	Unknown (5)	84.99
06/27/13	Amazon Marketplace/Online	Unknown (5)	34.36
06/28/13	Amazon Marketplace/Online	Unknown (5)	15.94
07/01/13	Cody's 2 Eagle Stop/Marshfield	Fuel or convenience store items	39.00
07/01/13	Hy-Vee Gas/Springfield	Fuel or convenience store items	25.10
07/03/13	Taco Bell/Marshfield	Food	6.90
07/03/13	Walmart/Springfield	Ninja blender and cleaning supplies	98.96
07/04/13	United Parcel Service/Online	Shipping (4)	18.51
07/09/13	Groupon/Online	Daily deal (5)	10.00
Total 2013			4,651.14
11/21/12	Sonic Drive In/Marshfield	Food	7.66
11/21/12	Price Cutter/Marshfield	Groceries	39.41
11/23/12	Verizon Wireless/Online	Cellular service or equipment	233.70
11/26/12	Cody's 2 Eagle Stop/Marshfield	Fuel or convenience store items	46.89
11/26/12	Galls/Online	Ankle holster and shipping	47.29
12/19/12	Galls/Online	Credit for return of ankle holster	(36.80)
12/01/12	Kum & Go/Springfield	Fuel (4)	50.00
12/01/12	Walmart/Springfield	Oil change, antifreeze, and beverage (4)	64.33
12/04/12	Golden China Buffett/Marshfield	Food	7.55
12/05/12	Golden China Buffett/Marshfield	Food	9.16
12/05/12	Cody's 2 Eagle Stop/Marshfield	Fuel or convenience store items	41.05
12/12/12	Hobby Lobby/Springfield	Candy	2.50
12/20/12	Rokform/Online	Cellular phone accessories	106.00
12/28/12	Galls/Online	Response jacket (2)	69.28
12/29/12	Galls/Online	Sentry baton, scabbard, and rechargeable flashlight (2) (4)	230.97
12/29/12	Gold Star Holsters/Online	2 holsters (2) (4)	84.67
Total 2012			1,003.66
Total for credit card number 3184			$ 5,654.80

County credit card number 2186 (Building and Grounds)

Date of Transaction	Vendor/Location of Purchase or Online Purchase	Item/Purpose	Amount
07/24/13	Short Block Technologies (SBT)/Online	Jet ski carpet (2)	$ 104.95
07/24/13	Rochford Supply/Online	Adhesive spray and foam for jet ski (2)	113.25
Total 2013			218.20
05/26/12	Livingsocial/Online	Daily deal (4) (5)	23.00
05/26/12	Galls/Online	Training gun glock, knife, video surveillance sunglasses, reversible jacket, ankle holster, duffle bag, fleece shirt, patrol ready bag, flashlight, tri-fold wallet, BDU belt, paracord bracelet, gloves, bag watch, citation clip board, Swat knife, gloves, forensic tent, safety ballcap, and medical bag kit (4)	987.95
05/26/12	1-800-Flowers/Online	Flowers (4)	74.48
06/05/12	Galls/Online	Remington 870 14 inch blue training gun	178.49
06/12/12	Galls/Online	Ankle holster, hidden badge wallet, tactical jacket	105.95
08/22/12	Livingsocial/Online	Daily deal-restaurant gift cards (5)	50.00
09/18/12	Livingsocial/Online	Daily deal-restaurant gift cards (4) (5)	14.00
10/04/12	Galls/Online	Clip on badge holder (1)	20.40
10/12/12	Galls/Online	Gloves (1)	70.08
12/07/12	Galls/Online	Reflective name plate	4.25
Total 2012			1,528.60
11/14/11	Laser Aiming Systems/Online	Left handed laser ready autolocking holster	57.00
12/13/11	Speedtech Lights/Online	Siren and LED lights.	264.82
Total 2011			321.82
Total for credit card number 2186			$ 2,068.62

County credit card number 2202 (Disaster)

Date of Transaction	Vendor/Location of Purchase or Online Purchase	Item/Purpose		Amount
09/17/11	Gunslinger Gun & Pawn/Springfield	Semi automatic 9mm pistol (1) (2) (4)	$	298.94
Total 2011				298.94
Total for credit card number 2202			$	298.94

County credit card number 2228 (Webster County #1)

Date of Transaction	Vendor/Location of Purchase or Online Purchase	Item/Purpose		Amount
01/16/13	Galls/Online	Night vision binoculars (6), waterproof binoculars, video surveillance sunglasses, police report holder, socks, silent key holder, and stylus pen (2)	$	803.92
01/30/13	Galls/Online	Credit for return of police report holder (2)		(29.92)
Total 2013				774.00
06/20/12	Galls/Online	Unknown (5)		188.93
09/12/12	Hautelook/Online	Unknown (3) (5)		37.95
Total 2012				226.88
06/17/11	Bass Pro Shops/Springfield	Unknown (1) (5)		699.92
Total 2011				699.92
Total for credit card number 2228			$	1,700.80

County credit card number 2236 (Webster County #2)

Date of Transaction	Vendor/Location of Purchase or Online Purchase	Item/Purpose		Amount
1/11/2013	Aqua Master Car and Truck Wash/Marshfield	Car wash	$	7.00
Total for 2013				7.00
Total for credit card number 2236			$	7.00
Total Personal Purchases using County Credit Cards			$	16,347.89

(1) Credit card statement was created, altered, or transactions were marked "void" to conceal personal purchases.

(2) The billing and/or shipping address on the invoice was the County Clerk's Administrative Assistant's personal address.

(3) County Clerk's Administrative Assistant documented on the statements this item was a personal purchase, and he had included a personal check; however, the credit card company provided documentation to verify a personal check was not included.

(4) Purchase was made on a county holiday or a weekend.

(5) An invoice was not retained and as a result, a description of items purchased could not be determined; however, credit card statements identified the transaction date, vendor, location, and amount. In addition, applicable county officials indicated these were not purchases for their offices based upon the information obtained from the credit card statements and some of the vendors listed were not typically used by the county. These transactions total $2,718.69.

(6) Items were left by the Administrative Assistant at a police department in a city in a neighboring county, where he worked as a reserve officer.

Repayment of Personal Purchases by Personal Check

Check Date	Check Number		Amount
06/21/10	1011	$	106.29
08/16/10	1031		45.94
10/19/10	1024		25.00
10/24/11	1002		30.00
03/05/12	1022		27.00
09/21/12	1066		20.00
10/22/12	1039		14.00
12/21/12	1043		2.50
Total		$	270.73

Webster County Procurement Procedures and County Clerk
Supporting Documentation of Improper Purchases, Missing Receipts, and Unauthorized/Unapproved Purchases

Personal Purchases using County Staples Charge Account

Date of Check		County Check Number	Item/Purpose		Amount of Purchases	Amount of Purchases using County Funds	Amount of Purchases using County Coupons	Payment of Purchases by Administrative Assistant's Personal Check	Total Amount of Purchases using County Funds and Coupons
9/17/2012	(1)	N/A	Home speaker system, tomtom, am/fm projection clock radio, USB computer desk light, hand blender, men's rechargeable shaver, brownie pan, electric skillet, slow cooker, cooler, sweeper, dirt devil steam mop, and candy	$	562.69	0.00	559.99	2.70	559.99
10/15/2012		44651	Gift card		25.00	0.00	25.00	0.00	25.00
1/31/2013		45410	iPad cover, webcam, camcorder, organization center, and refurbished printer		225.67	4.42	221.25	0.00	225.67
3/18/2013		45728	Light Emitting Diode (LED) Lantern and 2 Staples "easy buttons"		36.98	0.00	36.98	0.00	36.98
6/11/2013		46319	Surge protector		519.99	519.99	0.00	0.00	519.99
6/18/2013		46381	External hard drive		89.99	89.99	0.00	0.00	89.99
Total				$	1,460.32	614.40	843.22	2.70	1,457.62

(1) Date noted was invoice date instead of check date.

Personal Purchases Using County Checks

Date of Check		County Check Number	Item/Purpose	Vendor		Amount of Purchases
11/13/2012		44870	Postage and handling	Galls	$	20.00
10/18/2013	(1)	47105	Taser holster and cartridge	Ed Roher Safety Products		121.77
Total					$	141.77

(1) Items were ordered in May 2013.

Missing Cash Receipts

Date Received	Manual Receipt Number	ATV Permit Number	Type of receipt		Amount Received
07/09/12	3394	N/A	Notary service	$	2.00
08/02/12	4011	N/A	Notary commission		3.00
08/16/12	3402	N/A	Notary service		2.00
08/16/12	3404	N/A	Notary commission		3.00
08/23/12	4020	N/A	Notary service		2.00
08/29/12	4032	N/A	Notary commission		3.00
08/29/12	4033	N/A	Public service request		9.00
09/04/12	4035	N/A	Notary commission		3.00
09/18/12	Not available	10000	ATV Permit		10.00
10/12/12	3420	10008 and 10009	ATV Permits		20.00
10/14/12	3425	N/A	Notary commission		3.00
10/23/12	3429	10017	ATV Permit		10.00
10/24/12	3430	N/A	Notary commission		3.00
10/25/12	Not available	10019	ATV Permit		10.00
Not available	Not available	10029	ATV Permit		10.00
11/16/12	4049	N/A	Notary service		2.00
11/20/12	4051	N/A	Notary commission		3.00
11/26/12	3437	10031	ATV Permit		10.00
11/26/12	3438	10032	ATV Permit		10.00
12/03/12	3443	N/A	Notary service		2.00
12/03/12	3444	N/A	Notary service		2.00
01/04/13	3467	N/A	Notary commission		3.00
01/31/13	3490	N/A	Notary service		2.00
02/19/13	4062	N/A	Notary commission		3.00
02/20/13	4063	N/A	Notary commission		3.00
03/13/13	Not available	10051	ATV Permit		10.00
03/15/13	3503	10052	ATV Permit		10.00
03/19/13	3506	N/A	Notary commission		3.00
03/20/13	3507	N/A	Notary commission		3.00
03/28/13	3512	10054	ATV Permit		10.00
03/28/13	3514	N/A	Notary commission		3.00
04/03/13	3517	N/A	Notary service		2.00
04/04/13	3518	10056	ATV Permit		10.00
04/18/13	3521	N/A	Notary service		2.00
04/19/13	3527	N/A	Notary service		2.00
05/07/13	3529	10059	ATV Permit		10.00
05/28/13	Not available	N/A	Liquor license numbers 983 and 984		3.00
Total				$	201.00

Unauthorized/Unapproved Purchases using County Staples Charge Account

Date of Check	County Check Number	Item/Purpose	Amount of Purchases using County Funds	Amount of Purchases using County Coupons	Total Amount of Purchases
3/18/2013	45728	Twist MP4 camcorder	$ 69.99	0.00	69.99
5/28/2013	46255	Aluratek ADMPF512F 12 inch frame	0.00	99.99	99.99
5/28/2013	46255	2 sets of KSC17 behind-the-head earphones	0.00	29.98	29.98
5/28/2013	46255	Extreme mac tango bar speaker	0.00	99.99	99.99
5/28/2013	46255	2 sets of earpods with remote and mic	0.00	58.00	58.00
5/28/2013	46255	4 sets of energel pens	0.00	19.96	19.96
5/28/2013	46255	Modern 12 inch round silver clock	4.37	20.62	24.99
5/28/2013	46255	Aeropostle $25 gift card	0.00	26.99	26.99
5/28/2013	46255	Bass Pro Shops $25 gift card	0.00	26.99	26.99
5/28/2013	46255	Cold Stone Creamery $25 gift card	0.00	26.99	26.99
5/28/2013	46255	American Eagle $25 gift card	0.00	26.99	26.99
5/28/2013	46255	Southwest Airlines $100 gift card	0.00	101.99	101.99
5/28/2013	46255	Red Robin $25 gift card	0.00	26.99	26.99
5/28/2013	46255	Texas Roadhouse $25 gift card	0.00	26.99	26.99
5/28/2013	46255	Applebees $25 gift card	0.00	26.99	26.99
7/8/2013	46486	2 sets of headphones	39.73	40.25	79.98
Total			$ 114.09	659.71	773.80

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Worth County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Worth County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

June 2014
Report No. 2014-046

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

ANNUAL FINANCIAL REPORT

WORTH COUNTY, MISSOURI

For the Years Ended December 31, 2013 and 2012

WORTH COUNTY, MISSOURI

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INTRODUCTORY SECTION

WORTH COUNTY, MISSOURI
List of Elected Officials

County Commission

Presiding Commissioner – Ted Findley

Western District Commissioner – Chevy Davidson

Eastern District Commissioner – Regan Nonneman

Other Elected Officials

Assessor – Carolyn Hardy

Circuit Clerk – Jana Findley

Collector – Julie Tracy

Coroner – Sharon Supinger

County Clerk – Roberta Owens

Prosecuting Attorney – David Baird

Public Administrator – Patsy Worthington

Recorder – Barbara Foland

Sheriff – Terry Sheddrick

Treasurer – Linda Brown

SUITE 900
1111 MAIN STREET
KANSAS CITY, MO 64105
TELEPHONE: (816) 221.4559
FACSIMILE: (816) 221.4563
EMAIL: Admin@McBrideLock.com
CERTIFIED PUBLIC ACCOUNTANTS

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

To the County Commission and
Officeholders of Worth County, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Worth County, Missouri as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed or permitted by Missouri law. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Worth County, Missouri on the basis of the financial reporting provisions prescribed or permitted by Missouri Law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Worth County, Missouri, as of December 31, 2013 and 2012, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of each fund of Worth County, Missouri, as of December 31, 2013 and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended, on the basis of the financial reporting provisions prescribed or permitted by Missouri Law described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Worth County, Missouri's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The

purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

(Original Signed By McBride, Lock & Associates)

McBride, Lock & Associates
Kansas City, Missouri
April 25, 2014

FINANCIAL SECTION

Exhibit A

WORTH COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2013

Fund	Cash and Investments January 1, 2012	Receipts 2012	Disbursements 2012	Cash and Investments December 31, 2012	Receipts 2013	Disbursements 2013	Cash and Investments December 31, 2013
General Revenue	$ 36,995	$ 427,873	$ 435,301	$ 29,567	$ 423,324	$ 438,995	$ 13,896
Special Road and Bridge	131,199	1,268,957	1,204,852	195,304	456,625	456,538	195,391
Assessment	-	47,247	45,653	1,594	44,588	46,182	-
Emergency Rock	3,545	19,387	22,499	433	15,383	15,816	-
Special Gravel Tax	14,407	207,081	201,630	19,858	141,662	136,117	25,403
Prosecuting Attorney Training	874	62	50	886	56	373	569
Prosecuting Attorney Delinquent	531	-	-	531	-	15	516
Domestic Violence	5	85	-	90	45	-	135
Recorder's Technology	5,426	620	-	6,046	532	-	6,578
Administrative Fee on Bad Checks	2,472	2,075	640	3,907	920	789	4,038
Local Use Tax	72,034	76,883	41,219	107,698	53,935	45,543	116,090
Disaster Flood and Ice	123,432	191,608	224,831	90,209	8	65,783	24,434
Local Emergency Planning Committee	6,215	1	2,781	3,435	1,793	1,703	3,525
County Sheriff's Revolving	5,661	1,460	90	7,031	2,933	1,069	8,895
Law Enforcement Training	98	937	821	214	226	185	255
Sheriff Civil	500	1,160	1,500	160	1,140	852	448
Law Enforcement Restitution	3,843	-	-	3,843	-	-	3,843
Post (Sheriff)	-	792	792	-	700	700	-
Collector's Tax Maintenance	21,706	3,114	311	24,509	3,531	-	28,040
Hazardous Material Emergency Planning	2,299	-	-	2,299	-	-	2,299
Deputy Sheriff Salary Supplemental	-	14,299	14,299	-	12,971	12,971	-
Recorder Preservation	14,533	1,044	-	15,577	887	-	16,464
CIST 60% (Courthouse)	73,851	42,520	22,730	93,641	28,921	31,293	91,269
CIST 40% (R&B)	2,878	17,864	17,950	2,792	16,406	7,344	11,854
Emergency Management Program	2,662	14,075	16,737	-	22,396	16,721	5,675
CART/Patron	-	48,759	33,615	15,144	22,597	37,741	-
Law Enforcement Sales Tax	4,013	76,155	75,843	4,325	76,773	79,166	1,932
Courtroom Restoration	11,973	2,538	-	14,511	25	-	14,536
HPRP Grant	565	-	-	565	-	-	565
Assessment Technology	30,305	10,293	-	40,598	9,902	-	50,500
911 Maintenance	-	645	645	-	662	662	-
Conservation Rock	-	6,007	6,007	-	24,872	8,020	16,852
Telecommunications	1,191	1,173	1,963	401	941	896	446
Senior Citizen Services	4,678	13,306	13,790	4,194	12,940	11,374	5,760
Total	$ 577,891	$ 2,498,020	$ 2,386,549	$ 689,362	$ 1,377,694	$ 1,416,848	$ 650,208

The accompanying Notes to the Financial Statements are an integral part of this statement.

WORTH COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	GENERAL REVENUE FUND Year Ended December 31,			
	2012		2013	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	$ 205,060	$ 232,606	$ 218,318	$ 221,241
Sales taxes	70,711	75,349	72,000	65,828
Intergovernmental	53,812	53,814	53,620	53,815
Charges for services	59,110	62,558	61,315	53,872
Interest	75	12	-	12
Other	6,975	3,534	3,227	3,809
Transfers in	29,140	-	24,229	24,747
Total Receipts	$ 424,883	$ 427,873	$ 432,709	$ 423,324
DISBURSEMENTS				
County Commission	$ 43,794	$ 43,336	$ 44,483	$ 43,986
County Clerk	40,858	40,006	40,830	40,819
Elections	37,297	28,456	23,052	16,124
Buildings and grounds	39,539	38,026	40,055	40,769
Employee fringe benefits	29,728	26,723	22,703	23,133
Treasurer	21,066	21,423	21,668	21,037
Collector	29,915	28,197	29,698	28,948
Recorder of Deeds	22,965	21,861	23,643	22,445
Court administration	3,930	3,633	4,125	3,550
Public Administrator	8,693	8,634	8,897	8,791
Sheriff	38,877	38,813	41,450	40,313
Jail	9,050	13,650	13,520	23,725
Prosecuting Attorney	43,187	41,069	43,043	40,125
Juvenile Officer	3,175	2,712	2,875	2,858
Coroner	6,466	6,864	6,671	6,289
Other County Government	41,712	35,624	45,562	46,731
Health and Welfare	5,255	5,625	5,625	6,126
Emergency fund	12,529	2,500	12,981	1,000
Transfers out	23,707	28,149	31,395	22,226
Total Disbursements	$ 461,743	$ 435,301	$ 462,276	$ 438,995
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (36,860)	$ (7,428)	$ (29,567)	$ (15,671)
CASH AND INVESTMENTS, JANUARY 1	36,995	36,995	29,567	29,567
CASH AND INVESTMENTS, DECEMBER 31	$ 135	$ 29,567	$ -	$ 13,896

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-2

WORTH COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SPECIAL ROAD AND BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ 199,039	$ 224,536	$ 222,411	$ 218,632	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	218,268	934,411	207,200	224,226	29,565	30,318	30,528	29,563
Charges for services	-	-	-	-	-	-	-	-
Interest	75	28	-	33	3	-	1	1
Other	6,826	9,982	8,802	13,734	151	433	401	245
Transfers in	100,000	100,000	-	-	15,636	16,496	16,100	14,779
Total Receipts	$ 524,208	$ 1,268,957	$ 438,413	$ 456,625	$ 45,355	$ 47,247	$ 47,030	$ 44,588
DISBURSEMENTS								
Salaries	$ 18,752	$ 109,416	$ 132,671	136,620	$ 37,617	$ 37,617	$ 38,746	$ 38,746
Employee fringe benefits	112,824	16,651	20,240	14,795	4,128	4,918	3,971	3,690
Materials and Supplies	-	836,200	850	117,238	400	100	400	310
Services and Other	367,603	117,994	386,092	143,402	3,210	3,018	4,615	3,436
Capital Outlay	108,310	71,075	65,783	-	-	-	-	-
Construction	5,000	-	-	20,518	-	-	-	-
Transfers out	26,707	53,516	28,081	23,965	-	-	-	-
Total Disbursements	$ 639,196	$ 1,204,852	$ 633,717	$ 456,538	$ 45,355	$ 45,653	$ 47,732	$ 46,182
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (114,988)	$ 64,105	$ (195,304)	$ 87	$ -	$ 1,594	$ (702)	$ (1,594)
CASH AND INVESTMENTS, JANUARY 1	131,199	131,199	195,304	195,304	-	-	1,594	1,594
CASH AND INVESTMENTS, DECEMBER 31	$ 16,211	$ 195,304	$ -	$ 195,391	$ -	$ 1,594	$ 892	$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

WORTH COUNTY, MISSOURI
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	EMERGENCY ROCK FUND				SPECIAL GRAVEL TAX FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ 150,000	$ 165,699	$ 162,000	$ 141,651
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	40	8	-	10
Other	-	13,250	12,650	13,350	-	1	-	1
Transfers in	-	6,137	6,150	2,033	-	41,373	15,000	-
Total Receipts	$ -	$ 19,387	$ 18,800	$ 15,383	$ 150,040	$ 207,081	$ 177,000	$ 141,662
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	3,545	22,499	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	18,800	15,816	164,447	201,630	177,000	136,117
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	$ 3,545	$ 22,499	$ 18,800	$ 15,816	$ 164,447	$ 201,630	$ 177,000	$ 136,117
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (3,545)	$ (3,112)	$ -	$ (433)	$ (14,407)	$ 5,451	$ -	$ 5,545
CASH AND INVESTMENTS, JANUARY 1	3,545	3,545	433	433	14,407	14,407	19,858	19,858
CASH AND INVESTMENTS, DECEMBER 31	$ -	$ 433	$ 433	$ -	$ -	$ 19,858	$ 19,858	$ 25,403

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-4

WORTH COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	PROSECUTING ATTORNEY TRAINING FUND				PROSECUTING ATTORNEY DELINQUENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	50	62	60	56	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	$ 50	$ 62	$ 60	$ 56	$ -	$ -	$ -	$ -
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	775	50	775	373	-	-	300	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	15	15
Total Disbursements	$ 775	$ 50	$ 775	$ 373	$ -	$ -	$ 315	$ 15
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (725)	$ 12	$ (715)	$ (317)	$ -	$ -	$ (315)	$ (15)
CASH AND INVESTMENTS, JANUARY 1	874	874	886	886	531	531	531	531
CASH AND INVESTMENTS, DECEMBER 31	$ 149	$ 886	$ 171	$ 569	$ 531	$ 531	$ 216	$ 516

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-5

WORTH COUNTY, MISSOURI
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	DOMESTIC VIOLENCE FUND				RECORDER'S TECHNOLOGY FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	40	85	85	45	525	619	615	531
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	4	1	1	1
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	$ 40	$ 85	$ 85	$ 45	$ 529	$ 620	$ 616	$ 532
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	-	-	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	45	-	45	-	1,000	-	1,000	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	$ 45	$ -	$ 45	$ -	$ 1,000	$ -	$ 1,000	$ -
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (5)	$ 85	$ 40	$ 45	$ (471)	$ 620	$ (384)	$ 532
CASH AND INVESTMENTS, JANUARY 1	5	5	90	90	5,426	5,426	6,046	6,046
CASH AND INVESTMENTS, DECEMBER 31	$ -	$ 90	$ 130	$ 135	$ 4,955	$ 6,046	$ 5,662	$ 6,578

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-6

WORTH COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL -REGULATORY BASIS

	ADMINISTRATIVE FEE ON BAD CHECKS FUND				LOCAL USE TAX FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	22,000	38,186	38,000	39,111
Intergovernmental	-	2,075	2,000	920	-	12,688	16,500	12,713
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	30	9	9	13
Other	-	-	-	-	7,170	26,000	-	-
Transfers in	-	-	-	-	-	-	-	2,098
Total Receipts	$ -	$ 2,075	$ 2,000	$ 920	$ 29,200	$ 76,883	$ 54,509	$ 53,935
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	500	-	500	-	-	-	-	-
Services and Other	1,906	640	1,955	251	1,500	845	18,476	1,090
Capital Outlay	-	-	-	-	80,000	26,000	115,000	20,815
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	538	14,345	14,374	-	23,638
Total Disbursements	$ 2,406	$ 640	$ 2,455	$ 789	$ 95,845	$ 41,219	$ 133,476	$ 45,543
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (2,406)	$ 1,435	$ (455)	$ 131	$ (66,645)	$ 35,664	$ (78,967)	$ 8,392
CASH AND INVESTMENTS, JANUARY 1	2,472	2,472	3,907	3,907	72,034	72,034	107,698	107,698
CASH AND INVESTMENTS, DECEMBER 31	$ 66	$ 3,907	$ 3,452	$ 4,038	$ 5,389	$ 107,698	$ 28,731	$ 116,090

The accompanying Notes to the Financial Statements are an integral part of these statements.

WORTH COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL-REGULATORY BASIS

	DISASTER FLOOD AND ICE FUND				LOCAL EMERGENCY PLANNING COMMITTEE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	18,691	-	-	-	-	-	1,792
Charges for services	-	-	-	-	-	-	-	-
Interest	40	7	-	8	5	1	1	1
Other	-	172,910	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	$ 40	$ 191,608	$ -	$ 8	$ 5	$ 1	$ 1	$ 1,793
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	44	796	-	-
Services and Other	-	120,707	-	-	2,745	1,985	3,436	1,703
Capital Outlay	-	-	90,000	65,783	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	104,124	-	-	-	-	-	-
Total Disbursements	$ -	$ 224,831	$ 90,000	$ 65,783	$ 2,789	$ 2,781	$ 3,436	$ 1,703
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ 40	$ (33,223)	$ (90,000)	$ (65,775)	$ (2,784)	$ (2,780)	$ (3,435)	$ 90
CASH AND INVESTMENTS, JANUARY 1	123,432	123,432	90,209	90,209	6,215	6,215	3,435	3,435
CASH AND INVESTMENTS, DECEMBER 31	$ 123,472	$ 90,209	$ 209	$ 24,434	$ 3,431	$ 3,435	$ -	$ 3,525

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-8

WORTH COUNTY, MISSOURI
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	COUNTY SHERIFF'S REVOLVING FUND				LAW ENFORCEMENT TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,500	1,459	1,450	2,932	265	244	250	226
Charges for services	-	-	-	-	-	-	-	-
Interest	4	1	1	1	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	150	693	-	-
Total Receipts	$ 1,504	$ 1,460	$ 1,451	$ 2,933	$ 415	$ 937	$ 250	$ 226
DISBURSEMENTS								
Salaries	-	-	-	-	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	7,150	90	7,150	1,069	-	-	-	-
Services and Other	-	-	-	-	513	821	450	185
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	$ 7,150	$ 90	$ 7,150	$ 1,069	$ 513	$ 821	$ 450	$ 185
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (5,646)	$ 1,370	$ (5,699)	$ 1,864	$ (98)	$ 116	$ (200)	$ 41
CASH AND INVESTMENTS, JANUARY 1	5,661	5,661	7,031	7,031	98	98	214	214
CASH AND INVESTMENTS, DECEMBER 31	$ 15	$ 7,031	$ 1,332	$ 8,895	$ -	$ 214	$ 14	$ 255

The accompanying Notes to the Financial Statements are an integral part of these statements.

WORTH COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SHERIFF CIVIL FUND				LAW ENFORCEMENT RESTITUTION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	2,000	1,160	1,100	1,140	50	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	1	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	$ 2,000	$ 1,160	$ 1,100	$ 1,140	$ 51	$ -	$ -	$ -
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	1,500	189	200	151	-	-	-	-
Services and Other	1,000	1,211	1,050	701	3,500	-	3,500	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	100	-	-	-	-	-	-
Total Disbursements	$ 2,500	$ 1,500	$ 1,250	$ 852	$ 3,500	$ -	$ 3,500	$ -
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (500)	$ (340)	$ (150)	$ 288	$ (3,449)	$ -	$ (3,500)	$ -
CASH AND INVESTMENTS, JANUARY 1	500	500	160	160	3,843	3,843	3,843	3,843
CASH AND INVESTMENTS, DECEMBER 31	$ -	$ 160	$ 10	$ 448	$ 394	$ 3,843	$ 343	$ 3,843

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-10

WORTH COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	POST (SHERIFF) FUND				COLLECTOR'S TAX MAINTENANCE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	500	500	500	500	2,500	3,113	3,000	3,481
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	80	1	1	50
Other	-	-	-	-	-	-	-	-
Transfers in	292	292	492	200	-	-	-	-
Total Receipts	$ 792	$ 792	$ 992	$ 700	$ 2,580	$ 3,114	$ 3,001	$ 3,531
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	792	792	992	700	10,000	311	10,000	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	$ 792	$ 792	$ 992	$ 700	$ 10,000	$ 311	$ 10,000	$ -
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ -	$ -	$ -	$ -	$ (7,420)	$ 2,803	$ (6,999)	$ 3,531
CASH AND INVESTMENTS, JANUARY 1	-	-	-	-	21,706	21,706	24,509	24,509
CASH AND INVESTMENTS, DECEMBER 31	$ -	$ -	$ -	$ -	$ 14,286	$ 24,509	$ 17,510	$ 28,040

The accompanying Notes to the Financial Statements are an integral part of these statements.

WORTH COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	HAZARDOUS MATERIAL EMERGENCY PLANNING FUND				DEPUTY SHERIFF SALARY SUPPLEMENTAL FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	900	570	-	660
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	7,170	-	-	-
Transfers in	-	-	-	-	14,345	13,729	15,000	12,311
Total Receipts	$ -	$ -	$ -	$ -	$ 22,415	$ 14,299	$ 15,000	$ 12,971
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ 12,456	$ -	$ 11,260
Employee fringe benefits	-	-	-	-	14,345	1,273	-	1,051
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	8,070	570	15,000	660
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	$ -	$ -	$ -	$ -	$ 22,415	$ 14,299	$ 15,000	$ 12,971
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CASH AND INVESTMENTS, JANUARY 1	2,299	2,299	2,299	2,299	-	-	-	-
CASH AND INVESTMENTS, DECEMBER 31	$ 2,299	$ 2,299	$ 2,299	$ 2,299	$ -	$ -	$ -	$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-12

WORTH COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	RECORDER PRESERVATION FUND				CIST 60% (COURTHOUSE) FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	40,430	26,796	26,750	24,608
Intergovernmental	900	1,012	1,000	848	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	375	32	31	39	30	9	10	7
Other	-	-	-	-	-	11,591	1,500	4,306
Transfers in	-	-	-	-	-	4,124	-	-
Total Receipts	$ 1,275	$ 1,044	$ 1,031	$ 887	$ 40,460	$ 42,520	$ 28,260	$ 28,921
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	2,500	123	2,500	623
Services and Other	5,050	-	5,050	-	109,973	22,607	119,213	29,257
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	1,413
Total Disbursements	$ 5,050	$ -	$ 5,050	$ -	$ 112,473	$ 22,730	$ 121,713	$ 31,293
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (3,775)	$ 1,044	$ (4,019)	$ 887	$ (72,013)	$ 19,790	$ (93,453)	$ (2,372)
CASH AND INVESTMENTS, JANUARY 1	14,533	14,533	15,577	15,577	73,851	73,851	93,641	93,641
CASH AND INVESTMENTS, DECEMBER 31	$ 10,758	$ 15,577	$ 11,558	$ 16,464	$ 1,838	$ 93,641	$ 188	$ 91,269

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-13

WORTH COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL-REGULATORY BASIS

	CIST 40% (R&B) FUND				EMERGENCY MANAGEMENT PROGRAM FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	18,200	17,864	17,000	16,405	-	-	-	-
Intergovernmental	-	-	-	-	8,045	2,715	2,735	15,148
Charges for services	-	-	-	-	-	-	-	-
Interest	7	-	1	1	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	7,776	11,360	15,000	7,248
Total Receipts	$ 18,207	$ 17,864	$ 17,001	$ 16,406	$ 15,821	$ 14,075	$ 17,735	$ 22,396
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ 13,924	$ 13,924	$ 14,342	$ 14,342
Employee fringe benefits	-	-	-	-	1,355	1,271	1,305	1,257
Materials and Supplies	20,175	17,950	-	-	-	-	175	-
Services and Other	910	-	19,750	-	1,970	1,542	1,745	1,122
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	6,494	-	-	-	-
Transfers out	-	-	-	850	-	-	-	-
Total Disbursements	$ 21,085	$ 17,950	$ 19,750	$ 7,344	$ 17,249	$ 16,737	$ 17,567	$ 16,721
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (2,878)	$ (86)	$ (2,749)	$ 9,062	$ (1,428)	$ (2,662)	$ 168	$ 5,675
CASH AND INVESTMENTS, JANUARY 1	2,878	2,878	2,792	2,792	2,662	2,662	-	-
CASH AND INVESTMENTS, DECEMBER 31	$ -	$ 2,792	$ 43	$ 11,854	$ 1,234	$ -	$ 168	$ 5,675

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-14

WORTH COUNTY, MISSOURI
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL-REGULATORY BASIS

	CART/PATRON FUND				LAW ENFORCEMENT SALES TAX FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	70,250	75,349	74,500	65,827
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	5	1	2	1	1	1	1	-
Other	50,000	48,758	75,000	22,596	2,500	805	-	-
Transfers in	-	-	-	-	-	-	-	10,946
Total Receipts	$ 50,005	$ 48,759	$ 75,002	$ 22,597	$ 72,751	$ 76,155	$ 74,501	$ 76,773
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ 60,629	$ 60,629	$ 62,448	$ 62,448
Employee fringe benefits	-	-	-	-	6,538	7,015	6,738	6,869
Materials and Supplies	-	-	-	-	2,090	1,108	500	680
Services and Other	-	-	-	-	7,507	6,498	9,140	7,352
Capital Outlay	-	-	-	-	-	-	-	-
Construction	50,000	33,615	75,000	30,070	-	-	-	-
Transfers out	-	-	-	7,671	-	593	-	1,817
Total Disbursements	$ 50,000	$ 33,615	$ 75,000	$ 37,741	$ 76,764	$ 75,843	$ 78,826	$ 79,166
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ 5	$ 15,144	$ 2	$ (15,144)	$ (4,013)	$ 312	$ (4,325)	$ (2,393)
CASH AND INVESTMENTS, JANUARY 1	-	-	15,144	15,144	4,013	4,013	4,325	4,325
CASH AND INVESTMENTS, DECEMBER 31	$ 5	$ 15,144	$ 15,146	$ -	$ -	$ 4,325	$ -	$ 1,932

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-15

WORTH COUNTY, MISSOURI
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL-REGULATORY BASIS

	COURTROOM RESTORATION FUND				HPRP GRANT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	40	11	11	25	-	-	-	-
Other	-	2,527		-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	$ 40	$ 2,538	$ 11	$ 25	$ -	$ -	$ -	$ -
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	12,000	-	12,000	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	$ 12,000	$ -	$ 12,000	$ -	$ -	$ -	$ -	$ -
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (11,960)	$ 2,538	$ (11,989)	$ 25	$ -	$ -	$ -	$ -
CASH AND INVESTMENTS, JANUARY 1	11,973	11,973	14,511	14,511	565	565	565	565
CASH AND INVESTMENTS, DECEMBER 31	$ 13	$ 14,511	$ 2,522	$ 14,536	$ 565	$ 565	$ 565	$ 565

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-16

WORTH COUNTY, MISSOURI
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL-REGULATORY BASIS

	ASSESSMENT TECHNOLOGY FUND				911 MAINTENANCE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	9,300	10,246	10,235	9,844	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	47	45	58	-	-	-	-
Other	-	-	-	-	-	-	-	281
Transfers in	-	-	-	-	-	645	1,500	381
Total Receipts	$ 9,300	$ 10,293	$ 10,280	$ 9,902	$ -	$ 645	$ 1,500	$ 662
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	645	-	381
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	8,200	-	8,200	-	-	-	1,500	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	281
Total Disbursements	$ 8,200	$ -	$ 8,200	$ -	$ -	$ 645	$ 1,500	$ 662
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ 1,100	$ 10,293	$ 2,080	$ 9,902	$ -	$ -	$ -	$ -
CASH AND INVESTMENTS, JANUARY 1	30,305	30,305	40,598	40,598	-	-	-	-
CASH AND INVESTMENTS, DECEMBER 31	$ 31,405	$ 40,598	$ 42,678	$ 50,500	$ -	$ -	$ -	$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

WORTH COUNTY, MISSOURI
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL-REGULATORY BASIS

	CONSERVATION ROCK FUND				TELECOMMUNICATIONS FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	3,000	17,200	-	-	-	-
Interest	-	-	-	1	-	-	-	-
Other	-	-	-	-	-	1,173	1,170	941
Transfers in	-	6,007	3,000	7,671	-	-	-	-
Total Receipts	$ -	$ 6,007	$ 6,000	$ 24,872	$ -	$ 1,173	$ 1,170	$ 941
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	6,007	6,000	-	-	1,963	1,500	896
Capital Outlay	-	-	-	8,020	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	$ -	$ 6,007	$ 6,000	$ 8,020	$ -	$ 1,963	$ 1,500	$ 896
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ -	$ -	$ -	$ 16,852	$ -	$ (790)	$ (330)	$ 45
CASH AND INVESTMENTS, JANUARY 1	-	-	-	-	-	1,191	401	401
CASH AND INVESTMENTS, DECEMBER 31	$ -	$ -	$ -	$ 16,852	$ -	$ 401	$ 71	$ 446

The accompanying Notes to the Financial Statements are an integral part of these statements.

WORTH COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

SENIOR CITIZEN SERVICES BOARD

Year Ended December 31,

	2012		2013	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	$ 12,000	$ 13,305	$ 13,300	$ 12,939
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	5	1	1	1
Other	-	-	-	-
Transfers in	-	-	-	-
Total Receipts	$ 12,005	$ 13,306	$ 13,301	$ 12,940
DISBURSEMENTS				
Salaries	$ 12,000	$ 13,101	$ 13,150	$ 10,978
Employee fringe benefits	313	563	313	250
Materials and Supplies	-	-	-	-
Services and Other	250	126	250	146
Capital Outlay	-	-	-	-
Construction	-	-	-	-
Transfers out	-	-	-	-
Total Disbursements	$ 12,563	$ 13,790	$ 13,713	$ 11,374
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (558)	$ (484)	$ (412)	$ 1,566
CASH AND INVESTMENTS, JANUARY 1	4,678	4,678	4,194	4,194
CASH AND INVESTMENTS, DECEMBER 31	$ 4,120	$ 4,194	$ 3,782	$ 5,760

The accompanying Notes to the Financial Statements are an integral part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Worth County, Missouri ("County") is governed by a three-member board of commissioners. In addition to the three board members, there are ten elected Constitutional Officers: Assessor, Circuit Clerk, Collector, Coroner, County Clerk, Recorder, Prosecuting Attorney, Public Administrator, Treasurer and Sheriff.

As discussed further in Note 1, these financial statements are presented using accounting practices prescribed or permitted by Missouri Law, which differ from accounting principles generally accepted in the United States of America, which would include all relevant Government Accounting Standards Board (GASB) pronouncements. The differences include use of a prescribed definition of the reporting entity and the cash basis of accounting.

A. Reporting Entity

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include the primary government of Worth County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise the County's legal entity.

Certain elected County officials, particularly the County Collector, Treasurer, Circuit Clerk and Sheriff, collect and hold monies in a trustee capacity as an agent of individuals, taxing units, or other governments. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements.

B. Basis of Presentation

Governmental Funds - Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, net assets, revenues/receipts and expenditures/disbursements. The County's funds are governmental funds. Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds.

C. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those

principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

D. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County's policy is to adopt a budget for each governmental fund.

2. On or before the second Monday in January, each elected officer and department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the cash basis of accounting, for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated fund balance at the beginning of the year as well as estimated revenues to be received.

4. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance.

5. A public hearing is conducted to obtain public comment on the budget. Prior to its approval by the County Commission, the budget document is available for public inspection, which usually takes place the third and fourth weeks of January.

6. Prior to February 1, the budget is legally enacted by a vote of the County Commission.

7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by a formal vote of the Commission. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.

8. Budgets are prepared and adopted on the cash basis of accounting.

9. Adoption of a formal budget is required by law. However, the County did not adopt a formal budget for the following funds:

Fund	2013	2012
911 Maintenance		X
Conservation Rock		X
Telecommunications		X

10. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds:

Fund	2013	2012
Special Road & Bridge		X
Assessment		X
Emergency Rock		X
Special Gravel Tax		X
Disaster Flood and Ice		X
Law Enforcement Training		X
Senior Citizen Services		X
Law Enforcement Sales Tax	X	
Conservation Rock	X	

Also, the actual expenditures of the funds in Note 1.D.9 above exceeded budgetary authority to the extent that formal budgets were not adopted for these funds.

E. Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and tax bills are mailed to taxpayers in October and November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuations of the tangible taxable property, included within the County's boundaries for calendar years 2013 and 2012 were:

	2013	2012
Real Estate	$ 16,209,660	$ 15,869,580
Personal Property	9,493,020	8,701,430
Railroad and Utilities	3,895,749	3,244,182

For calendar years 2013 and 2012, the County Commission approved tax levies per $100 of assessed valuation of tangible taxable property as follows:

	2013	2012
General Revenue	$0.8472	$0.8496
Special Road & Bridge	$0.8270	$0.8293
Senior Citizen Services	$0.0499	$0.0500

In addition, the County assesses a Special Gravel Tax in the amount of $1 per agricultural acre. The assessed valuation of agricultural land in the County was $162,758 and $162,760 for the years December 31, 2013 and 2012, respectively.

F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned

from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents may include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, purchased at a price at or below par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

G. Interfund Activity

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

2. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund’s portion of this pool is displayed on the financial statements within the "Cash and Investments" caption. Cash and investments include both deposits and short-term investments. Investments are considered short-term when original maturities are less than one year. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions, and short-term U.S. Treasury bills.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013 and 2012, the carrying amount of the County's deposits was $650,208 and $689,362, respectively, and the bank balances were $717,804 and $737,848, respectively. Of the bank balances, $250,000 and $250,000 for December 31, 2013 and 2012, respectively, were covered by federal depository insurance and the remainder was covered by collateral held at the Federal Reserve Bank and the County’s safekeeping bank agent in the County’s name or by a line of credit held by the County or by its agent in the County's name.

At December 31, 2013 and 2012, the County Collector held, in addition to the cash and investments listed above, cash representing collections of property taxes on behalf of various taxing districts in the County, including the County General Revenue and Road & Bridge funds. These amounts, all of which were secured by pledged collateral amounted to $1,997,868 and $1,725,695 at December 31, 2013 and 2012, respectively.

3. COUNTY EMPLOYEES' RETIREMENT PLANS

A. County Employees' Retirement Fund (CERF)

The County Employee's Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees.

1) Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994.

The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

2) Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan's formula). A death benefit of $10,000 will be paid to the designated beneficiary of every active member upon his or her death.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement is at age fifty-five. Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 573-632-9203.

3) Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. Further, a contribution to CERF of 2% of annual salary is required for eligible employees hired before February 2002, while a contribution of 6% of annual salary is required of employees hired after February 2002, in order to participate in CERF. During 2013 and 2012, the County collected and remitted to CERF employee contributions of approximately $18,228 and $16,057.

4. POST EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County.

5. CLAIMS, COMMITMENT AND CONTINGENCIES

A. Compensated Absences

The County provides full time employees with an unlimited amount of sick time -- to accrue at one day per complete calendar month of employment. Upon termination, an employee is not compensated for any unused accrued sick time. Vacation time is accrued for full and part time employees depending on length of employment. Vacation time accrues as follows: less than three years of service – one week per year; three through seven years of service – two weeks per year; eight or more years of service – three weeks per year. Employees may not carry over unused vacation days from one year to the next. Upon termination, no more than ten days of unused vacation shall be paid to the employee.

B. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly, such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

6. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body. The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections which are intended to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

7. LONG TERM DEBT

The County had the following debt outstanding at December 31, 2013:

A. $97,243 for the capital lease of a 2011 Case motor grader. The lease is paid in annual installments of $26,169 due on August 1 each year through 2017, with interest at 3.013%. The schedule of remaining payments is below:

Payment Date	Principal Due	Interest Due	Total Payment
August 1, 2014	$ 23,239	$ 2,930	$ 26,169
August 1, 2015	23,939	2,230	26,169
August 1, 2016	24,661	1,508	26,169
August 1, 2017	25,404	765	26,169

B. $146,887 for the capital lease of a 2012 Case motor grader. The lease is paid in annual installments of $39,614 due on November 25 each year through 2017, with interest at 3.103%. The schedule of remaining payments is below:

Payment Date	Principal Due	Interest Due	Total Payment
November 25, 2014	$ 35,056	$ 4,558	$ 39,614
November 25, 2015	36,144	3,470	39,614
November 25, 2016	37,265	2,349	39,614
November 25, 2017	38,422	1,192	39,614

8. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through April 25, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

COMPLIANCE SECTION

SUITE 900
1111 MAIN STREET
KANSAS CITY, MO 64105
TELEPHONE: (816) 221.4559
FACSIMILE: (816) 221.4563
EMAIL: Admin@McBrideLock.com
CERTIFIED PUBLIC ACCOUNTANTS

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the County Commission and
Officeholders of Worth County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Stand*ards issued by the Comptroller General of the United States, the financial statements of Worth County, Missouri as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Worth County, Missouri's basic financial statements and have issued our report thereon dated April 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Worth County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Worth County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Worth County, Missouri's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as items 1 and 2 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Worth County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 3 and 4.

We also noted an other matter that we reported to management of Worth County, Missouri, in the accompanying schedule of findings and recommendations section as item 5.

Worth County, Missouri's Response to Findings

Worth County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. Worth County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

(Original Signed By McBride, Lock & Associates)

McBride, Lock & Associates
Kansas City, Missouri
April 25, 2014

SUITE 900
1111 MAIN STREET
KANSAS CITY, MO 64105
TELEPHONE: (816) 221.4559
FACSIMILE: (816) 221.4563
EMAIL: Admin@McBrideLock.com
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the County Commission and
Officeholders of Worth County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Worth County, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Worth County, Missouri's major federal program for the years ended December 31, 2013 and 2012. Worth County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Worth County, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Worth County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Worth County, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, Worth County, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2013 and 2012.

Report on Internal Control over Compliance

Management of Worth County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Worth County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expression an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Worth County, Missouri's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes.

(Original Signed By McBride, Lock & Associates)

McBride, Lock & Associates
Kansas City, Missouri
April 25, 2014

WORTH COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31, 2012	2013
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through State Highway and Transportation Commission:			
20.205	Highway Planning and Construction	BRO-113(16)	712,400	-
	U. S. DEPARTMENT OF HOMELAND SECURITY			
	Passed through State Department of Public Safety:			
97.042	Emergency Management Performance Grants	EMW-2012-EP-00018-S01	1,282	-
		EMW-2013-EP-00028-117-5566	-	13,625
	Total Expenditures of Federal Awards		$ 713,682	$ 13,625

See accompanying Notes to the Schedule of Expenditures of Federal Awards

WORTH COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE C – SUBRECIPIENTS

The County provided no federal awards to sub-recipients during the years ended December 31, 2013 and 2012.

WORTH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of Auditors' Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
- Material weakness(es) identified?	___ Yes __X__ No
- Significant deficiencies identified that are not considered to be material weaknesses?	__X__ Yes ____ None Reported
- Noncompliance material to financial statements noted?	__X__ Yes ___ No

Federal Awards:

Internal Control Over Major Programs:	
- Material weakness(es) identified?	____ Yes __X__ No
- Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes __X__ None Reported
Type of Auditor's Report Issued on Compliance For Major Programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(A) of Circular A-133?	____ Yes __X__ No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.205	Highway and Transportation – Highway Planning and Construction

Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	$300,000
Auditee Qualified as low-risk:	____ Yes __X__ No

SECTION II – FINANCIAL STATEMENT FINDINGS

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

1. Pay Rate Authorizations
2. County Fuel Usage
3. Budgetary Controls
4. Accounting for Transfers
5. Inadequate Investment Policy

Summary Schedule of Prior Audit Findings:

1. Accounting for Transfers
2. Special Road & Bridge Foreman Certified His Own Timecard
3. Budgetary Controls
4. Stale Outstanding Checks on Treasurer's Bank Reconciliation
5. Timely Filing of Collector's Annual Settlement
6. County Fuel Usage

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES IN INTERNAL CONTROL

None

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

1. Pay Rate Authorizations

Condition: The County does not maintain documentation to support the approval of pay rates for hourly employees. Salaries for elected officials and their deputies are approved through the annual budget documents, however, the hourly rates for non-salaried employees are not formally approved by the County Commission and/or the employees supervisor. Currently the Deputy Clerk keeps an informal list of salary levels at her desk to use as a reference during payroll processing. Cost of living increases are noted in the Commission Minutes, however, the minutes only indicate a percentage increase and do not constitute an approved pay scale. Without adequate documentation of approved pay rates, payroll expenditures, which constitute a significant portion of the County's total expenditures, cannot be properly supported.

Recommendation: We recommend that the County maintain documentation to support the approved pay rates of all hourly employees within the County.

County's Response: The County Commission will approve a list of employee salaries as presented by the County Clerk, each year in December.

Auditor's Evaluation: The response is appropriate to correct the concern.

2. County Fuel Usage

Condition: The County Road & Bridge department is not adequately monitoring fuel usage by employees using fuel from the County's bulk fuel tanks. The County has begun keeping fuel logs, however, there were significant variances in the gallons of fuel purchased and the gallons used per the logs. The County Clerk indicated that this was likely due to some fuel logs being lost or employees not recording fuel usage every time it is consumed. Regular reconciliations of the gallons used per the fuel logs and the gallons purchased will improve accountability of the County's fuel expenditures.

Recommendation: We recommend that the County implement procedures to reconcile Road & Bridge department fuel usage logs to gallons purchased on a regular periodic basis.

County's Response: The maintenance man that is currently taking care of the problem has a good understanding of what needs to be done, and will maintain better records. The county clerk made spreadsheets for them to use to reconcile the gas. They will reconcile every two weeks when the fuel is delivered. The county clerk will also put the information into a spreadsheet as a double check.

Auditor's Evaluation: The response is appropriate to correct the concern.

ITEMS OF NONCOMPLIANCE

3. Budgetary Controls

Condition: Actual expenditures exceeded budgeted amounts for seven funds in 2012 and for two funds in 2013. A list of the individual funds can be found at Note 1.D.10 in the notes to the financial statements. State statutes prohibit the County from approving expenditures in excess of the budgeted amount for any County fund. This requirement ensures that expenditures are subject to public scrutiny as provided by their inclusion in a budget adopted or amended at a public meeting.

In addition, the County did not adopt formal budgets for the 911 Maintenance, Conservation Rock, and Telecommunications funds for 2012. These funds were introduced during 2012 after the annual budget document was approved in January.

Recommendation: We recommend that the County ensure that formal budgets are adopted for all funds and that the County not approve expenditures in excess of budgeted amounts and properly amend the budget in a public meeting when unforeseen circumstances arise that necessitate increased expenditures.

County's Response: The County will make sure to adopt formal budgets for any new accounts that they decide to start.

The County will ensure that formal budgets are adopted for all funds and we will not approve expenditures in excess of budgeted amounts.

The new commissioners have a better understanding of the budget process, so I don't see a problem with this in the future.

Auditor's Evaluation: The response is appropriate to correct the concern.

4. Accounting for Transfers

Condition: The financial statements of the County as presented in the annual budget document present transfers between funds. However, the transfers reported in both 2012 and 2013 did not balance, in that transfers to other funds were not in agreement with transfers from other funds. In most cases, this was the result of transfers being misclassified as revenues or expenditures in either the receiving or disbursing fund. This has the affect of overstating revenues and expenditures as recorded in the annual budget documents. All transfers in must be accompanied by a corresponding transfer out. The financial statements included in this report have been adjusted so that transfers in and out between funds are equal as of December 31, 2013 and 2012.

Recommendation: We recommend that the County ensure that transactions between funds are recorded as transfers in and out and that they are in balance at all times.

County's Response: The County Clerk and her deputy will work out a process to have a double check for all transfers in and out of accounts to see that they are recorded correctly.

Auditor's Evaluation: The response is appropriate to correct the concern.

OTHER MATTERS

5. Inadequate Investment Policy

Condition: The County had adopted an investment policy on October 31, 2000, however, the policy was not sufficient to meet the requirements of state statutes. RSMo Section 30.950 requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation.

Recommendation: We recommend that the County adopt a revised investment policy that complies with the requirements of state statutes.

County's Response: The County will adopt a revised investment policy that complies with the requirements of state statutes, and the recommendations of the auditors.

Auditor's Evaluation: The response is appropriate to correct the concern.

WORTH COUNTY, MISSOURI
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditors' follow-up on action taken by Worth County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2009 and 2008.

1. *Condition:* Transfers in and out as recorded in the County's annual budget document did not equal in either 2008 or 2009.

   Status: Repeated. See Finding No. 5.

2. *Condition*: The Special Road and Bridge Foreman certified his own timecard.

   Status: Resolved.

3. *Condition*: A formal budget was not adopted for one fund in 2008 and two funds in 2009. Also, expenditures were approved in excess of budgeted amounts for five funds in 2008 and seven funds in 2009.

   Status: Repeated. See Finding No. 4.

4. *Condition:* The Treasurer's bank reconciliations contained several checks that had been outstanding for more than six months.

   Status: Resolved.

5. *Condition:* The Collector's Annual Settlements for the years ended February 28, 2009 and 2010 were not filed timely.

   Status: Resolved.

6. *Condition:* Records of fuel usage by Road & Bridge department employees are not maintained, so gallons purchased cannot be reconciled to gallons dispensed.

   Status: Repeated. See Finding No. 3.

Thomas A. Schweich

Missouri State Auditor

Taney County

July 2014

Report No. 2014-047

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Taney County

County Disbursements	The county paid a software vendor $297,598 for a new property tax system that is not being fully utilized and overpaid a road project contractor $20,825. The county lacked adequate bidding documentation for 97 office machines costing approximately $95,000 and did not obtain proposals for legal services or enter into a written agreement with one law firm.
County Sales Tax	The county does not adequately account for road and bridge capital improvement sales tax monies as required by state law, and some personnel costs allocations lack support. The county did not calculate the required sales tax reduction of the property tax levy or properly report levy reductions to the State Auditor's office.
County Budgeting and Planning	The County Commission did not adequately plan for a $1.2 million certificates of participation payment and had to make the payment from the Sewer Fund. Some county budgets do not reasonably reflect anticipated financial activities, and errors made by the County Auditor in the 2013 budget documents went undetected. The county could pay off its bonded indebtedness for sewer projects to avoid interest costs.
County Procedures	The County Treasurer and County Auditor do not adequately reconcile accounting records. The county has not adequately determined which employees need county credit cards and establish appropriate spending limits and lacks effective monitoring procedures for fuel and vehicle use.
Property Tax System	The County Collector did not correctly distribute $434,118 in utility taxes to various school districts. Neither the County Clerk nor the County Commission adequately reviews the activities of the County Collector. The former County Assessor changed the application of property tax levies in the property tax system and taxes were not properly levied to some Taney County Fire Protection District residents.
Assessment Fund Reimbursements	Since 2007 the county did not receive $956,000 in property tax assessment reimbursements from the state because the former County Assessor and other county officials failed to comply with approved assessment maintenance plans and applicable state law.
Payroll and Personnel Issues	Two part-time salaried directors do not prepare timesheets, and the county does not perform background checks on employees in sensitive information technology positions.
Sheriff Seized Property and Evidence	The Sheriff's office had seized cash on hand that should have been released and had $3,270 that should have been on hand that could not be located. The Sheriff maintains seized property in several locations but records and procedures to account for these items are inadequate.
Sheriff Controls and Procedures	The Sheriff has not adequately segregated accounting duties, and receipting and depositing procedures need improvement.
Sheriff Commissary Records and Procedures	Accounting duties are not adequately segregated, inmate monies are not deposited timely, and the jail administrator does not perform bank reconciliations or prepare monthly lists of liabilities to reconcile to available cash balances. The jail administrator does not maintain records to account for prepaid telephone cards sold to inmates.

Public Administrator Controls and Procedures	The Public Administrator failed to adequately track money owed to wards and held some money for an extended time, including $4,088 in checks held between 1 to 4 months. The Public Administrator submitted some mileage reimbursement claims without sufficient detail, and the computerized accounting system allows users to change check numbers and dates.
Prosecuting Attorney Controls and Procedures	Accounting controls and procedures need improvement. One clerk receives and records all monies and is also able to post adjustments without independent approval. Monies are not recorded immediately, bank reconciliations and a periodic list of liabilities are not prepared, the accounting system allows the user to postdate or backdate receipts or checks, and the office is not proactive in identifying cases with unpaid receivables. Some delinquent taxes are not transmitted timely, and seized cash was not disposed of timely.
County Collector Controls and Procedures	Receipting and depositing procedures need improvement, and the list of liabilities is not adequately reconciled to the protested tax account balance.
Airport Controls and Procedures	Accounting duties are not adequately segregated, receipting procedures need improvement, lease contracts are not adequately monitored, and fuel purchased is not reconciled to fuel sold.
Transfer Station Controls and Procedures	Accounting duties are not adequately segregated, receipting and depositing needs improvement, and credit cards and transfer tickets are not being reconciled to supporting documentation.
Sunshine Law	The County Commission does not always cite specific reasons for closing meetings and sometimes discusses unallowable topics in closed meetings.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Poor**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Taney County
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Taney County

The State Auditor was requested under Section 50.057, RSMo, to audit Taney County. In addition, Lisa C. Wright, Certified Public Accountant, was engaged to audit the financial statements of Taney County for the year ended December 31, 2012. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Taney County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Donna Christian, CPA, CGFM
	Pamela Allison Tillery, CPA
In-Charge Auditor:	Roberta Bledsoe
Audit Staff:	Michelle Crawford, M.Acct., CIA
	Connie James
	David Olson

1. County Disbursements

Procedures relating to procurement and disbursement of county funds need significant improvement.

1.1 Property tax system

The county paid a software vendor $297,598 for a new property tax system (including tax billing and collection, integrated mapping and real property appraisal, and personal property appraisal software modules) that is not being fully utilized. Our prior audit report issued in 2002, addressed similar concerns regarding the county's handling of the purchase of a new property tax system. Sufficient improvements have not been made, and we noted various problems with the county's efforts to implement another property tax system and monitor the related contract.

In April 2011, the County Commission solicited proposals and subsequently signed a contract with a software vendor on May 2, 2011, for the software modules (noted above) utilized by the County Assessor, County Clerk, and County Collector. The contract price was $225,000 plus two addendums ($96,517) for a total approved contract cost of $321,517. The county has paid the software vendor $190,000 of the $225,000 contract price, the full amount of the two addendums, and an additional $11,081 for digital sketches not provided for in the contract or addendums. We noted several problems with the county's contract and payments to the vendor.

- The contract does not include a timeline for implementation of the software modules or a deadline date by which the vendor has to successfully transition the county from the old software system to the new software modules. As of May 2013, more than 2 years after the contract was signed, county officials have identified several problems with the new software modules and have been utilizing both the old and new systems/modules to ensure taxes are properly assessed, charged, and collected.

- The software vendor sent the county an invoice dated April 28, 2011, for $100,000 prior to the county signing a contract with the vendor on May 2, 2011. The county paid this invoice on May 9, 2011. It is unclear why the vendor invoiced the county prior to the contract signing.

- The former County Assessor approved the invoices, and the county paid the software vendor the full cost ($147,000) for the integrated mapping and real property appraisal and personal property appraisal modules in May and October 2011, and February 2012, even though the modules were not being fully utilized and had not been accepted by the county. The contract only required the county to pay 50 percent or $73,500, 10 days after signing the contract, and the remaining 50 percent upon acceptance.

- One of the contract addendums ($90,842) for additional work to compile 50,468 digital sketches of real property structures was signed on May 21, 2012 (24 days before opening of the related bids). County Commission meeting minutes indicate bids for digital sketches were opened on June 14, 2012, this software vendor was the only bidder, and this bid was approved by the County Commission. Additionally, the former County Assessor approved the invoices, and the county paid this vendor $101,923 for the sketches ($11,081 more than the contract addendum price). There were no change orders to support the additional amount paid.

Since signing the software contract in April 2011, the county has also paid the property tax software vendor for the older property tax system approximately $10,000 to keep that system updated and serviced.

In September 2013, the County Collector sent a letter to the current software vendor to terminate the tax billing and collection module of the contract because of problems with the module. The county had paid $20,000 for this module, which is 50 percent of the contract amount of $40,000. As of April 2014, the current County Assessor is using the integrated mapping and real property appraisal and personal property appraisal modules; however, county officials said they are in the process of bidding out the entire property tax system again and plan to terminate the current agreement when a new system is procured.

To ensure county funds are spent appropriately, contract terms should include implementation dates, the county should not pay invoices dated prior to contract approval or until all contract terms have been met, and contract addendums should not be signed prior to official bid openings and selection. To ensure the amounts paid are valid, change orders should be approved by the County Commission prior to the completion of the additional work.

1.2 Road project overpayment

The County Commission failed to properly monitor payments to a road project contractor and overpaid the contractor $20,825.

The county bid and subsequently entered into a written contract totaling $450,565 for road improvements; however, the county paid the contractor $471,390. According to the engineering firm that maintains the road project records, an incorrect bid amount was recorded by the engineering firm on the first application of payment and that amount was used by the contractor on the following four applications of payment. These applications were reviewed and approved by the County Commission, but were not compared to the original bid and contract amounts. As a result, the county overpaid the contractor. The County Commissioners were unaware of this overpayment until we discussed it with them in May 2013.

Adequate reviews of disbursement documentation are necessary to prevent overpayments. The county should work with the engineer and the contractor to obtain a refund of the $20,825 overpayment.

1.3 Printers

The county's documentation regarding the bidding and purchase of 97 machines (59 printers and 38 all-in-one printers that provide multifunctional services including copying, printing, faxing, and scanning) for approximately $95,000 between December 2012 and June 2013 was not adequate. The county did not retain adequate documentation of the state bids and the related contracts, and its selection process to show compliance with state law, and the County Commission only approved the purchase of some of these machines.

The December 6, 2012, County Commission meeting minutes state, "The Commission gave their support to purchase 30 machines today via the state contract for cost saving measures." No documentation of the County Commission's approval for the purchase of the additional 67 machines was maintained. Also, the county could not readily provide bid documents to support these purchases. After numerous requests for documentation, county officials eventually provided a price list on April 25, 2013, and prices agreed for some of the machines purchased to the multi-year state contracts. Twenty-one of the 97 machines purchased for $42,585 could not be agreed to state contract prices. A year later in May 2014, the county provided additional documentation to support prices for 7 of these 21 machines totaling $27,447.

Documentation of state bids, contracts, and the county's selection process and criteria should be retained to demonstrate compliance with state law and support decisions made. Failure to document purchase approval prior to initiating purchases of goods or services limits the County Commission's ability to monitor, control, and track disbursements.

1.4 Legal services

The county's procedures for obtaining and documenting legal services need improvement.

The County Commission did not obtain proposals for legal services provided by 2 law firms and did not have a written agreement during most of 2012 with one of these law firms. The county paid approximately $127,000 in legal fees for the year ended December 31, 2012.

The County Collector did not obtain proposals for legal services costing approximately $10,000 during 2012 relating to the utility tax distribution error (see MAR finding number 5.1). In addition, the County Collector does not have a written agreement with a law firm providing services on bankruptcy cases, and the firm was paid approximately $4,000 for these services during 2012. The County Collector maintained a list of law firms considered, but proposals were not obtained. Neither Chapter 52, RSMo,

nor other statutory provisions give a county collector authority to hire an attorney. In addition, Section 56.670, RSMo, gives the county commission (no other officeholders) authority to hire a private attorney. In addition, Section 56.631, RSMo, authorizes the county commission to appoint a county counselor, and 56.640, RSMo, requires the counselor to represent the county and all departments.

While professional services may not be subject to standard bidding procedures, soliciting proposals for legal services is good business practice, helps provide a range of possible choices, and allows the county to make a better-informed decision to ensure necessary services are obtained from the best-qualified provider after taking expertise, experience, and cost into consideration. Also, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing, and written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

Recommendations

The County Commission:

1.1 Monitor contracts for compliance, ensure satisfactory progress is made by contractors prior to payment, and ensure change orders are prepared and submitted for its review and approval prior to completion of the related work.

1.2 Adequately review disbursement documentation to ensure compliance with contract terms. Also, the County Commission should work with the vendor to obtain reimbursement for the $20,825 overpayment.

1.3 Maintain documentation of state bids, contracts, and their selection processes and criteria to ensure compliance with state law and to support decisions made. Also, the County Commission should ensure all purchases are properly approved and documented.

1.4 Solicit proposals for legal services and enter into written contracts defining services provided and benefits received. Also, the County Commission should work with the County Collector to ensure future legal services are appropriately obtained as provided by state law.

Auditee's Response

The County Commission provided the following written responses:

1.1 The County Commission was approached in 2011 by the County Clerk, County Collector, and County Assessor to pursue the purchase of a new computer taxation system. The County Collector informed the County Commission, County Assessor, and County Clerk that she would purchase a new system, if approved by the

County Commission, through her Tax Maintenance Fund. The County Commission approved the purchase of a new system upon recommendation of the before stated elected officials. The County Commission did not enter into negotiations with or pursue any vendor. This endeavor, including invoicing and monitoring of software implementation, was overseen by the County Clerk, County Collector, and County Assessor. Upon recommendation of the County Clerk, County Collector, and County Assessor, the contract and addendum were signed by the Presiding Commissioner, and invoices were handled and approved by the County Commission through the normal county disbursement process.

The County Commission has engaged legal counsel that will ensure all future county contract terms include implementation dates, and the County Commission will ensure invoices are not paid until contract terms have been met.

1.2 *This project was paid in part through a grant with the balance coming from county funds. As such, the County Commission contracted with an engineering firm to oversee the project. All invoices were prepared and submitted through the engineering firm.*

The contracting firm is currently reimbursing Taney County at the rate of $2,000 per week until the $20,825 is paid in full. As of June 4, 2014, Taney County has received $14,000 from the contracting firm.

The County Commission will establish review procedures to ensure oversight of all future projects managed by engineers and other contracted services.

1.3 *The County Commission believes that the auditor's staff was not provided with all requested relevant information regarding this issue at the time of the audit. All 97 machines were purchased using state cooperative contracts. Moving forward we will adjust the process to close all possible gaps in our documentation process and approval process.*

1.4 *We currently have written contracts on file with County Commission counsel, and counsel is retained on a case-by-case basis for litigation. We have advised the County Collector of Missouri law pertaining to the hiring of an attorney.*

The County Assessor provided the following written response:

1.1 I am striving to work with the County Commission, the County Clerk, and the County Collector to obtain a new property tax system.

The County Auditor provided the following written response:

1.2 This has been corrected.

The County Collector provided the following written response:

1.4 In the future, I will work with the County Commission to obtain legal services for the County Collector's office.

2. County Sales Taxes

County procedures related to road and bridge capital improvement sales tax do not comply with state law, and some disbursement allocations do not have adequate support.

2.1 Capital improvement sales tax and allocations

The county has not ensured road and bridge capital improvement sales tax (CIST) monies are deposited in a separate fund or disbursed only for their intended purposes, as required by state law. In addition, some disbursements allocated to the Road and Bridge Fund may not be reasonable and are not adequately supported.

In April 2007, county voters renewed a 1/2-cent CIST under Section 67.700, RSMo, for the purpose of improvement and construction of roads and bridges to replace a 1/2-cent sales tax that was expiring. This sales tax is set to expire March 31, 2017.

These CIST monies are deposited into the county's Road and Bridge Fund and are commingled with other road and bridge related monies, including restricted monies (e.g., County Aid Road Trust and grant monies). The Road and Bridge Fund is used for all road and bridge related disbursements including operating expenses. The county does not specifically identify or track the use of the CIST monies or the balance of CIST monies within the Road and Bridge Fund. As a result, it is not clear whether the road and bridge capital improvement sales tax monies have been properly utilized. The county received approximately $6.7 million in road and bridge CIST monies during the year ended December 31, 2012, and has received similar amounts of CIST monies annually and deposited them into the Road and Bridge Fund. The receipts, disbursements, and balance for CIST monies need to be tracked to ensure the funding is used for its restricted purpose.

In addition, the county allocated personnel costs totaling approximately $99,000 for various employees to the Road and Bridge Fund without

adequate supporting documentation. For example, 50 percent of the salaries and benefits of the Human Resource Director, Employees Benefit Clerk, and Purchasing Agent are allocated to the Road and Bridge Fund, with no documentation showing the basis for the allocation percentage. Also, the salary and benefits of one of two mechanics is paid from the Road and Bridge Fund and the other is paid from the General Revenue Fund. Both mechanics perform work for the road and bridge department and the Sheriff's office; however, no documentation is maintained indicating how the allocation of their salaries was determined.

Section 67.700, RSMo, allows counties to impose a sales tax for any capital improvement purpose designated by the county in its ballot, and requires the monies received from the sales tax to be deposited in a separate fund and used solely for the designated capital improvement purpose. The proper allocation of expenses is necessary for the county to accurately determine the results of operations of specific activities, thus enabling the county to establish the level of taxation and/or user charges necessary to meet all operating costs. To ensure restricted funds are used for intended purposes, the allocation of expenditures to county funds should be based on specific criteria, such as the number of hours worked by each employee, and documentation of allocations should be retained.

2.2 Property tax levy reductions

The county did not prepare property tax levy reduction calculations or properly report levy reductions to the State Auditor's office.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Taney County voters enacted a 1/2-cent general sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levy to meet the 50 percent reduction requirement and in the following year calculate any excess property taxes collected based upon actual sales taxes collected. These sales tax monies, which total approximately $6.7 million annually, are deposited into the General Revenue Fund.

Sales tax calculations and reporting

The County Clerk does not calculate the required sales tax reduction of the property tax levy. The required sales tax reduction for 2012 was approximately $3.35 million for 50 percent of sales taxes collected.

For many years the county has chosen to set the general revenue and road and bridge property tax levies at zero. For 2008 and prior years the county incorrectly certified the full reduction of each levy as a voluntary reduction instead of as a sales tax reduction or combination of sales tax and voluntary reductions. As a result, the tax rate ceiling for the county's General Revenue Fund and Road and Bridge Fund were lowered to zero in 2009. In calculating the property tax rate ceiling for 2009, the State Auditor's office followed Section 137.073.5(4), RSMo (amended in 2008), which provides a

voluntary reduction taken in a non-reassessment year (even year) results in a reduced tax rate ceiling during the subsequent reassessment year (odd year).

Section 137.073.5(4), RSMo, allows a governing body, in a year following general reassessment, to increase a previously voluntarily reduced tax rate, for a reduction taken in a prior non-reassessment year, to the tax rate ceiling that would have been effective in the current year had no voluntary reduction been taken. However, the county has not taken action to restore these ceilings, and they have remained at zero since 2009.

County officials were apparently unaware of the impact of the 2008 voluntary reduction and of the county's zero tax rate ceilings, and from 2009 to current has continued to certify reductions of the general revenue and road and bridge levies as voluntary. On tax rate forms submitted to the State Auditor's office the county incorrectly reported prior year ceilings (in effect if voluntary reductions had not been taken in 2008), although the ceiling for each fund was zero, and then reflected a full voluntary reduction.

As previously noted, the county could reinstate its property tax rate ceiling in 2014. In addition, Section 137.073.6(3), RSMo (amended in 2013), allows a taxing authority to submit amended tax rate forms to the State Auditor's office in the event the taxing authority incorrectly completed the forms or made clerical errors.

Road and Bridge Fund levy reduction

Because reducing the general revenue property tax levy to zero is not sufficient to compensate for 50 percent of the sales taxes collected, the county must also reduce the road and bridge property tax levy. However, a full reduction of the road and bridge levy for this purpose is not required. According to our calculations and had the county's tax rate ceiling not been reduced to zero, the county could have reduced the 2012 road and bridge property tax levy by 0.0772 or approximately $768,000 in property tax revenues, rather than the full 0.1945, to satisfy the county's overall 50 percent rollback requirement. To properly document decisions related to the road and bridge ceiling and levy assessed, the county needs to ensure it is utilizing correct ceiling information and identifying levy reductions as sales tax or voluntary as appropriate.

To ensure property tax levies are properly set and property tax ceilings are maintained, the County Commission and County Clerk should ensure property tax levies are adequately reduced by 50 percent of sales tax revenue and are accurately reported and certified as such. Documentation of calculations and tax rate setting decisions is important to demonstrate compliance with statutory provisions and serve as a reference tool should questions arise. Further, to ensure road and bridge funds are spent in accordance with state law, the County Commission should monitor the portion of the Road and Bridge Fund property tax levy reduction that relates to the sales tax rollback.

Recommendations

The County Commission:

2.1 Ensure monies received from the capital improvement sales tax are deposited in a special fund and used solely for the designated purpose.

2.2 Work with the County Clerk to properly calculate and report property tax reductions (sales tax or voluntary).

Auditee's Response

The County Commission provided the following written responses:

2.1 The county combined the Road and Bridge Fund with the Special Road and Bridge Trust Fund for the ease of operation. Taney County was advised that the funds could be combined, but that the county should adequately track capital expenditures. The two funds were combined, yet the County Auditor did not track capital improvements expenditures. Capital improvement expenditures were also not tracked by road and bridge department staff, or by the County Commission.

The Presiding Commissioner asked road and bridge department personnel to assist him in breaking out all capital expenditures as recommended by the State Auditor's staff, and this was accomplished. The County Commission has again informed the County Auditor that capital improvements needed to be tracked separately. Should it be necessary, the County Commission will either separate and track capital expenditures or separate the funds for future years.

The County Commission will undertake a study to determine whether the salaries shall continue being paid at the current percentages or at some other breakdown based upon actual percentages worked.

2.2 The County Clerk provided forms to the County Commission with levy reductions. The County Clerk informed the County Commission that sales tax reductions had already been made and the County Commission accepted the County Clerk's calculations before voluntarily rolling county levies back to zero. The County Commission accepted, signed, and presented the forms back to the County Clerk. The County Commission will involve itself completely by recalculating and ensuring that the County Clerk's figures are correct in the future.

It should be noted that the ultimate goal of the County Commission, in rolling potential levies back to zero, was to ensure that Taney

County taxpayers would not be paying any property taxes to the Taney County government.

County Commissions have understood from the very first passage of this sales tax that either the General Revenue levy or the Road and Bridge levy can be rolled back first, leaving a balance in the second fund. This County Commission understands that we had a choice to impose a property tax on the citizens of Taney County; however it was our conscious decision to not impose this allowable tax for county government usage, thereby keeping taxes on our citizens intentionally lower.

The County Auditor provided the following written response:

2.1 I will work with the County Commission to ensure monies received from the capital improvement sales tax are either accounted for separately or deposited in a special fund and used solely for the designated purpose.

3. County Budgeting and Planning

Budgeting procedures of the County Commission and the County Auditor need improvement.

3.1 Sales tax monies and debt payment

The County Commission did not adequately plan and budget for the April 2013 judicial center certificates of participation (COP) payment of $1.2 million.

In April 2000, Taney County voters approved 2 propositions that provided for a 1/2-cent general sales tax under Section 67.547, RSMo. Proposition A renewed the already existing 1/2-cent sales tax (previously authorized for sewer purposes) for a period of 20 years. Proposition B authorized the county to expend the sales tax revenues (from the countywide sales tax proposed in Proposition A) for the additional purpose of providing law enforcement facilities. The ballot language did not specify what portion of the sales tax monies collected would be used for each of the 2 authorized purposes. This sales tax generates approximately $6.7 million annually and these monies are deposited into the Sewer Fund.

In November 2005, Taney County voters approved a 1/8-cent law enforcement sales tax under Section 67.582, RSMo. This sales tax generates approximately $1.6 million annually. Prior to December 2012, these monies were deposited into the county General Revenue Fund. However, in December 2012, the county decided these monies should be accounted for separately and created a Law Enforcement Sales Tax Fund where these monies are now deposited.

2013 COP payment

In November 2006, the county issued Lease COP Series 2006 for the construction of a new judicial facility. Until 2013, principal and interest payments on the COP were made from the county General Revenue Fund and covered by law enforcement sales tax monies deposited into that fund. The county budgeted the 2013 COP payment from the Law Enforcement Sales Tax Fund. However, when the COP payment was due in April 2013, the fund had only accumulated sales tax revenue of approximately $400,000.

Because adequate funds were not available in the Law Enforcement Sales Tax Fund, the County Commission authorized a $1.2 million COP payment from the Sewer Fund. The County Commission supported this decision because Proposition B had added a "law enforcement facilities" purpose to the general sales tax and a written legal opinion from one of the county's attorneys concluded usage of the monies in this way was valid.

However, the county had not budgeted for the COP payment to be made from the Sewer Fund during 2013. In addition, the county budgeted the full payment from the Law Enforcement Sales Tax Fund without adequately anticipating the shortfall in sales tax revenues that would exist by the payment due date. As a result, county funds were not spent as intended.

Law enforcement sales tax monies are generated throughout the year and used for various operating expenses. Therefore, the full amount of COP payments will not be available at the time payments are due, and the county needs to adequately plan and budget for future COP payments.

To ensure disbursements are made from the proper fund and budgets closely reflect anticipated disbursements, the County Commission should adequately plan during the budget process for the timing of large disbursements.

Sales tax ballot measures

Regarding Proposition A and Proposition B approved by voters in 2000, it may have been improper for the county to submit a ballot measure to voters asking to add the purpose of "providing law enforcement facilities" to the existing 1/2-cent general sales tax previously designated for sewer purposes. These purposes are not related. Courts have concluded that ballots with multiple purposes are not always improper, but there should be a natural relationship between the issues addressed in a single ballot. To ensure propriety of ballot language and sales tax purposes, the County Commission should consult with legal counsel regarding ballot language supporting any future sales taxes proposed to voters.

Sales tax use designation and deposits

Because voters approved 2 separate uses for the general sales tax monies, but a specific portion for each purpose was not designated, the County Commission can determine how the monies will be used. It would be

appropriate for the County Commission to consider the sewer and law enforcement facility needs periodically and during the annual budget preparation process, and determine if allocating a certain percentage for each purpose is appropriate. In addition, the monies should be deposited into the appropriate fund, rather than being transferred at a later date to cover related expenses.

Generally accepted accounting principles and various legal restrictions require receipts and disbursements associated with specific activities be reflected in the fund established to account for those activities.

3.2 Budgetary practices

The County Commission and County Auditor do not ensure budgets for some county funds reasonably reflect anticipated financial activity and cash balances. This weakness reduces the effectiveness of the budget as a tool for monitoring and controlling disbursements. The county significantly overestimated disbursements resulting in actual ending cash balances greatly exceeding budgeted ending cash balances. The following table presents a comparison of budgeted to actual ending cash balances at December 31, 2012:

County Fund	Budget	Actual
General Revenue	$ 6,478,478	9,814,825
Road and Bridge	5,011,343	9,335,792
Sewer	11,792,113	29,766,985
Transfer Station	0	463,135
Recorder Technology	0	431,473
911	0	404,724
Tax Maintenance	0	166,984
Prosecuting Attorney Bad Check	0	119,474
Prosecuting Attorney Delinquent Tax	0	90,421
Sheriff Civil	0	74,900
Sheriff Revolving	0	64,894

Disbursements were significantly overestimated for most county funds. For example, budgeted disbursements for the General Revenue Fund were approximately $15.8 million and actual disbursements were approximately $13 million; and budgeted disbursements for the Sewer Fund were approximately $25.6 million and actual disbursements were approximately $5 million. Additionally, approved budgets for some county funds included a significant amount for contingency expenses. For example, the Road and Bridge Fund budget included a budget line item of about $2.9 million for contingency expenses out of the fund's $10.7 million total disbursements budget, but only $40,000 of this line item was spent.

For the budget documents to be of maximum assistance to the county as a planning tool and to adequately inform the public of the current financial

position and operations, the budgets should reflect reasonable estimates of receipts and disbursements, and the anticipated ending cash balances. The practice of routinely budgeting to spend the majority of all available resources decreases the effectiveness of the budget as a planning tool and as a control over disbursements.

Our prior audit report issued in 2002 addressed similar concerns.

3.3 Budget review

County personnel did not identify errors in the 2013 budget document.

The county's budget is prepared by the County Auditor and approved by the County Commission. Our review of the budget spreadsheet showed it contained formula errors and incorrect data resulting in misstatements.

- The available funds reported for the 2013 General Revenue Fund on the appropriation order signed by the County Commission was approximately $25 million, while the available funds reported in error on the total page of the budget was approximately $44 million. The $19 million error on the budget was caused by a formula error on the General Revenue Fund total page.

- Employee fringe benefits reported as disbursed from the General Revenue Fund were understated by approximately $760,000 for 2012 and $710,000 for 2011 (approximate 37 percent understatement for each year) as a result of a formula error in the fringe benefit section of the budget. These inaccurate totals were also reflected on the total page for all disbursements from the General Revenue Fund, which further caused total disbursements to be calculated in error in other locations on the budget document.

- The estimated and actual ending cash balances were not presented on the 2013 General Revenue Fund budget. The fund had an actual ending cash balance of approximately $10 million.

In addition, the County Auditor did not enter some actual information correctly into the budget from the county's accounting records.

- Receipts of approximately $4 million and disbursements of $2 million for the Road and Bridge Fund were omitted from the 2011 actual amounts included on the 2013 budget. During 2012, the County Commission combined the Road and Bridge Fund with the Road and Bridge Trust Fund; however, only the activity of the Road and Bridge Trust Fund was entered on the budget.

  The 2012 actual receipts reported on the 2013 budget were understated by approximately $76,000. Several revenue accounts were not

accurately reported including understating transfers into the General Revenue Fund by approximately $42,000 and understating airport fuel revenue by approximately $15,000 as well as other smaller errors.

Budget documents are an essential tool for the efficient management of county finances. To be of maximum assistance as a planning tool and to adequately inform the public, budgets should be reconciled to financial records and reviewed for accuracy and completeness.

3.4 Sewer sales tax

As discussed in section 3.2, the County Commission has not projected realistic disbursements for the Sewer Fund for several years, and actual ending cash balances were much higher than projected ending cash balances. Additionally, the sewer district's master plan for current and future projects has not been updated since 2007.

In April 2000, voters passed a capital improvement sales tax under Section 67.547, RSMo, for the purpose of extending and improving the sewer systems in the county. This sales tax generates approximately $6.7 million annually, and disbursements were approximately $4.9 million for 2012 and $4.3 million for 2011. As a result, the accumulated cash balance increased from approximately $25 million at December 31, 2010, to approximately $30 million at December 31, 2012. According to the county's 2014 budget document, the December 31, 2013, Sewer Fund ending balance was approximately $25.2 million.

The county has outstanding bonded indebtedness from sewer projects of approximately $10.1 million with payments of approximately $1 million due annually. These bonds carry interest rates ranging from 3 to 5.25 percent and mature in 2023. In January 2015, the county could elect to pay off any remaining bonds outstanding before the bonds mature; however, the County Commission has made no formal plans for early payoff.

To properly document the future use of the large accumulated cash balance in the Sewer Fund, the County Commission should approve a reasonable estimate of disbursements in the budget, prepare a long-term plan for the use of these funds, and consider using the excess accumulated cash reserves to pay off the bonded indebtedness early.

Recommendations

The County Commission:

3.1 Adequately plan for the timing of large disbursements, such as the judicial center COP payment during the budget process. The County Commission should consider the sewer and law enforcement facility needs periodically and determine if establishing a percentage to be used for each purpose is appropriate, and the sales tax monies

should be deposited into the appropriate funds, rather than being transferred at a later date to cover related expenses.

3.2 Ensure budget estimates for receipts and disbursements are based on actual expected occurrences.

3.3 Ensure the county budget is accurate and complete.

3.4 Approve a reasonable estimate of disbursements in the Sewer Fund budget, prepare a long-term plan for the use of these funds, and consider using the excess accumulated cash reserves to pay off the bonded indebtedness early.

Auditee's Response

The County Commission provided the following responses:

3.1 Chapter 67.582(3) of the Missouri Revised Statutes of Missouri provides that: "All revenue received by a county from the tax authorized under the provisions of this section shall be deposited in a special trust fund and shall be used solely for providing law enforcement services for such county for so long as the tax shall remain in effect." The County Auditor and a prior County Commission had elected to place these revenues into the General Revenue Fund instead of a special trust fund. This County Commission feels it was complying with Missouri law when it created a trust fund as required under RSMo 67.582(3).

During the 2013 budgetary process, the County Commission discussed the possibility of paying the bond issue out of Sewer Fund reserves as earlier approved by voters through Proposition B, and then repaying the Sewer Fund when the sales tax had generated enough money. The County Commission did in fact pay the bond issue out of the Sewer Fund and later repaid the Sewer Fund when enough voter approved sales tax had been generated. Following the payment, the decision was announced and explained during an open County Commission meeting.

For the sake of transparency, the County Commission formally budgeted the 2014 bond payment directly out of the Sewer Fund as authorized under Proposition B, and also budgeted for repayment to the Sewer Fund from the voter approved law enforcement tax.

3.2 The County Commission developed budgets with an ultra-conservative approach. These decisions were in reaction to a severe downswing in the American economy. The 2014 budget has been developed with a watchful eye on anticipated revenues and expenditures.

3.3 The County Commission did discover multiple formula errors in the budget document provided to the County Commission by the County Auditor. It was the belief of the County Commission that all formula errors made by the County Auditor had been discovered by the County Commission and corrected by the County Auditor.

It is the understanding of the County Commission that the County Auditor pulls county budgetary information from the county's accounting software into a spreadsheet that he has developed for the specific purpose of budgetary manipulation and development. The County Commission receives its revenue and expenditure information from this source, and utilizes this information for the development of all county budgets.

The County Commission is in complete agreement and will initiate necessary safeguards immediately to protect the sanctity of the county budgetary process.

3.4 The County Commission has completely revised and updated the budgetary process for sewer sales tax projects and expenditures. During 2013, the County Commission was presented with a preview of a 3 year plan for sewer projects and expenditures from the Sewer District. In addition, the County Commission was informed that the Taney County Regional Sewer District will be moving forward with a new master plan for current and future projects.

The County Commission is in the process of creating an environmental services department which will be charged with specific monitoring and reporting responsibilities regarding projects and expenditures of sewer sales tax dollars.

The County Commission has paid off every penny allowable for early payoff which will save Taney County taxpayers approximately $500,000 in interest payments. In December 2013, a principal payment of $5,603,250 was made.

The County Auditor provided the following written response:

3.3 I will ensure all parts of future county budgets are accurate and complete.

4. County Procedures

The County Treasurer and County Auditor do not adequately reconcile accounting records. Controls and procedures over credit card purchases and vehicle and fuel use need improvement.

4.1 Reconciliation procedures

A reconciliation between the annual settlement prepared by the former County Treasurer and actual amounts reported on the county budget prepared by the County Auditor was not performed. The beginning cash balance at January 1, 2012, for the Sewer Fund reported by the former County Treasurer on her annual settlement was approximately $336,000 less than the beginning cash balance reported by the County Auditor on the 2013 budget. Both the former County Treasurer and the County Auditor were unaware of the reporting differences. The County Auditor indicated a programming error in the county's accounting system caused disbursements posted to one line item in 2012 to reduce the beginning balance at January 1, 2012, throughout the year. A correction was made to the accounting system in October 2013.

To ensure errors and omissions are detected on a timely basis and to provide accurate financial reporting, the County Treasurer and the County Auditor should reconcile the annual settlement to the county budget.

4.2 Credit cards

The county has not adequately evaluated which employees need county credit cards and has not assigned individual transaction limits to credit cards. During the year ended December 31, 2012, credit card purchases totaled approximately $580,000.

Of 82 credit cards issued to county personnel, 23 cards were not used during the last 6 months of the year ended December 31, 2012, and 18 credit cards had 5 or fewer transactions totaling less than $500 for that time period. With 41 credit cards having limited or no activity, it is questionable whether employees needed the cards.

In addition, credit cards do not have individual transaction limits and monthly spending limits range from $300 to $20,000 with a county monthly cycle credit limit of $350,000. Because some monthly credit cards limits are as high as $20,000, consideration should be given to establishing individual transaction limits to further control significant purchases.

To adequately control the use of credit cards and to reduce the risk of loss, theft, and misuse going undetected, the County Commission should review credit card assignments and usage to evaluate each employee's continued need for a credit card and establish individual transaction limits.

4.3 Vehicle and fuel use

The county has not established effective monitoring procedures regarding fuel and vehicle use. Without effective procedures, fuel could be obtained for non-county use and the county's vehicle fleet may not be used in an efficient and appropriate manner.

The county's February 2013 inventory listing showed 127 vehicles and equipment are maintained for all county services excluding law enforcement. The Road and Bridge department maintains 8 bulk fuel tanks

at 3 locations to fuel these vehicles and equipment. During the year ended December 31, 2012, bulk fuel purchases totaled approximately $480,000.

Mileage and fuel usage logs are not maintained for numerous county vehicles and equipment, and fuel use is not adequately reviewed and reconciled to fuel purchases.

Procedures for reviewing fuel use and reconciling use to fuel purchased are necessary to ensure the reasonableness and propriety of fuel use and disbursements. Also, mileage and fuel usage logs are necessary to document the appropriate use of vehicles and to support fuel charges. Failure to account for fuel purchases could result in loss, theft, and misuse going undetected.

Recommendations

The County Commission:

4.1 Ensure the County Treasurer and County Auditor reconcile the annual settlement to the county budget and promptly investigate any differences.

4.2 Evaluate the need for each credit card issued and establish appropriate individual transaction limits.

4.3 Establish adequate records and procedures to effectively monitor vehicle and fuel use by requiring mileage and fuel usage logs for all vehicles and equipment, reconciling fuel used to fuel purchases, and promptly investigating any significant discrepancies.

Auditee's Response

The County Commission provided the following written responses:

4.1 The Commission will monitor the County Treasurer and County Auditor in their reconciliation of the annual settlement to the county budget.

4.2 Taney County has developed a county credit card policy. In addition, individual transaction limits have been established, and we will review card assignments and limit the number of cards, as needed. Should further reviews or updates to the current policy be needed, the County Commission will undertake the task.

4.3 The County Commission will review all policies currently in place and establish changes throughout the system as needed.

The County Treasurer provided the following written response:

4.1 This computer error has been corrected and safeguards will be put in place to prevent such errors in the future.

The County Auditor provided the following written responses:

4.1 I will work with the County Treasurer to reconcile the annual settlement to the county budget, and promptly investigate any differences.

4.2 I will work with the County Commission to evaluate the need for each credit card issued and establish appropriate individual transaction limits.

4.3 I will work with the County Commission to establish adequate records and procedures to effectively monitor vehicle and fuel use by requiring mileage and fuel usage logs for all vehicles and equipment, reconciling fuel used to fuel purchases, and promptly investigating any significant discrepancies.

5. Property Tax System

Utility tax distributions totaling $434,118 were incorrectly distributed to school districts for the years 2001 through 2010. The County Commission, County Clerk, and County Auditor do not adequately review the activities of the County Collector and County Assessor.

5.1 Utility tax distributions

The County Collector did not correctly distribute utility taxes to various school districts in the county for the years 2001 through 2010, resulting in distribution errors totaling $434,118. Based upon our calculations the school districts were over/(under) paid as follows.

School District	Property Taxes Owed to District	Property Taxes Distributed to District	Amount Over/(Under) Paid
Forsyth R-III	$ 24,930[1]	0	(24,930)
Branson R-IV	440,838[2]	31,649[1]	(409,188)
Hollister R-V	311,163	434,118[2]	122,955
Kirbyville R-VI	427	311,163	310,736
Mark Twain R-VIII	0	427	427

[1 & 2] The property taxes owed differ from the property taxes distributed due to a second distribution based on manual calculations.

The primary reason for these errors was a programming mistake in the tax extension phase of the property tax system that caused the school district names to not be in alignment with their respective distribution calculation. As a result, the Branson R-IV School District received Forsyth R-III School District's distribution, the Hollister R-V School District received Branson R-IV School District's distribution, the Kirbyville R-VI School District received Hollister R-V School District's distribution, and the Mark Twain R-VIII School District received Kirbyville R-VI School District's distribution. Forsyth R-III School District received no property tax

distribution because no taxes were collected for the Mark Twain R-VIII School District.

The County Collector relied on the property tax system for the distribution calculations and did not manually verify the calculations or compare the distributions to the tax statements, resulting in the distribution error going undetected for 10 years. In addition, reviews performed by the County Auditor did not detect this error.

At the request of various school district officials, the County Collector contracted with a consultant in March 2012, to recalculate the utility tax distributions for 2001 through 2010. Our calculations of amounts over/(under) paid noted above were consistent with those determined by the consultant in a report dated May 2012, with only minor differences related to the Mark Twain R-VIII School District.

Two school districts are involved in ongoing litigation over distribution of the 2001 through 2010 utility tax monies. The utility tax distributions were correctly calculated for the 2011 and 2012 tax years.

To ensure all future distribution calculations are correct, the County Collector and County Auditor should implement procedures to properly review all calculations and distributions for accuracy.

5.2 Account book

Neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax charges, transactions, and changes, and no evidence was provided to indicate procedures are performed to verify the accuracy and completeness of the County Collector's annual settlements. As a result, there is an increased risk of loss, theft, and misuse of property tax monies going undetected.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records that summarize all tax charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector are complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector's annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

5.3 Delinquent taxes

The County Clerk does not prepare or verify the accuracy of the delinquent tax books totaling approximately $7 million at February 28, 2013, and the

County Commission also does not verify the accuracy of the delinquent tax books prepared and printed by the County Collector. According to the County Collector, she randomly tests the accuracy of several tax statements, but does not document this procedure. The County Clerk does not perform procedures to verify the totals of the delinquent tax books, and County Commission meeting minutes only indicate that the County Commission received the delinquent tax books.

Section 140.030, RSMo, requires the County Collector to prepare delinquent tax listings. Section 140.040, RSMo, requires the County Commission to examine and correct the listings, and Section 140.050, RSMo, requires the County Clerk to make the listings into delinquent tax books and charge the County Collector with the amount of delinquent taxes to be collected. If it is not feasible for the County Clerk to prepare delinquent tax books, at a minimum, the County Clerk should verify the accuracy of the delinquent tax book and document approval of the tax book amounts to be charged to the County Collector.

5.4 Tax book changes

The County Commission did not approve additions to personal property taxes totaling over $600,000 and did not approve personal property taxes outlawed totaling $188,000 during the year ended February 28, 2013. As a result, changes to the amount of the taxes the County Collector is charged with collecting are not properly monitored. Minutes of the County Commission meetings indicate the personal property taxes outlawed were presented to the County Commission by the County Collector; however, the County Commission did not approve a court order authorizing the removal of these taxes from the tax books.

Section 137.260, RSMo, assigns responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. If it is not feasible for the County Clerk to make changes to the tax books, an independent reconciliation of approved additions and outlawed taxes to actual changes made to the property tax system would help to ensure changes are proper.

5.5 Fire district taxes

The former County Assessor changed the application of the 2011 and 2012 property tax levies in the property tax system for the portion of the Central Taney County Fire Protection District located within the city of Forsyth, and as a result, taxes for this district were not properly levied to some city of Forsyth residents. This change was not detected until officials from the fire protection district contacted the county. While the County Clerk had procedures in place to review the tax book, procedures were not sufficient to identify these changes made by the former County Assessor. According to the County Collector approximately $44,000 was not charged for real property taxes for the 2 years ended February 28, 2013. The amount of personal property taxes not charged for that period has not been determined.

In April 2013, the Taney County Circuit Court ordered the county to levy these remedial taxes that were not previously levied. In February 2014, the Taney County Circuit Court further ordered the county to levy these 2011 and 2012 remedial taxes as a current tax and no penalties or interest shall be imposed on any taxpayer for 1 year from the date of the tax statement submitted to the taxpayer.

To ensure property taxes are properly charged to county taxpayers, a thorough review of changes made to the property tax system is necessary.

Recommendations

5.1 The County Collector and County Auditor ensure future utility tax distributions are computed properly and reviewed for accuracy.

5.2 The County Clerk maintain an account book with the County Collector. In addition, the County Clerk and County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.

5.3 The County Commission and County Clerk should verify the accuracy of the delinquent tax books prior to charging the County Collector with the property tax amounts.

5.4 The County Commission and County Clerk review and approve personal property tax additions and personal property taxes outlawed.

5.5 The County Commission ensure remedial taxes are levied in accordance with Taney County Circuit Court's judgment. In addition, the County Clerk should review all changes made to the property tax system by the County Assessor and recalculate total taxes charged to each taxing district to ensure tax books are accurate.

Auditee's Response

The County Commission provided the following written responses:

5.1 The County Commission realizes that the accurate distribution of all tax dollars to our schools and other political subdivisions is critically important. The lack of manual calculations and comparisons of distributions to the tax statements has convinced the County Commission that proper checks and balances of these tax funds are desperately needed. The County Commission will research Missouri law for a determination of whether school funds should be statutorily distributed by the County Treasurer or the County Collector. The County Commission fully agrees with the State Auditor in that the County Collector and County Auditor

should ensure that future utility tax distributions are computed properly and reviewed for accuracy.

5.2 The County Commission agrees with the State Auditor that the County Clerk should maintain an account book with the County Collector. The County Commission believes that the County Clerk is statutorily charged with the responsibility of reviewing and monitoring the financial activities of the County Collector.

5.3 The County Commission believes it is the County Clerk's responsibility to make/prepare the delinquent tax book. The County Commission believes it should review the delinquent tax book when presented by the County Clerk before charging the County Collector for the collection of taxes. The County Commission will review all County Commission responsibilities and comply with said laws.

5.4 The County Commission has requested and is now receiving all additions to personal property taxes and all outlawed personal property taxes for approval.

5.5 The County Commission will ensure that remedial taxes are levied in accordance with the Taney County Circuit Court's judgment.

The County Collector provided the following written response:

5.1 I have implemented procedures to be able to balance the railroad and utility program for all schools to assure monies are distributed as charged.

The County Auditor provided the following written responses:

5.1 Procedures have been implemented to check these calculations.

The County Clerk provided the following written responses:

5.2 An account book was recently implemented. The account book will be used to review the accuracy and completeness of the County Collector's annual settlement.

5.3 I plan to verify the accuracy of the delinquent tax books prior to charging the County Collector with property tax amounts.

5.4 Procedures for reviewing and approving personal property tax additions and outlawed taxes have been implemented.

5.5 I had procedures in place and performed reviews of the tax book, but these changes were not identified. The county has purchased a new property tax system, and I am working with the programmer to develop a report of all changes made by the County Assessor prior to the Board of Equalization meeting, which will be reviewed for accuracy in the future.

The County Assessor provided the following written response:

5.5 I am striving to work with the County Collector and County Commission to correct past errors. In the future, the application of the levies of the fire protection district will be correctly applied.

6. Assessment Fund Reimbursements

The Missouri State Tax Commission (STC) withheld approximately $956,000 in property tax assessment reimbursement claims from Taney County since 2007, because the county failed to fully comply with approved assessment maintenance plans and applicable state law regarding property assessments.

After the STC withheld all quarterly reimbursements to the county for the state fiscal years ended June 30, 2007, 2008, and 2009, the STC entered into 2 assessment maintenance plan agreements with former County Assessor Strahan and the County Commission (the first agreement was for the period July through December 2009 and the second agreement was for the period January 1, 2010, through December 31, 2011). These agreements required the County Assessor to assess all taxable property in the county uniformly and at the statutorily required percentage, and also required compliance with various statutory and constitutional provisions pertaining to property assessments. Subsequent analysis and studies conducted by the STC determined problems with some property assessments lacking uniformity and not reflecting market values. As a result, obligations of the county's assessment maintenance plans were not met and additional quarterly reimbursements were withheld for the state fiscal year ended June 30, 2011. An addendum to the 2010-2011 maintenance agreement was entered into by the STC, the former County Assessor, and the County Commission in July 2011. The addendum established expectations for the remainder of the 2011 calendar year, and required its provisions be incorporated into the 2012-2013 maintenance plan. The STC determined there was a lack of compliance with the 2012-2013 maintenance plan and the STC issued a compliance order in December 2012 requiring the County Assessor and all assessing officials to comply with the county's assessment maintenance plan; and indicated state reimbursements would be withheld until property assessments met uniformity and value requirements. Quarterly reimbursements were withheld for the state fiscal year ended June 30, 2013, and also for the first 2 quarters of state fiscal year ended June 30, 2014. The STC reimbursed the county $138,777 on May 15, 2014, for the first 2

quarters of state fiscal year ended June 30, 2014. Lost revenues to the county by state fiscal year are listed in the following table.

State Fiscal Year Ended June 30,		Amount of Reimbursement Claims	Amount of Reimbursements Received	Amount of Lost Reimbursements
2007	$	243,498	0	243,498
2008		248,694	0	248,694
2009		248,694	0	248,694
2010		165,796	165,796	0
2011		165,796	86,996	78,800
2012		155,281	155,281	0
2013		136,611	0	136,611
2014		138,777	138,777	0
Total	$	1,503,147	546,850	956,297

Note: This information was obtained from the STC.

The amounts of the reimbursements fluctuate each year based upon available funding through the STC.

Section 137.750, RSMo, provides state funding to qualifying counties for a portion of the costs and expenses of the assessor. Compliance with state law and constitutional provisions and approved county maintenance plans when assessing property, is necessary to ensure state reimbursements are received.

Recommendation

The County Commission, County Assessor, and all assessing officials continue to work with the STC to correct assessment noncompliance so that the county is eligible for full assessment reimbursements.

Auditee's Response

The County Commission provided the following written response:

The audit announces that Taney County has lost approximately $956,000 in reimbursements from the State Tax Commission over the last several years. These are funds from the state of Missouri that Taney County would have received, had the State Tax Commission deemed Taney County was in compliance with the Tax Commission's wishes. The Tax Commission had stated that the values of older homes and structures within Taney County needed to be assessed at higher values. Increasing the values of older homes and structures within Taney County would have shifted an enormous tax burden onto many of the senior citizens within Taney County resulting in much higher taxes.

The position of the previous County Assessor, the County Board of Equalization, and the County Commission was contrary to the position of the State Tax Commission. The Taney County Assessor and the Taney

County Commission believed the county was in compliance with Missouri law. They had conducted their own ratio studies and concluded that the Tax Commission was incorrect in their findings. Taney County officials felt strong enough in their findings that they brought suit against the Missouri State Tax Commission. Eventually, a judge in Cole County found against some of the county's arguments.

The Taney County Assessor made an attempt to appease the State Tax Commission during the assessment process of 2009. The County Assessor's office presented over 13,000 increases. The Tax Commission reinstated state funding to Taney County, however the Board of Equalization, as its last act of the summer board meeting, rolled all increases back by 50%. The State Tax Commission once again withheld state funding from Taney County.

The current Taney County Commission agrees that Taney County could have and possibly should have received assessment expenses from the state of Missouri during the period denoted by the State Auditor. However, there were mitigating circumstances that should be considered.

Taney County Commissions over the past few years have elected to spend local county tax dollars on the assessment process rather than succumbing to acceptance of monies from the state, and the strings tied to those monies, which would force higher taxes on Taney County citizens.

There have been no major changes in assessment procedures or the local index, however, Taney County has recently received funds from the State Tax Commission representing some period of time in the past (no accompanying documentation for time reimbursed was included with the check). We believe the Tax Commission and the county position have been positions of politics; the current Taney County Commission believes it is time for both the Tax Commission and Taney County to move forward in a cooperative spirit.

7. Payroll and Personnel Issues

Procedures related to timesheets and background checks need improvement.

7.1 Timesheets

Timesheets are not prepared by the Information Systems Director and the Emergency Management Director. Both are part-time salaried employees and are not required to submit documentation of hours worked and/or tasks performed. According to the payroll clerk, the Information Systems Director's annual salary of $51,892 is based upon 18 work hours per week and the Emergency Management Director's annual salary is $8,690 regardless of the number of hours worked.

Timesheets are necessary to document and monitor hours actually worked to substantiate payroll disbursements. Additionally, the county personnel manual requires the county to keep accurate time records for every employee.

7.2 Background checks

The county does not perform formal background checks on employees who work in sensitive information technology positions. According to the Human Resource Director, she only reviews the state courts automated case management system prior to offering a job to potential new employees; however, this review is not documented. While the case management system is a good resource, it is not sufficient to show out of state and federal violations, suspended imposition of sentence violations, and personal credit history, etc., which may be needed due to the sensitive nature of these positions.

According to accepted standards,[1] background checks should be performed for new employees and periodically for current employees dependent on the sensitivity and/or criticality of the job function. Without performing appropriate background checks, there is an increased risk of exposing sensitive information to an employee with a criminal background.

Recommendations

The County Commission:

7.1 Require the Information Systems Director and the Emergency Management Director to submit timesheets.

7.2 Ensure complete periodic background checks are performed on employees who have access to sensitive information.

Auditee's Response

The County Commission provided the following responses:

7.1 The County Commission will address the issue regarding timesheets for these employees with the County Human Resource Director.

7.2 Background checks were completed on employees who work in sensitive positions, including the information systems department; however, documentation of these background checks will be retained in the future, and the type of background check obtained will be scrutinized and improved.

[1] COBIT 5 Enabling Processes, AP007 Manage Human Resources. © 2012 ISACA. All rights reserved. Used with permission.

8. Sheriff Seized Property and Evidence

The Sheriff has not established adequate controls and records for seized cash and property. In addition, the Sheriff's office does not have procedures to dispose of seized cash held for many years.

Seized cash

The Sheriff's office records of seized cash at April 2013, show the Sheriff was holding approximately $77,000 for 50 cases. Our review of 10 of these 50 cases determined the following:

- Seized cash totaling $3,270 from 2 cases was not on hand and disposition of the cash was not documented. In one case, $2,550 was seized and there is no documentation the cash was released; however, the cash was not located. In another case, $3,320 was seized and documentation indicates $2,600 was transmitted to the court leaving a balance of $720 to be released to the defendant. The Sheriff's records do not document the cash was released to the defendant and the cash is not on hand. We contacted the defendant, who indicated the cash had not been received. As a result, cash totaling $3,270 could not be located and cannot be accounted for properly.

- Seized cash totaling $10,373 was still on hand although the case was dismissed in February 2012.

- Seized cash totaling $2,500 from one case was still on hand even though a 1998 court judgment had been obtained releasing the seized cash.

- Seized cash records indicate $1,369 of cash seized for one case was released to the court; however, the seized cash was located with other seized property evidence. Sheriff's office personnel were unaware this cash was with the other evidence.

- Cash totaling $6,440 seized in March 1995 was still on hand without any documentation the Sheriff had attempted to dispose of the funds. No case has been filed with the Circuit Clerk's office in relation to this cash.

Seized property

The Sheriff maintains seized property items at the county impound lot, barn, and evidence room. Records and procedures to account for these items are inadequate.

- Seized property items are maintained in multiple locations and there is no overall inventory list that identifies the storage location of specific items.

- Seized property is not always tagged and identified. For example, we noted a dismantled rifle at the barn without a tag. The Evidence Officer

said the rifle has been in the seized evidence area since prior to when he took his position and he does not know its status.

- Periodic physical inventories of seized property items are not conducted; and procedures have not been implemented to periodically review cases and dispose of related seized property items when appropriate and in accordance with court judgments.

- Not all firearms are stored at the Sheriff's evidence room as required by office policy. We noted a pistol and rifle (noted above) stored at the county barn.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. Complete and accurate inventory records should be maintained and periodic physical inventories should be performed and the results compared to inventory records to ensure seized property is accounted for properly. Section 542.301, RSMo, provides guidance for the disposition of unclaimed seized property. Proper disposal of such items would eliminate the significant risks of unauthorized access, use, or theft.

Recommendation

The Sheriff ensure a complete and accurate seized cash and property inventory record is maintained and a periodic physical inventory is conducted and reconciled to the records, and investigate any differences. The Sheriff should also make timely and appropriate dispositions of seized property.

Auditee's Response

The Sheriff provided the following written responses:

A complete and accurate seized cash and property inventory record will be maintained. A periodic inventory will be conducted and reconciled to the records and any discrepancies will be investigated and recorded. I hope to implement these records and physical inventory by January 2015. I have already taken steps to dispose of old seized property.

9. Sheriff Controls and Procedures

Controls and procedures need improvement. During 2012, the Sheriff's office processed approximately $570,000 in civil and criminal process fees, concealed carry permits, bonds, and other miscellaneous receipts.

9.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties and independent or supervisory reviews of accounting records are not performed. One clerk performs all the duties of receiving, recording, depositing, and disbursing monies related to civil and criminal monies and another clerk performs all these duties related to concealed carry permit monies. Neither the Sheriff nor other office personnel perform a documented review of accounting records or a comparison of monies received to those deposited or transmitted.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential.

9.2 Receipting and depositing

Receipting and depositing procedures need improvement.

- Receipt slips are only issued if requested for civil and criminal process fees, concealed carry permits, and miscellaneous fees. An unofficial generic receipt slip book is used, but only 13 receipt slips were issued during 2012. Fees for concealed carry permits are recorded on a spreadsheet, but the method of payment (cash, check, or money order) is not recorded. All other civil and criminal process fees and miscellaneous fees are posted to a computer program, but the numerical sequence of transaction numbers assigned by the program is not accounted for by the clerk, and the transaction numbers do not appear in sequential order on the generated reports.

- Bond monies are recorded in a separate unofficial generic receipt slip book, copies of voided receipt slips are not always retained, and bond forms are not prenumbered.

- Cash bonds are not always deposited timely. For example, 3 bonds totaling $1,600 were received on November 15, 2012, but not deposited until November 20, 2012. Cash bonds are generally deposited once or twice per week.

- Documentation is not maintained for bond monies received and subsequently transmitted to a court in another county rather than deposited. For example, 2 money orders totaling $1,500 were received, recorded in the bond receipt slip book, and then mailed to a court in another county without any documentation to support the disposition of the money orders. Copies of the money orders were not retained, and there was no information on the receipt slip to indicate the payee. We verified the Carroll County Circuit Court received these money orders.

To ensure all monies received are properly handled and deposited or transmitted, and reduce the risk of loss, theft, or misuse of funds, adequate receipting, depositing, and transmitting procedures are needed.

Recommendations

The Sheriff:

9.1 Segregate accounting duties to the extent possible or ensure adequate independent or supervisory reviews of accounting and bank records are performed and documented.

9.2 Issue official prenumbered receipt slips for all monies received, record the method of payment, account for the numerical sequence of receipt slips and transaction numbers, deposit monies timely, and maintain supporting documentation of monies transmitted to other entities. The Sheriff should also issue prenumbered bond forms and account for the numerical sequence of bond forms.

Auditee's Response

The Sheriff provided the following written responses:

9.1 I have instructed the clerks to clearly document who prepares and reviews bank reconciliations on bank statements. Also, the Chief Deputy will perform independent reviews and comparison of monies received to those deposited or transmitted.

9.2 Prenumbered receipt books were implemented in May 2013. Prenumbered receipts indicating the method of payment are issued for all monies.

The transaction number assigned to a receipt can be matched to a name on a deposit slip and a full description of the transaction can be found in the system. I also plan to implement a new records management system later this year.

A prenumbered bond receipt book has already been implemented in the jail. Copies of all receipts, including voided receipts, are retained and the numerical sequence of receipts slips is now being accounted for. Also, we plan to implement prenumbered bond forms so they can be accounted for.

Cash bonds are picked up by the records clerk from a locked bond box, and the money is counted by the clerk and jail personnel. A copy of the receipt is dated and initialed by each of them. While the records clerk is not always available, all bonds are deposited on the day they are picked up from the locked drop box.

Money orders or cashier's checks made out to courts other than Taney County cannot be deposited into the Sheriff's bond account. In the future, we will indicate on the bond receipt slip the date these bonds are mailed to the applicable court.

10. Sheriff Commissary Records and Procedures

We identified several problems with the records and procedures accounting for commissary monies. Deposits into the commissary account totaled approximately $229,000 for the year ended December 31, 2012.

The Sheriff operates a 264 bed jail, housing Taney County inmates and inmates from cities and neighboring counties. The Sheriff maintains a

separate checking account to handle personal inmate monies and provides a commissary through an outside vendor. The monies received, commissary purchases made, and available cash for each inmate are recorded in a computerized accounting system. Inmates order items from the commissary through a kiosk and the payment is deducted from their balance. Commissary profits are paid directly from the outside vendor to the County Treasurer. Any remaining personal monies are paid to inmates upon their release through a smartcard (prepaid credit card) refund.

10.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties and independent or supervisory reviews of accounting records are not performed. The administrative assistant performs the duties of receiving, recording, depositing, and disbursing commissary monies. Neither the Sheriff nor other office personnel perform a documented review of accounting records or a comparison of monies received to those deposited.

Additionally, the jail administrator and the administrative assistant are married to each other. The supervision of a related employee could compromise a supervisor's objectivity when assigning duties or evaluating employee performance. Also, related employees with receipt handling responsibilities increase the risk of collusion and theft or misuse of county funds.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential and include comparing daily receipt activity to deposits.

10.2 Inmate deposits and refunds

The administrative assistant does not deposit inmate monies timely. These monies are only deposited approximately once a week. Additionally, documentation of inmate refunds is not maintained. At the time of release, an inmate's monies are loaded on a prepaid credit card and given to the inmate; however, the inmate does not sign to verify receipt of the card.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies should be deposited timely, and to validate refunds were made to the inmate, documentation of refunds made should be signed by both the inmate and the Sheriff office employee issuing the refund.

10.3 Bank reconciliations and liabilities

The jail administrator does not perform formal bank reconciliations or prepare monthly lists of liabilities to reconcile to the available cash balances of the commissary bank accounts. The Sheriff's office maintains an old commissary account that was primarily used until August 2013, when a new commissary account was opened. Additionally, a third commissary bank account is maintained by the commissary vendor to issue prepaid credit cards to inmates for inmate monies on hand at the time of release from jail.

We requested the jail administrator generate bank reconciliation and liability reports from the computerized accounting system maintained for these 3 accounts as of October 31, 2013. Our review of these reports noted the following concerns:

- The reconciled bank balance of the old commissary account was ($670), while the book balance in the computerized accounting system was ($12,820). Deposits in transit of $146 and outstanding checks totaling $816 were erroneously posted to this account in the accounting system, resulting in a net difference totaling ($12,150) between the adjusted reconciled bank and book balances.

- The bank balance of the new commissary account was $138,345, while the book balance in the computerized accounting system was $109,403. Additionally, the bank balance of the vendor commissary account was $3,600, while the book balance in the computerized accounting system was $52,305.

  Receipts totaling $49,724 were erroneously posted in the computerized accounting system to the vendor commissary account while the related monies were actually deposited into the new commissary account. Additionally, $1,041 was transferred from the new commissary account to the vendor commissary account in October 2013, but the transfer was not recorded in the computerized accounting system until November 2013. Other recording errors for receipts and voided transactions totaling $389 were not identified and posted to the computerized accounting system for the new commissary account until November 2013. After considering these various adjustments needed to book balances due to errors we noted, differences still exist between the bank and book balances for both accounts.

- The list of liabilities for these 3 accounts totaled $144,242, while the reconciled bank balances totaled $141,945, indicating a shortage of $2,297. The liabilities include amounts that need to be turned over to the County Treasurer for commissions on telephone cards (net of operating expenses paid from the commissary account [$124,804]), medical fees ($9,068), and interest income ($1,445).

Without preparing monthly bank reconciliations, identifying liabilities, and reconciling computerized accounting records and liabilities to cash balances, there is little assurance cash receipts and disbursements have been properly handled and recorded, sufficient cash is available for the payment of all amounts due, and all monies in the bank account can be identified. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed. Old outstanding checks should be timely resolved. In addition, Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or commissary in a separate account and pay for goods and other expenses from that account,

allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund.

Our prior audit report issued in 2002 addressed similar concerns.

10.4 Inmate telephone card procedures and controls

The jail administrator does not maintain records to account for prepaid telephone cards purchased and sold to inmates, and on hand. Batches of telephone cards are periodically purchased and held by the jail administrator until sold to inmates. During 2012, $36,000 in telephone cards were purchased for resale. The contract with the telephone card vendor indicates $20,000 in complimentary cards are to be provided each year of the 5-year contract. However, the jail administrator indicated he was not aware of this provision and complimentary cards valued at $20,000 were received during 2010, but not during 2011 and 2012. After we brought this issue to the Sheriff's attention, the complimentary cards for 2011 and 2012 were received in March 2013, and the complimentary cards for 2013 were received in April 2013.

To ensure telephone cards are properly recorded and handled, detailed inventory records should be maintained. Inventory records should document the beginning number of telephone cards, cards purchased, cards sold, and the ending balance of cards. Periodic physical inventory counts should be performed and reconciled to inventory records. Loss, theft, or misuse of the telephone cards and receipts may go undetected without adequate telephone card records and procedures. In addition, contracts should be reviewed to ensure all contracted items are provided.

Recommendations

The Sheriff:

10.1 Segregate accounting duties to the extent possible or ensure documented independent or supervisory reviews of accounting and bank records are performed.

10.2 Deposit inmate monies timely, and ensure documentation of inmate refunds made include a signature from the inmate and applicable Sheriff's office employee.

10.3 Prepare monthly bank reconciliations and lists of liabilities for all accounts, compare liabilities to the available cash balances, and promptly investigate and resolve differences. The Sheriff should ensure all existing and future commissary profits are deposited to the Inmate Prisoner Detainee Security Fund. The Sheriff should dispose of old outstanding checks in accordance with state law and correct recording errors in a timely manner.

10.4 Develop records and procedures to adequately account for the purchase and sale of telephone cards. In addition, inventory records

of telephone cards should be maintained and reconciled to purchases, sales, and a physical inventory count.

The Sheriff provided the following written responses:

10.1 I have instructed the clerks to clearly document who prepares and reviews bank reconciliations on bank statements. Also, the Chief Deputy will perform independent reviews and comparison of monies received to those deposited or transmitted. Also, a kiosk is being placed in the booking area of the jail in order for inmates to deposit their own monies. The kiosk will eliminate anyone in the jail of receiving, recording, and depositing these monies. The kiosk should be in place by the end of June 2014.

10.2 I will make sure that all money is deposited daily and ensure inmates sign all inmate refund receipts.

10.3 I will ensure that monthly bank reconciliations and lists of liabilities for all accounts are performed. We will compare liabilities to the available cash balances and investigate and resolve any differences. All balances in the commissary account will be transferred to the Inmate Prisoner Detainee Security Fund on a monthly basis. I will ensure old outstanding checks are disposed of in accordance with state law and recording errors are corrected each month as they are identified.

10.4 We have developed and implemented a form to account for the tracking and inventory of telephone cards, which includes conducting a physical count of phone cards on hand.

11. Public Administrator Controls and Procedures

The Public Administrator failed to adequately track money owed to wards and holds some money for extended periods of time before depositing it to help wards retain Medicaid eligibility. We also identified weaknesses involving mileage reimbursements and computerized accounting system controls.

The Public Administrator is the court-appointed personal representative for wards or decedent estates of the Associate Circuit Court - Probate Division, and is responsible for the financial activity of approximately 100 individuals.

11.1 Receipting and depositing

The Public Administrator does not have a receipting system in place to properly track and document when monies owed are received on behalf of wards. Additionally, checks received by the Public Administrator on behalf of the wards are often held for extended periods of time before deposit to help wards retain Medicaid eligibility, and checks are not restrictively endorsed until the deposit is prepared.

Tracking receipts

Our review of 7 Medicaid eligible wards identified 2 instances where money owed to the ward was not properly tracked and received by the Public Administrator. In one instance, the Public Administrator failed to identify an alimony payment that was not received in October 2012. We brought it to her attention on October 23, 2013, and the payment was received and deposited on October 31, 2013. Additionally, the court order for the alimony indicates the ward is to receive $865 monthly; however, only $360 is typically received monthly.

In another instance, a ward's payroll checks for March 13 and July 31, 2012, totaling $343, were not recorded and deposited by the Public Administrator. After our April 2013 inquiry, the Public Administrator contacted the employer and learned the checks had not cleared the bank and the employer had already direct deposited the $343 into the ward's bank account in December 2012. The Public Administrator had not identified or followed up on these checks and indicated the ward failed to give her these checks. The Public Administrator authorized this employer to direct deposit the ward's bi-monthly wages in August 2012; however, the Public Administrator was not aware the employer had replaced the uncleared checks with the December direct deposit.

Depositing receipts

On November 26, 2012, we counted 30 checks totaling $79,210 held by the Public Administrator, of which 20 checks totaling $4,088 had been held for 1 to 4 months based upon check issue dates. We also determined 15 payroll checks for one ward issued between October 2011 and August 2012 were each held at least a month before being deposited.

According to the Public Administrator, checks are often held for future expenses so a ward's estate assets remain below Medicaid eligibility limits. Our review of Medicaid eligibility forms identified some differences between reported cash balances and actual cash balances. For example, a Medicaid eligibility form filed for one ward on September 14, 2012, showed a bank account balance of $529; however, the reconciled bank balance was $795. Further, the Public Administrator was holding three payroll checks totaling $360 and the ward was holding two payroll checks totaling $343. As a result, the ward's available cash was $1,498 and not the $529 reported by the Public Administrator.

Also, checks are not restrictively endorsed until the deposit is prepared further subjecting the checks being held to the risk of loss, theft, or misuse.

Conclusion

To properly track all monies owed and received on behalf of the wards and to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, a log should be maintained to document monies owed and received, monies should be deposited timely, and checks should be restrictively endorsed immediately upon receipt. In addition, Section

208.210.1, RSMo, requires recipients to notify county welfare offices if they possess property that affects their right to receive benefits. Further, Section 208.210.2, RSMo, provides that if it is found that a recipient or spouse possessed income in excess of the amount reported that would affect his/her right to receive benefits, the amount of benefits may be recovered as a debt to the state.

11.2 Mileage reimbursements

Mileage claim forms submitted by the Public Administrator to the county for reimbursement did not always contain sufficient detail, and as a result, mileage claim forms were not always accurate.

Our review of 2 monthly mileage claim forms submitted in 2012 noted one instance where details provided on the claim form did not agree with the amount of miles claimed for reimbursement. For example, from July 8 to July 10, 2012, the Public Administrator indicated she went to Columbia, St. Louis, and Mt. Vernon for a total of 839 miles; however, based on the locations documented on the claim form, mileage should have totaled only 649 miles. When we questioned the number of miles claimed for these locations, the Public Administrator indicated she failed to include all travel locations during those days.

Section 50.333.10, RSMo, allows the county to reimburse county officials and employees for each mile actually traveled in the performance of their official duties. To ensure mileage paid is accurate, mileage claim forms should include sufficient detail of locations traveled.

11.3 Computer system controls

The Public Administrator's computerized accounting system allows the user to change check numbers and dates in the system once a check has been printed and issued. For example, in response to our inquiry the Public Administrator indicated a check number that was not included on an annual settlement was voided. However, upon her further review of the computerized accounting system, the Public Administrator determined she had incorrectly entered the wrong check number as void. At that point she made a change to the computerized accounting system to change the recorded check number.

To ensure all disbursements are properly recorded and to reduce the risk of loss, theft, or misuse of funds, the Public Administrator should work with the computer software vendor to ensure adequate controls are put in place that prevent actions such as changing check numbers and dates.

Recommendations

The Public Administrator:

11.1 Maintain a log to document all monies received and due, and properly monitor the receipt of payments owed to wards. In addition, the Public Administrator should discontinue the practice of

holding checks. The Public Administrator should also report accurate asset information for wards to the Department of Social Services (DSS), Family Support Division, and contact DSS to determine whether any monies are due to the state. In addition, monies should be deposited timely and checks restrictively endorsed immediately upon receipt.

11.2 Provide adequate documentation including sufficient details of locations traveled for all mileage reimbursements.

11.3 Work with the computer software vendor to ensure adequate controls are in place to allow for the proper accountability of all transactions.

Auditee's Response

The Public Administrator provided the following written responses:

11.1 In the future, I plan to use my electronic calendar to prompt me so that I can track payments owed and due to wards, and checks will be deposited in a timely manner and endorsed upon receipt. As has been the policy of my office, any extra monies that a ward received is spent on ward purchases such as personal needs, dental insurance, pre-need funeral plans, and special needs trust accounts. While I believe no money is owed to the Department of Social Services, in the future, I will contact the Department of Social Services to determine whether any monies are due the state.

11.2 In the future, physical addresses will be submitted for mileage reimbursements.

11.3 The computer software vendor has been contacted to ensure controls are in place to allow proper accountability of all transactions.

12. Prosecuting Attorney Controls and Procedures

Improvements are needed in accounting controls and procedures of the Prosecuting Attorney's office. Criminal restitution, delinquent taxes, and bad check restitution and fees collected at the Prosecuting Attorney's office totaled approximately $500,000 during the year ended December 31, 2012.

12.1 Adjustments and reversals

One clerk, who is responsible for receiving and recording all monies, also has the ability to post adjustments and reversals to the computerized accounting system without obtaining independent approval. Common reasons for adjustment and reversal entries recorded in the computerized accounting system include recording errors and the dismissal of cases. Adjustments totaling $250,305 were made during 2012. The clerk could not

provide a total for all reversals made in 2012 because she could only generate a daily reversal report.

To reduce the risk of loss, theft, or misuse of funds, and ensure the validity of all adjustments and reversals, adjustments and reversals should be reviewed and approved by a supervisor.

12.2 Receipting and recording

Procedures for receipting and recording need improvement.

- Monies received are not always recorded immediately upon receipt and are not properly secured prior to deposit. The Prosecuting Attorney requires 2 clerks to be present when money is recorded in the computerized accounting system. When only 1 clerk is in the office and a payment is received, a photocopy of the payment is provided to the payer as a receipt and the payment is held in an unlocked drawer until the payment can be recorded in the presence of 2 clerks.

- The numerical sequence of computerized receipt numbers is not accounted for properly. The computerized accounting system assigns a sequential receipt number and generates a receipt slip each time a payment is entered. The computerized accounting system also assigns a receipt number to adjusting and reversal entries; however, the receipt numbers associated with reversal entries are not included in the collection reports generated by the Prosecuting Attorney's office. Our review of October 2012 receipt numbers identified 16 of 162 receipt numbers assigned during this time period were associated with reversals and were not included on collection reports generated by the Prosecuting Attorney's office. According to the software programmer a computer update of the system would resolve this issue; however, the Prosecuting Attorney's system has not been updated since May 2010.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be recorded immediately upon receipt, held in a secure location, and the numerical sequence of receipt numbers accounted for properly. Receiving timely software updates are necessary to ensure computerized reports are complete and accurate, and system improvements are utilized.

12.3 Bank reconciliations and liabilities

The Prosecuting Attorney's office manager does not prepare accurate bank reconciliations for the restitution and bad check bank accounts. The office manager only compares the ending bank balance on her computerized accounting system to the ending balance on the bank statement and does not ensure deposits in transit and outstanding checks are accurate. The December 31, 2012, restitution account bank reconciliation listed 143 checks totaling $29,158 as outstanding for over a year when these checks had actually cleared the bank during 2010 and 2011. We identified similar problems with the bad check account bank reconciliation.

The Prosecuting Attorney does not identify liabilities. At our request in February 2013, corrections to the December 31, 2012, bank reconciliations were made and a list of liabilities for both accounts was prepared. The restitution account reflected a shortage of approximately $500 when compared to liabilities while the bad check account had a balance in excess of liabilities of approximately $900.

The preparation of complete and accurate monthly bank reconciliations is necessary to ensure accounting records are in balance and to identify errors in a timely manner. Additionally, a list of liabilities should be prepared monthly and reconciled to cash balances to ensure sufficient cash is available for the payment of all amounts due and all monies in the bank account can be identified.

12.4 Accounts receivable

The Prosecuting Attorney's office does not generate a monthly list of unpaid bad checks and restitution, and is not proactive in identifying cases with unpaid receivables. Improvements are needed to better monitor and pursue collection of receivables.

At our request, the clerk contacted the software programmer for instructions to generate an accounts receivable report. As of January 16, 2013, the bad check accounts receivable listing included 1,075 defendants with amounts due totaling $658,172 and the restitution accounts receivable listing included 479 cases with amounts due totaling $2,881,565. We reviewed 10 bad check cases and 12 restitution cases and identified 8 cases totaling $285,508 that were no longer collectible for reasons such as bankruptcy or case dismissal. For example, the clerk was unaware of a case dismissed in May 2012 following a plea agreement until we asked about the case in March 2013.

Further, probation termination dates were not accurately recorded or updated in 4 of 12 restitution cases reviewed. These dates are used to ensure collection of monies prior to a defendant's release from probation.

A complete and accurate list of unpaid bad checks and restitution would allow the Prosecuting Attorney's office to more easily review the amounts due and to take appropriate steps to ensure collection of amounts owed.

12.5 Delinquent tax collections

Office personnel are not always transmitting delinquent taxes collected for the Missouri Department of Revenue (DOR) timely. We noted 2 checks totaling $1,535 were receipted on August 22, 2012, and September 4, 2012, but not transmitted to the DOR until October 19, 2012. According to the clerk, efforts are made to transmit these monies to the DOR twice a month. To ensure all receipts are accounted for properly, transmittals should be made on a timely basis.

12.6 Computer system controls

The computerized accounting system allows the user to postdate or backdate receipts and checks without an audit trail. On November 26, 2012, we observed an unsigned check prepared and on hand dated December 3, 2012. The clerk indicated the check was a replacement check and she will print replacement checks periodically through the month, but she will usually date them for the date she plans to perform her monthly check run. The ability to postdate or backdate receipts and disbursements transactions allows possible manipulation of financial data and less assurance of its validity.

To properly account for all monies received and disbursed, all receipts and checks should be dated on the date received and/or disbursed. Consideration should be given to working with the software programmer to add control features to the program to prevent receipts or checks from being postdated or backdated.

12.7 Seized cash

Seized cash held by the Prosecuting Attorney's office was not disposed of in a timely manner. Seized cash records from the Sheriff's office indicate $2,885 seized in 2009 was transferred to the Prosecuting Attorney in April 2010. The seized cash was still on hand in May 2013, although a court judgment of forfeiture to release the funds was issued in March 2012. After it was brought to the attention of the Prosecuting Attorney, all funds were released in June 2013.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. Timely disposal of such items would eliminate the significant risks of unauthorized access, use, or theft.

Recommendations

The Prosecuting Attorney:

12.1 Require supervisory review and approval for all adjustments and reversals.

12.2 Record all monies immediately upon receipt, store monies in a secure location, and account for the numerical sequence of receipt numbers.

12.3 Prepare accurate and complete bank reconciliations and a list of liabilities monthly, and reconcile the cash balances to the list of liabilities. Any differences should be promptly investigated and resolved.

12.4 Maintain an accounts receivables record and establish procedures to monitor and collect accounts receivables. The Prosecuting Attorney should also periodically review case information for accuracy.

12.5 Ensure all delinquent taxes collected are transmitted to the DOR timely.

12.6 Ensure receipt slips and checks are issued in sequential order and contact the software programmer to add control features that prevent a receipt or check from being postdated or backdated.

12.7 Make timely and appropriate dispositions of seized property.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

12.1 We now create a paper trail of supervisory reviews and approvals for all adjustments and reversals. Such supervisory approvals were previously not documented.

12.2 We are now using manual pre-numbered receipt slips that provide a numerical sequence of all payments received, and we feel that this has improved our record keeping in this area. All monies are recorded immediately upon receipt and stored in a secure location until they can be delivered to the County Treasurer.

12.3 The County Treasurer now maintains these bank accounts, with deposits being made and disbursements (checks) being written from her office.

12.4 We are already monitoring accounts receivables more diligently than before the audit, conducting reviews at least once per month, and closing out old accounts.

12.5 Rather than holding payments for the state until such a time that multiple payments can be sent at once, our office is now transmitting payments to the Department of Revenue much more timely.

12.6 The County Treasurer now controls these monies and issues checks to crime victims. We also utilize pre-numbered sequential receipts manually rather than generating receipts through our computer software provider.

12.7 All forfeited monies mentioned have been accounted for, and have been forwarded on. We aim to be better aware of what evidence is kept in our secure evidence room, and what evidence has been returned to the seizing agencies, so that forfeited funds are not inadvertently retained.

13. County Collector Controls and Procedures

The County Collector's receipting, depositing, and reconciling procedures need improvement.

13.1 Receipting and depositing

Procedures for receipting and depositing need improvement.

- The County Collector does not account for the numerical sequence of receipt numbers assigned by the computer system. The 4 collection stations (cash drawers) share the same sequence of receipt numbers; therefore, skipped numbers occur in the receipt number sequence on the daily cash reports generated for each station. No one in the County Collector's office accounts for the numerical sequence of the receipt numbers when reviewing the daily cash reports and preparing deposits.

- Receipt numbers are not issued for partial payments received. In addition, the method of payment is not indicated on the partial payment reports, and, as a result, the composition of partial payments received is not reconciled to the composition of deposits. Partial payments are handled separately from other payments and a separate daily report is generated at the time of the deposit. Additionally, monies received for partial payments are not always deposited timely. For example, partial payments totaling $3,234 received from the period of November 21, 2012, to December 2, 2012, were not deposited until December 4, 2012.

To ensure all monies received are properly recorded and deposited and to reduce the risk of loss, theft, or misuse of funds, the County Collector should account for the numerical sequence of receipt numbers, issue receipt numbers for partial payments received, indicate the method of payment, reconcile the composition of receipts to the composition of deposits, and deposit partial payments timely.

13.2 Protested tax reconciliations

The list of liabilities prepared for the protested tax account is not adequately reconciled to the protested tax account balance. As a result, a $3,034 overpayment for a protested tax refund made in October 2012 was not identified by the County Collector until April 2013. The County Collector requested and subsequently received a refund of the overpayment. Additionally, as of February 28, 2013, the balance in the protested tax account exceeded the list of liabilities by $5,984. The County Collector indicated the difference may be accumulated interest.

Regular comparison of liabilities to the available cash balance is necessary, to identify errors in a timely manner, and ensure accounting records are in balance, sufficient cash is available for the payments of all amounts due, and all monies in the bank account can be identified.

Recommendations

The County Collector:

13.1 Implement procedures to account for the numerical sequence of receipt numbers. For partial payments, the County Collector should work with the computer software programmer to ensure receipt numbers are issued and the method of payment is documented. In addition, the County Collector should reconcile the composition of receipts to the composition of deposits, and make deposits timely.

13.2 Reconcile the protested taxes list of liabilities to the reconciled bank account balance monthly and promptly investigate any differences. The County Collector should also identify the source of the $5,984 and distribute as appropriate and in accordance with state law.

Auditee's Response

The County Collector provided the following responses:

13.1 With the new software program I will be able to follow the sequence order daily, as the drawers are balanced and deposits are made. The programmer will have the method of payment print on each drawer report on the pay-in-advance program. I plan to continue to deposit partial payments weekly.

13.2 In the future, I will balance my interest quarterly and transfer the accumulated interest annually to the county General Revenue Fund to avoid future errors.

14. Airport Controls and Procedures

Controls and procedures of the county's airport need improvement. The county operates an airport where office, hangar, and apron space is rented, and fuel is sold. The county's airport has an advisory board, an airport manager, and 5 employees. Approximately $600,000 was collected for the year ended December 31, 2012. These monies were deposited by the airport manager into a county bank account held by the County Treasurer and recorded in the Airport Fund.

14.1 Segregation of duties

The airport manager does not adequately segregate accounting duties or ensure independent or supervisory reviews of the accounting records are performed. Five airport employees including the office manager collect monies. In addition, the office manager has recording, depositing, and reconciling responsibilities and no one adequately reviews receipt and deposit records. As a result, the office manager is responsible for some transactions from initial receipt to reconciliation without adequate independent or supervisory review.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential.

14.2 Receipting

Airport personnel do not record monies immediately upon receipt. Rather, receipts are posted to the computerized accounting system when deposits are prepared. Additionally, receipt slips are only issued for cash receipts.

To ensure all monies received are properly recorded and deposited and to reduce the risk of loss, theft, or misuse of funds, monies should be recorded immediately upon receipt, and receipt slips issued for all monies collected.

14.3 Lease contracts

The county does not adequately monitor hangar rental lease and the car rental company lease contracts. In addition, the airport manager signs all hangar lease contracts on behalf of the county including his own hangar lease contract. The airport received approximately (1) $121,000 from hangar leases, and (2) $27,000 from the car rental company during 2012.

During our review of the 32 hanger leases billed in June 2012, 14 were billed at a higher rate and 2 were billed at a lower rate than the rates per the hanger lease contracts. The airport manager indicated the Airport Board approved a rate increase in May 2011, and some of the hanger lease contracts have not been updated, and the 2 lower rates were verbally renegotiated after the contract was signed. The airport manager gave us a copy of a letter dated June 15, 2011, airport customers received explaining the rate increase for single-engine aircraft storage. While the letter indicated these rates were for single-engine aircraft storage, the hanger lease contracts did not indicate this information.

The airport's lease contract with a car rental company for office space requires monthly lease payments of $500 plus a 4 percent commission based upon car rental fees and mileage collected by the car rental company. The contract further provides for the county to request an independent certified audit of the car rental company's monthly and annual reports to verify the accuracy of the commission. However, the county has not requested an audit or verified the commission or amount of car rental fees and mileage collected. Additionally, according to the airport manager, no lease payments were received from the car rental company during the last 4 months of 2012, because the car rental company was paying remodeling costs in lieu of lease payments. The contract was not revised for the change in lease payments during the remodeling period.

Contracts should be updated and renewed periodically to ensure the terms of the contract are still accurate. To ensure monthly lease payments received from the car rental company are accurate, the county should verify the amount of car rental fees and mileage collected as provided for in the contract. Allowing the airport manager to sign his own contract creates a conflict of interest, and airport lease contracts should be signed by someone independent of the contract, and filed with the County Commission to ensure county officials are adequately informed of airport revenues.

14.4 Fuel reconciliations

Reconciliations of airport fuel purchased to fuel sold are not performed. While the airport manager and office manager indicated they review the gallons of fuel purchased and sold, no formal reconciliation is performed. Inquiries were made in March 2013, regarding these reviews of fuel purchased and sold; however, the airport manager did not provide documentation showing a reconciliation of fuel purchased and sold to audit staff until April 28, 2014. Purchases of airport fuel totaled approximately $250,000 and sales of airport fuel totaled approximately $300,000 for the year ended December 31, 2012.

To ensure fuel purchased by the airport is accounted for properly, procedures should be established to periodically reconcile fuel purchased to fuel sold and significant differences should be investigated.

Recommendations

The County Commission:

14.1 Adequately segregate accounting duties to the extent possible or ensure an adequate independent or supervisory review of accounting and bank records is performed and documented.

14.2 Ensure monies are recorded timely and require issuance of receipt slips for all monies received.

14.3 Periodically update contracts, implement procedures to monitor lease revenues from the car rental company, ensure contracts are signed by someone independent of the contract, and require contracts to be filed with the County Commission.

14.4 Ensure fuel purchases are periodically reconciled to fuel sold and significant differences are promptly investigated.

Auditee's Response

The County Commission provided the following responses:

14.1-4 The County Commission will work cooperatively with the Airport Board to implement these recommendations.

The Airport Manager provided the following written response:

14.1 I will segregate accounting duties to the extent possible or ensure an adequate independent or supervisory review of accounting and bank records is performed and documented.

14.2 I will ensure monies are recorded and receipt slips will be issued for all monies received.

14.3 I will periodically update contracts, and implement procedures to monitor lease revenues from the car rental company. I will ensure

contracts are signed by someone independent of the contract, and file contracts with the County Commission.

14.4 I will ensure fuel purchases are periodically reconciled to fuel sold and significant differences promptly investigated.

15. Transfer Station Controls and Procedures

Controls and procedures of the county's transfer station need improvement. The county operates a transfer station where individuals and businesses can bring trash for transfer to a landfill. Fees are charged based on the amount and type of trash brought into the station. Approximately $1 million in fees were collected for the year ended December 31, 2012.

15.1 Segregation of duties

Accounting duties are not adequately segregated and a supervisory review of accounting records is not performed. The transfer operator has receiving, recording, depositing, and reconciling responsibilities; and is the administrator for the transfer station computerized accounting system allowing her to add new customers, change addresses, add new prices, create reports, and edit information. As a result, the transfer operator is responsible for transactions from initial receipt to reconciliation without supervisor involvement. Since the transfer operator is responsible for collecting fees, good internal controls require that she not have unlimited system access rights to make system changes.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential. In addition, to preserve the integrity of financial data, controls should be implemented to limit administrative access to the computerized accounting system.

15.2 Receipting and depositing

The numerical sequence of ticket numbers assigned by the computerized accounting system is not adequately tracked and the method of payment received is not recorded. Vehicles bringing trash to the transfer station are weighed before entering and upon leaving the location to determine the fee amount to charge. The computerized accounting system calculates the fee based upon the difference in weight and prints a ticket for the customer indicating the amount to be paid.

- Neither the transfer operator nor the County Treasurer accounts for the numerical sequence of ticket numbers issued. Ticket numbers do not appear in sequential order on daily receipt reports provided to the County Treasurer, and ticket numbers issued for nonpaying customers, such as the county road and bridge department or charge customers, are not included on daily cash reports.

- The transfer operator does not record the method of payment (cash, check, money order, and debit/credit card) in the system. As a result, the composition of receipts is not reconciled to the composition of deposits.

To ensure all monies received are properly recorded and deposited and to reduce the risk of loss, theft, or misuse of funds, the numerical sequence of ticket numbers issued should be accounted for properly, the method of payment received should be recorded, and the composition of receipts should be reconciled to the composition of deposits.

15.3 Credit card reconciliations

The former County Treasurer did not adequately reconcile credit card receipt transactions at the transfer station to credit card deposits in the county's bank account. During our review of credit card transactions for June 2012, we noted credit card transactions for June 4, 2012, totaled $315; however, only $282 was deposited into the county bank account by the credit card company. There was no documentation to indicate the county was aware of the difference. When questioned about the difference in March 2013, the County Auditor contacted the credit card company for an explanation and learned the $33 difference was a charge that had been disputed in March 2012. This amount was deducted from the June 2012 credit card receipts.

To ensure all credit card transactions are properly received and have been accounted for properly, reconciliations of credit card transactions should be performed and any differences identified and promptly investigated.

15.4 Reconciliations

The transfer operator and County Treasurer do not perform monthly reconciliations of total amounts billed (based on tickets issued to customers), payments received, and amounts unpaid.

The transfer operator prints monthly invoices from the transfer station computerized accounting system for charge customers only and provides them to the County Treasurer. The County Treasurer uses the invoices to post accounts receivable information into the county's computerized accounting system and generates another invoice that is mailed to customers. A monthly reconciliation of total amounts billed, payments received, and amounts unpaid is not performed. As a result, the transfer operator nor the County Treasurer have any assurance that all monies billed (ticketed) have been collected. According to the former County Treasurer's records, approximately $665,000 of the fees received during 2012 relate to customer charges.

Monthly reconciliations are necessary to ensure all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis.

Recommendations

The County Commission:

15.1 Segregate accounting duties to the extent possible or ensure an adequate independent or supervisory review of accounting and bank records is performed, and limit administrative access to computer functions.

15.2 Ensure the numerical sequence of ticket numbers issued is accounted for properly, review the county road and bridge department tickets for propriety, record the method of payment, and reconcile the composition of receipts to the compositions of deposits.

15.3 Properly reconcile credit card transactions to deposits in the county's bank account and promptly investigate any differences.

15.4 Ensure monthly reconciliations of the amounts billed (ticketed) to amounts collected and delinquent accounts are performed and documented.

Auditee's Response

The County Commission provided the following written responses:

15.1-3 The County Commission will address these recommendations.

15.4 The County Commission will work cooperatively with the County Treasurer to address the recommendation.

The Transfer Station Supervisor provided the following written response:

15.2 A report which includes all ticket numbers is generated by the transfer station; however, this report has not been provided to the County Treasurer. In the future, we plan to provide this report to the County Treasurer so that the numerical sequence of ticket numbers can be accounted for.

The County Treasurer provided the following written response:

15.3 When I became County Treasurer in January 2013, I began printing the credit card statement for the transfer station each month. I compare each credit card transaction to each credit card deposit on my bank statements. This check and balance system will allow me to see any debits and/or credit transactions the credit card company performs to our account.

15.4 I will work with the transfer station to implement a better monthly reconciliation. I believe a new computer system for the Transfer Station and Treasurer's office would help reach this goal.

16. Sunshine Law

Procedures over open and closed meetings of the County Commission need improvement. The County Commission held 114 closed sessions during 76 meetings during the year ended December 31, 2012.

Open meeting minutes do not always document the specific reasons or section of law allowing a meeting to be closed. During 2012, open meeting minutes typically indicated the County Commission would enter into a closed session to discuss legal, real estate, personnel, and sealed bids. However, while in the closed session, the County Commission would only discuss one or two of these topics and not all four as indicated by the open meeting minutes.

In addition, some issues discussed in closed sessions were not allowable by law. These issues included the county's health insurance, a new county personnel manual, and an employee medical leave of absence policy.

The Sunshine Law, Chapter 610, RSMo, indicates the specific reasons for the closed meeting shall be voted on at an open meeting and limits discussion topics and actions in closed meetings to only those specifically allowed by law.

Recommendation

The County Commission ensure specific reasons for closing a meeting are documented, and discuss only allowable topics in closed meetings.

Auditee's Response

The County Commission provided the following written response:

The County Commission, since there are multiple legal issues, almost always discusses one or more legal issues. There are numerous personnel issues that the County Commissioners are constantly dealing with including termination discussions. The county has been working for two years actively pursuing the purchase of real estate. During legal reviews with legal counsel all issues are discussed. The County Commission will closely monitor the posting of all closed sessions, and make a conscious effort to limit the closed session reasons to only the intended topics.

Taney County
Organization and Statistical Information

Taney County is a county-organized, first-class county. The county seat is Forsyth.

Taney County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 228 full-time employees and 16 part-time employees on December 31, 2012.

In addition, county operations include the Senate Bill 40 Board and the Senior Citizens' Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2013	2012
Ronald Houseman, Presiding Commissioner	$	53,000
Danny Strahan, Associate Commissioner		51,000
Jim Strafuss, Associate Commissioner		51,000
Robert A. Dixon, Recorder of Deeds		53,000
Donna Neeley, County Clerk		53,000
Jeffrey M. Merrell, Prosecuting Attorney		113,112
Jimmie Russell, Sheriff		58,000
Helen Soutee, County Treasurer		53,000
Kevin Tweedy, County Coroner		16,000
Carol S. Davis, Public Administrator		53,000
Sheila L. Wyatt, County Collector, year ended February 28,	53,000	
James Strahan, County Assessor, year ended August 31,		53,000
Rick C. Findley, County Auditor		53,000

Financing Arrangements

In April 2002, the voters of Taney County passed a $30 million bond issue for the purpose of extending and improving the sewer system of the sewer district. The capital improvement sales tax passed by voters in April 2000, has been pledged for the repayment of revenue bonds issued in 2004. In 2004, the Sewer District entered into an agreement with the Missouri Leveraged State Water Pollution Control Revolving Fund to sell $15,590,000 in Wastewater System Revenue Bonds, Series 2004C. The bonds bear interest at 3 percent to 5.25 percent. The interest paid is offset by an interest subsidy from the Department of Natural Resources Water Protection Program. Interest payments are due semi-annually on January 1 and July 1 of each year with annual principal payments due January 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at 0.714 percent of the outstanding principal balance. According to the Taney County's independent audit report, the principal balance remaining at December 31, 2012, was $10.1 million and interest remaining totaled $2,949,717.

On November 15, 2006, Taney County issued Lease Certificates of Participation Series 2006 for the construction of a new judicial facility. The average annual interest is 4.25 percent and the certificates are payable in annual installments ranging from $655,000 to $1,500,000 and mature on December 31, 2023. According to Taney County's independent audit report, the principal balance remaining at December 31, 2012, was $14,985,700 and interest remaining totaled $4,551,898.

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

City of Savannah

July 2014

Report No. 2014-048

http://auditor.mo.gov

City of Savannah
Follow-Up Report on Audit Findings
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THOMAS A. SCHWEICH
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Savannah, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2013-127, *City of Savannah*, issued in November 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the city about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the city, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed supporting documentation submitted by city officials, and held a meeting with city officials. Documentation reviewed included city code and ordinances, cash balance reports, Treasurer's reports, utility reports, deposit reconciliations, meeting minutes, inventory logs, timesheets, contracts, and ticket logs. This report is a summary of the results of this follow-up work, which was substantially completed during April through June 2014.

Thomas A. Schweich
State Auditor

City of Savannah
Follow-Up Report on Prior Audit Findings
Status of Findings

1. Water and Sewer Systems

There were significant weaknesses regarding water and sewer operations. As a result, there was less assurance water and sewer rates were established at an appropriate level and properly billed and collected.

1.1 Financial condition

Prior Boards of Aldermen failed to properly address the weak financial condition of the Combined Water and Wastewater Fund (water/sewer fund).

Since at least August 2006, the city had not funded reserve accounts, including debt service, debt service reserve, and depreciation/replacement, as required by bond covenants of the water/sewer fund revenue bonds.

Recent Boards took actions to address the financial condition of the water/sewer fund. Since 2010, the Board increased water and sewer rates and reduced debt payments by refinancing various revenue bonds. However, city officials indicated it would take several years at the increased rates to collect sufficient revenues to fulfill the reserve requirements.

Recommendation

The Board of Aldermen continue to monitor the financial condition of the Combined Water and Wastewater Fund, and ensure required accounts are properly funded in compliance with bond covenants.

Status

Implemented

The condition of the Combined Water and Wastewater Fund has stabilized. We reviewed the cash balance report for February 2014 and noted the required reserve accounts are fully funded as required. In addition, the Board entered into an agreement with a financial advisor in December 2013. The financial advisor's duties include consulting with the city on current and future debt financing projects by recommending the size, structure, specific terms and conditions of a debt issue and presenting information regarding methods of sale. The financial advisor completed and presented a utility rate study to the Board on May 5, 2014, and will provide annual utility rate studies.

1.2 User rates

The city did not always raise water and sewer rates based on an adequate cost analysis to ensure rates were sufficient.

The city did not prepare an adequate cost analysis to support the approximate 30 percent increase in water rates approved in November 2010.

In response to a February 2012 study by a professional engineer and recommendations from a citizens' ad hoc committee on water rates, the Board increased water rates in May 2012 by 48 percent, with annual automatic increases of 3 percent each year until May 2017. In May 2013, the Board rescinded the automatic increases starting May 2014. According

to city personnel, the Board planned to review and evaluate rates on an annual basis.

In addition, the city did not prepare an adequate cost analysis to support an increase in sewer rates approved in September 2011.

Subsequently, in November 2011, the city completed the Missouri Department of Natural Resources Rate Assist (Wastewater) Program with the assistance of the Missouri Rural Water Association. The program results indicated the current sewer rates were generating sufficient revenues. However, sewer rates had not been analyzed and had remained the same since November 2011, and it was unclear if the rates were sufficient.

Recommendation

The Board of Aldermen ensure adequate cost studies are prepared that consider all relevant expenses such as operating expenses, debt obligations, and future repair/maintenance costs and capital improvements. The Board should also consider periodically obtaining a formal water and/or sewer rate study from a professional engineer to ensure rates are sufficient.

Status

Implemented

The Board obtained a utility rate cost study, the results of which were presented at the May 5, 2014, Board of Aldermen meeting. The study recommended a sewer rate increase of 3, 4, or 5 percent and concluded water rates are sufficient. The analysis included current debt and a moderate amount for system capital improvements. A sewer rate increase of 4 percent was approved by the Board on May 19, 2014. Also as indicated above, the financial advisor will perform annual utility rate studies.

1.3 Delinquent accounts

The city had not developed adequate policies and procedures regarding handling and accounting for delinquent utility accounts. As of May 2013, accounts delinquent for over 30 days totaled $103,680.

Recommendation

The Board of Aldermen establish policies and procedures regarding the collection of delinquent accounts.

Status

Implemented

The Board approved an ordinance amending the section of the City Code concerning collection of delinquent accounts, including partial payment agreements, in April 2014. The new policy states an account outstanding for 60 days should be submitted to a collection agency and all collection costs, including costs for adjudication, will be borne by the debtor. In addition, the policy states an account outstanding for 5 years will be written off as uncollectible. The city entered into a written agreement in April 2014 with a firm to perform debt collection services.

1.4 Adjustments

Adjustments to customer account balances were not reviewed and approved by an independent person. The Deputy City Clerk collected and posted payments and had the ability to adjust account balances. These adjustments were not reviewed or approved by the City Clerk or City Administrator. As a result, there was an increased risk that unsupported or unauthorized changes could be made to the utility system.

Recommendation

The Board of Aldermen require adjustments to account balances be reviewed and approved by an independent person. In addition, the Board should receive a report of adjustments on a periodic basis.

Status

In Progress

The City Administrator stated he began approving monthly adjustment reports in October 2013 and provided an example from June 2014. As of the date of our follow-up meeting, the City Administrator had not provided a report of adjustments to the Board; however, he indicated in the future he will provide a report to at least one member of the Board.

1.5 Partial payments

The City Administrator did not approve partial payment arrangements, and these arrangements were not always in compliance with city policy. The Deputy City Clerk sometimes allowed customers with delinquent water accounts to make alternative payment arrangements. Partial payment arrangements were granted in the event of a water service line break.

As of May 2013, there were five partial payment arrangements. None of the arrangements were in compliance with city policy.

Recommendation

The Board of Aldermen ensure partial payment agreements are in accordance with city policy and approved by the City Administrator.

Status

In Progress

The Board approved an ordinance amending the section of the City Code concerning collection of delinquent accounts, including partial payment agreements, in April 2014. Under the new policy, if a customer claims inability to pay the outstanding bill in full and the delinquency was due to a water service line break, the City Administrator may enter into a written payment agreement with the customer. However, because the City Administrator has not entered into any new partial payment agreements since the policy was amended, the city could not demonstrate that the recommendation has been fully implemented.

1.6 Penalty and disconnect of service

The city did not always assess the late penalty or disconnect services for city officials and employees when their utility payment was received after the due date or shutoff date.

We noted an employee was not assessed a penalty for paying his bill after the due date, and the employee's service was not disconnected even though his bill was paid after the shutoff date. We also noted an elected official was not assessed a penalty for paying her bill after the due date.

Recommendation

The Board of Aldermen ensure the late penalty and water disconnect procedures are applied to city officials and employees, when applicable.

Status

Implemented

The City Administrator indicated he reviews the cutoff register each month and will contact any employees or city officials on the list as a reminder their water will be shut off if payment is not received on the due date. We noted the City Administrator's signature on the cutoff register for April 2014 documenting his review.

1.7 Water usage not billed

The city did not charge most city departments for water usage at city-owned facilities. As a result, the cost of water was not being properly allocated to city operations. Only the Parks Department and golf course were charged for water usage.

Recommendation

The Board of Aldermen charge all city departments for water consumption at city-owned facilities.

Status

Not Implemented

The City Administrator indicated the city's financial advisor will be researching this possibility for the next budget year.

1.8 Bulk water sales

The city did not have sufficient procedures to ensure monies received from the bulk water sales machine were deposited. While a meter tracked the total gallons sold monthly, the city did not have procedures to reconcile monies collected to water dispensed.

Recommendation

The Board of Aldermen develop reconciliation procedures to ensure revenue from the bulk water sales machine is deposited and reasonable.

Status

In Progress

In January 2014, a log of monthly collections and meter readings was developed. The log indicates the date, the amount collected, and the meter reading at the time of collection. We reviewed the log of monthly

collections and meter readings for 2014; however, a reconciliation to ensure the amount collected is accurate based on the water dispensed is not performed. The City Administrator indicated he is developing a procedure to determine if the amount collected is appropriate for the amount dispensed.

2.1 Accounting Controls, Records, and Procedures - Restricted revenues

The city did not track the balance of various restricted revenues. These restricted monies included state motor vehicle-related revenues, Law Enforcement Training (LET) fees, one-half cent sales tax revenues, and grant monies.

These restricted monies were accounted for in the General Fund. Although the annual revenues and expenditures of these restricted monies were separately tracked within the General Fund, the balances of these restricted monies were not. As a result, the city could not determine at a point in time what portion of the General Fund represented restricted monies.

Recommendation

The Board of Aldermen determine the balance of restricted monies in the General Fund and establish separate funds or a separate accounting of these monies.

Status

Implemented

The April 2014 Treasurer's report included the revenue, expenditure, and cash balance activity for restricted revenues.

2.2 Accounting Controls, Records, and Procedures - Expense allocation

The City Administrator did not use actual costs or other documented rationale for allocating wages and applicable withholdings of certain employees between the city's funds or assessing an administrative fee to certain city funds to cover costs incurred by the General Fund.

According to city personnel, wage allocation percentages were based on workload estimates made by each employee. Although city employees prepared timesheets, the timesheets showed no detail of activity or department. Also, actual administrative wages for the year ended September 30, 2012, were not allocated by the percentage allocation indicated in the city's budget.

Recommendation

The Board of Aldermen ensure payroll costs allocated to applicable city funds are supported by adequate documentation. In addition, the city should develop a methodology for determining the appropriate administrative fee to be charged to various funds. Thorough and detailed documentation of the rationale and calculation of the fee should be maintained.

Status

In Progress

Since at least October 2013, employees document on timesheets the total hours worked for each city department each week. We reviewed a timesheet for one employee from January 2014 and a timesheet for another employee from March 2014 to confirm this information is tracked. The City Administrator indicated an average personnel cost will be calculated for each department using 12 months of timesheets from those employees that perform tasks in more than one department for use in allocating salaries by department for the 2015 budget. In addition, the City Administrator indicated the city is working with the Park Board and the Golf Committee to determine the administrative fees for those departments.

3. Golf Course

We identified significant weaknesses in golf course controls, policies, and procedures.

3.1 Segregation of duties

Segregation of duties was not adequate and there was no supervisory review of collection activities for monies collected by golf course staff. Various staff, including the golf course manager, received, recorded, and deposited monies collected, and there was no independent review of these activities.

Recommendation

The Board of Aldermen in conjunction with the golf course advisory committee segregate the duties of receiving, recording, and depositing golf course monies to the extent possible. If proper segregation of duties cannot be achieved, timely supervision or independent reviews of the golf course records and transactions should be performed.

Status

In Progress

The City Administrator indicated proper segregation of duties is not possible. Instead, supervisory reviews have been implemented. We reviewed a log of deposits in use since November 2013; however, the log is not signed to indicate who reviewed the daily deposits. We also reviewed a log of daily register counts in use since April 2014; the person conducting the count initials the log. In addition, the City Administrator indicated unannounced cash counts by someone outside the department will be performed periodically when the summer season begins.

3.2 Receipts

Golf course personnel did not always record the correct method of payment received (cash, check, or credit card) on receipt slips issued from the cash register. Checks received were recorded as cash.

Recommendation

The Board of Aldermen in conjunction with the golf course advisory committee require the method of payment be recorded on receipt slips, and the composition of receipts be reconciled to the composition of deposits.

Status

Implemented

We reviewed a deposit report for April 1, 2014. The method of payment was correctly recorded in the cash register and the composition of receipts was reconciled to the composition of the deposit.

3.3 Change fund

The golf course did not maintain the change fund at a constant amount. According to golf course personnel, the balance of the change fund was $800; however, our cash count of the change fund on March 26, 2013, was $852.

Recommendation

The Board of Aldermen in conjunction with the golf course advisory committee maintain the change fund at an authorized amount. In addition, the fund should be periodically counted and reconciled to the authorized balance by an independent person.

Status

Implemented

We reviewed the change fund log, which documents the date, amount, and initials of the individual who performed the count of the change fund and noted the change fund has been maintained at a constant amount since November 2013.

3.4 Golf course prices/fees

Neither the Board nor the advisory committee had reviewed and approved the prices/fees established by the golf course manager and considered related costs for items including, concession food and drink, merchandise, green fees, membership fees, and cart rentals.

Recommendation

The Board of Aldermen in conjunction with the golf course advisory committee evaluate concession and golf course prices/fees and related costs on a periodic basis. In addition, concession and golf course prices/fees should be approved by the advisory committee and authorized by the Board.

Status

Implemented

The City Administrator indicated prices and fees have been evaluated and were approved at the June 2014 Golf Committee meeting.

3.5 Inventory

The golf course manager did not perform a periodic physical inventory of golf course concession items and merchandise or reconcile the inventory to sales and purchases of the concession items/merchandise.

Recommendation

The Board of Aldermen in conjunction with the golf course advisory committee develop procedures to periodically reconcile inventory on hand to the sales and purchases of golf course concession items and merchandise.

Status

In Progress

We reviewed documentation of physical inventory counts conducted in April and May 2014. The City Administrator indicated a reconciliation of the physical inventory to sales and purchases will be completed in the near future.

3.6 Closed meetings

The advisory committee did not always follow Sunshine Law requirements relating to closed meetings as required by Chapter 610, RSMo. The advisory committee held five closed meetings from October 2012 to June 2013. The notices for closed and open meetings and related agendas were combined into one document. Additionally:

- The vote of each member for closing a meeting was not documented in the open meeting minutes.
- The minutes of open meetings typically did not document the reason(s) for closing the meeting. The reason for holding a closed meeting was documented for only one meeting.
- Minutes of open meetings did not always document that a closed meeting was held. One closed meeting held was not documented.
- Meeting notices/agendas used the same statement for each meeting to indicate the potential for a closed meeting, instead of citing the specific exception as the reason for a closed meeting, when applicable. The statement indicated ". . . may enter into closed executive session . . . regarding personnel, the lease or sale of real estate, or legal or privileged matters . . . ."
- Minutes for closed meeting were not prepared. For one closed meeting, handwritten comments were retained.

Recommendation

The Board of Aldermen in conjunction with the golf course advisory committee ensure the notices/agendas state the specific reasons for going into a closed session, the reason and vote of each member to close a meeting is recorded in the open minutes, and minutes of closed meetings are prepared. In addition, only the items allowed by state law should be discussed in closed meetings and limited to only those specific reasons cited to justify such a closed meeting. Decisions and the vote of each member made in closed meetings should be properly disclosed to the public.

Status

Implemented

The City Attorney made a presentation on the Sunshine Law to all city boards and committees on May 19, 2014. The golf course advisory

committee held a closed session on June 9, 2014; the notice/agenda and open and closed minutes complied with the Sunshine Law requirements.

4.1 Parks and Recreation - Segregation of duties

Segregation of duties was not adequate and there was no supervisory review of collection activities for monies collected by department staff. Various staff members, including the department director, activities director and pool manager, received, recorded, and deposited monies collected at the department office, baseball field and pool concession stands, and pool, and no independent review of these activities was performed.

Recommendation

The Board of Aldermen in conjunction with the Park Board segregate the duties of receiving, recording, and depositing department monies to the extent possible. If proper segregation of duties cannot be achieved, timely supervision or independent review of the work performed by the department is necessary.

Status

In Progress

As of the date of our follow up meeting, the city and Park Board had not segregated the duties of receiving, recording, and depositing park monies; however, the City Administrator indicated a process to ensure supervisory oversight of receipts at concession areas is being developed and should be in place prior to the beginning of the respective summer seasons.

4.2 Parks and Recreation - Receipts

Department staff did not always issue pre-numbered receipt slips, maintain records of monies received, or reconcile the method of payment recorded on register tapes to the composition of deposit. In addition, department staff did not reconcile concession inventories purchased to the amount sold. As a result, there was little assurance that all monies collected were properly deposited.

Recommendation

The Board of Aldermen in conjunction with the Park Board require receipt logs and/or pre-numbered receipt slips be prepared for monies received that are not recorded by the cash register, the method of payment be recorded on receipt slips, and the composition of receipts be reconciled to composition of deposits. Also, procedures should be developed to periodically compare concession sales to purchases, and ensure cash register tapes for pool receipts are reconciled to deposits and the reason(s) for differences promptly investigated and documented.

Status

In Progress

The City Administrator indicated a new cash register has been purchased for the pool entrance and new cash registers will be purchased in the near future for pool concessions and youth park concessions. The pool entrance cash register has been programmed to track the number of entrants in addition to the different types of memberships and daily passes sold. In addition, the

register allows for the composition of receipts to be reconciled to the composition of deposits. Once purchased, the concession cash registers will be programmed to correspond to items of sale and will also allow for the composition of receipts to be reconciled to the composition of deposits. We reviewed a new inventory sheet developed by the department. The City Administrator indicated the staff are being trained on the use of the inventory sheet and inventory procedures. Once trained, staff will perform a weekly physical inventory count to be reconciled to sales and purchases. The Park Board Finance Committee will review the logs for inventory and cash reports on a monthly basis and more often as needed.

4.3 Parks and Recreation - Concession prices and pool fees

The Park Board had not reviewed and approved concession prices and pool fees, such as entry fees and pool memberships, established by the department Director, or evaluated the related costs.

Recommendation

The Board of Aldermen in conjunction with the Park Board evaluate concession prices and pool fees and related costs on a periodic basis. In addition, concession prices and pool fees should be approved by the Park Board.

Status

Implemented

The Park Board reviewed and approved all fees for the Parks Department in the March 2014 meeting. In addition, concession prices were reviewed and approved at the May 2014 Park Board meeting.

4.4 Parks and Recreation - Written agreements

The Park Board did not have written agreements with various organizations, including the local school district, for arrangements related to the use of city baseball fields and sports complex, operations of city youth program, or the city maintenance of athletic facilities for the local school district.

Recommendation

The Board of Aldermen in conjunction with the Park Board enter into written agreements defining services provided and benefits received with entities using department facilities/personnel.

Status

Implemented

The Buildings and Ground and Equipment Committee has developed memorandums of understanding with local swim teams and the Savannah R-III School District. A memorandum of understanding with all outside entities that use city facilities will be required before the entities are allowed use of the facilities.

4.5 Parks and Recreation - Deficits

The Park Board approved deficit fund balances for the Parks and Recreation Certificates of Participation Fund budgets.

Recommendation	The Board of Aldermen in conjunction with the Park Board discontinue approving deficit budgets.
Status	**Implemented** There were no deficits budgeted in the Park Board's 2014 budget.

4.6 Parks and Recreation - Budgeted expenditures	The Park Board did not adequately review and monitor monthly budget to actual reports and amend budgets when necessary. For the year ended September 30, 2012, actual expenditures exceeded budgeted expenditures by $350 and $28,541 for the Parks and Recreation Fund and Parks and Recreation Certificates of Participation Fund, respectively.
Recommendation	The Board of Aldermen in conjunction with the Park Board ensure actual expenditures do not exceed amounts budgeted.
Status	**Implemented** We reviewed the Budgetary Comparison Schedule for the Parks and Recreation Fund for the year ended September 30, 2013, and noted actual expenditures did not exceed budgeted expenditures. In addition, the City Administrator indicated the Treasurer of the Park Board submits a monthly summary of the financial condition of the fund for the Board's review. Any line item that has a higher expenditure rate than expected for that period of time is reported and brought to the Park Board Finance Committee's attention to determine if a budget amendment is needed.

5.1 Procurement and Contracts - Procurement	The city did not always solicit competitive proposals or bids for purchases of goods and services. City Code, Chapter 25 requires bids to be obtained for supplies and contractual services estimated to cost more than $2,500. The city did not solicit competitive proposals for its bond underwriter, bond counsel, or financial advisor related to bond issuances, and had used the same vendors for these services for many years. The city did not solicit competitive proposals or bids or maintain documentation of sole source vendors for several significant purchases of goods and services during the year ended September 30, 2012. As a result, the city could not ensure the best and lowest price was obtained. According to city personnel, some purchases were considered sole source purchases because the city had purchased these items from the same vendor for many years or because the vendor was the only local vendor. City personnel also indicated they solicited phone quotes for one purchase, but did not retain this documentation. Also, instead of the city purchasing

concession items in bulk for both the parks/pool and golf course, parks and golf course personnel made their own purchases, as needed.

Recommendation

The Board of Aldermen ensure proposals or bids are solicited when the annual estimated cost of an item or service exceeds $2,500, and documentation is prepared and retained for phone quotes and sole source procurements.

Status

Implemented

The City Administrator indicated formal bids were solicited for carbon dioxide for the water plant in March 2014 and requests for proposals were solicited for financial advisory services in November 2013. The city provided documentation related to the bids for both of these contracts.

6.1 Personnel Policies and Procedures - Taxable benefits

The city did not report certain taxable benefits on employee W-2 forms. Each full-time employee was provided the following:

- An annual family golf membership.
- A family swimming pass.
- One free rental of the Clasbey Center per year.
- Employees with 20 or more years of service were provided two cemetery plots at the city cemetery at no cost to the employee.

The city employed 24 full-time employees on September 30, 2012. Possible unreported taxable benefits (excluding the cemetery plots) for the year were $19,920 to $30,000.

Recommendation

The Board of Aldermen develop procedures to ensure applicable taxable benefits are reported on employee W-2 forms.

Status

In Progress

The City Administrator indicated the city is still in the process of codifying and updating the Personnel Manual. Employee benefits are being reviewed as part of this process and the city will develop procedures to ensure taxable benefits are reported on employee W-2 forms.

6.2 Personnel Policies and Procedures - Longevity pay

The city made longevity payments totaling $5,030 in December 2012. These payments represented additional compensation for services already rendered and violated the Missouri Constitution.

Recommendation — The Board of Aldermen discontinue longevity payments to employees.

Status — **Not Implemented**

While the City Administrator indicated a legal opinion on this matter has been requested from the City's Attorney, longevity payments were made in December 2013 and a decision has not been made as to whether longevity payments will be continued.

7. Closed Meetings

We identified weaknesses in closed meeting policies and procedures.

7.1 Notices/agendas

The Board used the same statement in each meeting notice/agenda to indicate the potential for a closed meeting, instead of citing the specific exception as the reason for a closed meeting, when applicable. The city combined its meeting notices and related agendas in one document. The statement indicated "The Board of Alderman may enter into closed executive session . . . regarding personnel, the lease or sale of real estate, or legal or privileged matters . . . ."

Recommendation — The Board of Aldermen ensure meeting notices/agendas state the specific reasons for going into a closed meeting.

Status — **In Progress**

The City Attorney made a presentation on the Sunshine Law to all city boards and committees on May 19, 2014. In addition, we reviewed current notices/agendas and noted a statement indicating the potential for a closed meeting is no longer included. However, the Board has not gone into closed session since November 2013. The Board plans to follow Sunshine Law requirements relating to closed meetings in the future.

7.2 Allowable topics

The Board discussed some items in closed meetings that were not allowed by state law.

Recommendation — The Board of Aldermen ensure issues discussed in closed meetings are allowed by state law.

Status — **In Progress**

The City Attorney made a presentation on the Sunshine Law to all city boards and committees on May 19, 2014. However, the Board has not gone into closed session since November 2013. The Board plans to follow Sunshine Law requirements relating to closed meetings in the future.

7.3 Specific reason

The Board sometimes discussed issues other than the specific reason cited in the open minutes for going into a closed meeting. For example, in several

closed meetings the Board discussed legal matters; however, the open minutes cited personnel issues as the specific reason for going into closed session.

Recommendation

The Board of Aldermen limit issues discussed in closed meetings to only those specific reasons cited for closing the meeting.

Status

In Progress

The City Attorney made a presentation on the Sunshine Law to all city boards and committees on May 19, 2014. However, the Board has not gone into closed session since November 2013. The Board plans to follow Sunshine Law requirements relating to closed meetings in the future.

9. Capital Assets

The city did not maintain complete and detailed records of all capital assets, including land, buildings, vehicles, equipment, furniture, and infrastructure (e.g. roads, street lights, storm sewers, etc.). The city also did not tag or otherwise identify capital assets as property of the city, or perform an annual physical inventory of city property.

The city's audited financial statements for the year ended September 30, 2012, valued city property at approximately $28.6 million ($17 million after depreciation), and the city insurance coverage for capital assets totaled approximately $15 million.

Recommendation

The Board of Aldermen ensure complete and detailed capital asset records are maintained, assets are tagged for identification, and annual physical inventories are performed and compared to detailed records.

Status

In Progress

We reviewed physical inventories performed during the past fall/winter months. In addition, the City Administrator indicated assets have been tagged and a quote has been requested from the city's independent auditor to prepare detailed capital asset records. Once this work has been completed, the city plans to perform annual physical inventories.

10.1 Tickets - Ticket accountability

The police department issued traffic tickets, which were sent through the City Attorney to the Andrew County Associate Circuit Division for processing. The police department maintained a record of traffic ticket books assigned to and traffic tickets issued by police officers; however, the disposition of traffic tickets was not documented.

Recommendation

The Board of Aldermen ensure the police department properly accounts for the ultimate disposition of all tickets issued.

Status

Partially Implemented

The City Attorney now maintains a log of tickets that are not filed or are dismissed. In addition, the City Administrator indicated the police department obtains a monthly report of case dispositions from the Andrew County Associate Circuit Division. However, the police department's record of traffic ticket books assigned to officers and traffic tickets issued, the City Attorney's record of traffic tickets submitted to her for prosecution, and the reports of case dispositions from the court are not compared to ensure the ultimate disposition of all tickets issued is accounted for. The City Administrator indicated the city does not have the resources available at this time to perform this function.

Thomas A. Schweich

Missouri State Auditor

REVENUE and ADMINISTRATION

Contract License Office Bidding and Procurement

July 2014

Report No. 2014-049

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Department of Revenue and Office of Administration, Contract License Offices, Bidding and Procurement

Non-Compete Agreements	The Department of Revenue (DOR) and Office of Administration (OA) do not prohibit contract agents from requiring employees to sign non-compete agreements that limit competition. Since 20 points are awarded during the bid evaluation process for retaining current staff, these non-compete agreements could hinder a new bidder.
Contract Extensions and Renewals	The DOR and OA extended license office contracts beyond the time frames allowed by the contract terms, and the DOR did not request 4 contract renewals until after the contracts had already expired resulting in license offices operating with no contract in place. Of the 120 offices with extension options exercised, 91 percent were extended past the 120 days allowed by the contract.
Return to State	As noted during our prior audit, bidders receive points during the evaluation process for the "return to state" (a firm, fixed percentage of fees earned that the bidder agrees to remit to the state) amount proposed, but no statutory authority exists for the return to state provision, and its use conflicts with the legislatively set processing fees. It also results in disparities in the amounts the offices return and does not provide for all offices to pay an equitable share of DOR oversight costs. The officers returned to the state more than $1.1 million in fees in both fiscal years 2013 and 2012.
Cost/Benefit Analysis	As noted during our prior audit, the DOR has not performed analyses to determine the optimum number of contract licenses, where those offices should be located, or the fiscal impact on the state when an office is open or closed.

In the areas audited, the current overall performance of these entities was **Fair**. * The Follow-up section of the report notes most of the prior recommendations have been implemented.

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Department of Revenue and Office of Administration
Contract License Offices, Bidding and Procurement
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
John R. Mollenkamp, Acting Director
Department of Revenue
and
Douglas E. Nelson, Commissioner
Office of Administration
Jefferson City, Missouri

We have audited certain aspects of the Bidding and Procurement of contract license offices by the Department of Revenue and the Office Administration in fulfillment of our duties under Chapter 29, RSMo. The objectives of our audit were to:

1. Evaluate policies and procedures pertaining to the bidding and procurement of contract license offices.

2. Evaluate compliance with certain legal provisions pertaining to the bidding and procurement of contract license offices.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions pertaining to the bidding and procurement of contract license offices.

4. Evaluate the extent to which recommendations included in our prior audit report were implemented.

For the areas audited, we identified (1) the need for improvement in policies and procedures, (2) noncompliance with legal provisions, (3) the need for improvement in management practices and operations, and (4) recommendations from the prior audit that have not been implemented.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards

require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Susan J. Beeler, CPA, CIA
In-Charge Auditor:	Corey McComas, M.Acct., CPA
Audit Staff:	Joshua Shope, M.Acct.

Department of Revenue and Office of Administration
Contract License Offices, Bidding and Procurement
Introduction

Background

The Department of Revenue (DOR) was created by Article IV, Section 12, Missouri Constitution, as the central collection agency for state revenues. The DOR is headed by the Director of Revenue who is appointed by the Governor with the advice and consent of the Senate. Section 136.030(2), RSMo, provides the director of revenue shall make provisions for the collection of motor vehicle registration fees, driver's license fees, motor vehicle sales and use tax, and all other taxes. The Motor Vehicle and Driver Licensing (MV/DL) Division facilitates the registration of motor vehicle, trailer, and marine craft in the state, and the licensing of all operators of motor vehicles residing in the state, as well as tax collection.

The License Office Bureau, under the management of the MV/DL Division, is responsible for administering the operations of contract license offices throughout the state, which totaled 178 as of April 1, 2014. Additionally, a central license office is operated by the DOR in Jefferson City. Pursuant to Section 136.055, RSMo, the Director of the DOR appoints contract agents to operate the contract license offices. The contract agents do not receive compensation from the DOR, but receive fees, set by statute, for each type of transaction processed by the office. The contract agent is responsible for all expenses of the contract license office, including the compensation of office employees, office furniture, and supplies. However, the OA furnishes certain computer equipment for processing the transactions.

Historically, the DOR maintained contract license offices throughout the state that were managed by contract agents selected and appointed by the Governor. In October 2006, the DOR began awarding contract license offices through a competitive bidding process.

Effective August 2009, Section 136.055, RSMo, requires contract license offices to be awarded though a competitive bidding process. This bidding process must give priority to organizations and entities that are exempt from taxation (not-for-profit) under the Internal Revenue Code, and political subdivisions such as municipalities, counties, and fire protection districts. Also, ". . . fees collected by a tax-exempt organization may be retained and used by the organization." The following table shows the total collections remitted to the DOR by the contract license offices and the total processing fees assessed and retained by the contract agents for the 2 years ended June 30, 2013.

	Year Ended June 30,	
	2013	2012
Total collections	$ 759,901,179	804,206,134
Total processing fees	30,885,638	31,705,945

Although the Office of Administration (OA), Division of Purchasing and Materials Management manages the bidding process for the contract license offices, the DOR assists with developing the terms of the Request for Proposals (RFP). In accordance with Chapter 34, RSMo, a contract license office contract must be awarded to the lowest and best offeror. Appendix B lists the criteria used to evaluate submitted proposals.

Prior to August 2013, contract license office contracts typically ran for a year, with three 1-year renewal periods. Starting in August 2013, contracts are typically for a period of 4 years. However, a contract may be canceled at the discretion of the DOR. The contract license office contracts include a requirement allowing the State Auditor to audit the offices.

Scope and Methodology

The scope of our audit included, but was not necessarily limited to, the 69 contract license office bids/proposals awarded from April 2012 through March 2014. We reviewed the bidding process for 10 bids/proposals awarded. We selected some contract license offices with the same contract agent for more than one office; offices where some controversy over the award had come to our attention (concerns received by the State Auditor's office); and offices with a large difference in the points awarded during the bid evaluation. We determined whether:

- Various clauses and requirements in the RFP issued for that specific office were consistent with other RFPs issued during the same general time period.
- Bids/responses were received before the stated deadline.
- The OA performed due diligence for compliance with various requirements, such as contract license office employee background checks and offeror status (not-for-profit entity [NFP], disabled veteran, etc.)
- The reasons for the rejection of a bid/response and/or for allowing an entity to rebid were documented and reasonable.
- A best and final offer request was properly sent to all bidders, if applicable.
- Modifications to the RFP or evaluation system during the bidding process were significant to cause a rebid of the office.
- The evaluation of the office appeared fair and reasonable, and evaluation points were properly awarded.

If an entity was awarded more than one office, we determined whether the same and/or similar bid/responses to the various RFP requirements were consistently evaluated.

In addition, we used the publication *State and Local Government Procurement: A Practical Guide* and the research brief *Administrative Fees: Creative Funding for Central Procurement in Difficult Economic Times*, both issued by the National Association of State Procurement Officials as criteria for bidding and procurement best practices.

Our methodology included conducting interviews with appropriate DOR and OA personnel, as well as certain external parties; reviewing written policies and procedures; reviewing applicable state law; reviewing and evaluating DOR and OA bidding and procurement records and other pertinent documents; and testing certain transactions.

We obtained an understanding of internal controls that were significant within the context of the audit objectives and assessed whether such controls had been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that were significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

Department of Revenue and Office of Administration
Contract License Offices, Bidding and Procurement
Management Advisory Report - State Auditor's Findings

1. Non-Compete Agreements

The Department of Revenue (DOR) and Office of Administration (OA) have not prohibited contract agents from requiring employees to sign non-compete agreements that limit competition related to the license office procurement process.

Some contract license office agents have entered into non-compete agreements with office personnel that prohibit employees from working for another contract agent within a specific distance from their current office for a specific timeframe after termination of employment. For example, one agreement specified the employee could not work for another license office for a period of at least 180 days and within a 25 mile radius of the current office location. Since 20 points are awarded during the bid evaluation process for retaining current staff, these agreements could hinder a new bidder from proposing to keep the current staff or hinder a current employee from bidding on the office.

In early 2014, the DOR and OA modified the standard RFP language to change how supervisory personnel are proposed for each office. Instead of listing certain individuals and their qualifications, the RFP now requires general personnel credentials be proposed and then the agent awarded the contract must hire supervisory personnel to meet the proposed credentials. The subsequent proposed employees are subject to approval from the DOR. However, this new RFP language does not change how other office personnel are proposed and points are still awarded for retention of current staff.

To ensure open competition for license offices, the DOR should prohibit contract license offices from requiring employees to sign non-compete agreements. This practice limits competition for the contracting of the license offices and is not in the DOR's best interest.

Recommendation

The DOR and OA prohibit license offices from requiring employees to sign non-compete agreements and eliminate evaluation points related to retention of current staff.

Auditee's Response

The DOR provided the following written response:

The Department has taken steps to minimize the impact that non-compete agreements have on the contract RFP process. The Department removed the requirement to list the names of the potential staff to work at the office and points are now awarded on the bidder's response to years of experience of proposed management staff and retention of existing staff. The Department will take this recommendation under advisement and continue discussions with the OA.

The OA provided the following written response:

The OA, in conjunction with the DOR, took steps to minimize the impact of the situation in which this recommendation is focused. The RFP provision that required a bidder to list the names of the potential staff has been removed from the RFP. Instead, points are awarded based upon years of experience for proposed positions. As always, bidders receive points for their commitments to offer existing staff employment under the new contract. OA will take this recommendation under advisement as any implementation of this recommendation will need to occur in the next round of bidding for the 178 offices in order to ensure contractual uniformity for all fee offices.

2. Contract Extensions and Renewals

The DOR and OA extended license office contracts beyond the time frames allowed by the agent contract provisions. In addition, the DOR did not request four contract renewals until after the contracts had already expired resulting in license offices operating with no contract in place.

Under the license office contracts signed prior to August 2013, the contracts typically ran for a year, with three 1-year renewal periods. The contracts also authorized 120 day extensions to provide time for the DOR and the OA to rebid the contract for the office.

Extensions

Of the 120 offices with extension options exercised, the DOR and OA extended 109 (91 percent) beyond the 120 day extension allowed by the original contract. In addition, 108 offices had two of more 120 day extensions. According to contract documentation and OA personnel, the additional contract extensions have been completed pursuant to Section 34.045, RSMo, which states the Commissioner of Administration may waive the requirement of competitive bids or proposals to prevent or minimize serious disruption in state services or to ensure the integrity of state records. However, this statute relates to competitive bids or proposals for supplies in the event of an emergency or when immediate expenditure is necessary for repairs to state property, and is not intended for extending existing contracts. Further, since license office contracts provide for extensions of only 120 calendar days, the DOR and OA lacked authority to extend the contracts beyond that time period. In addition, one contract license office refused to extend its contact beyond the 120 days, resulting in a temporary closure of the office.

Renewals

The DOR did not request the OA process renewals for four offices until after the original contracts had expired. As a result, these offices continued to operate for periods ranging from 4 to 16 months before contract renewals were finalized. According to DOR personnel, delays occurred because the four contract license offices did not provide documentation verifying contract compliance in a timely manner.

Conclusions

By allowing extensions beyond time periods authorized by contract provisions and not renewing contracts before expiration, the DOR is at risk of discontinuing services the offices are no longer obligated to provide. In addition, with no contract in place for the offices with non-renewed contracts the DOR would have had no recourse to discipline the office for not following the agency's policies and procedures in regards to the operation of those license offices. Operating without a contract also exposed the DOR to undue risk if funds or inventory had gone missing in the affected offices.

Recommendation

The DOR and OA discontinue extending license office contracts beyond the time frames allowed by agent contract provisions. In addition, the DOR should implement procedures to ensure contract renewals are requested and finalized before contracts expire.

Auditee's Response

The DOR provided the following written response:

The Department agrees with this recommendation and has taken steps to stagger future expiration dates of agent contracts to balance the work load of reviewing and awarding the many license offices throughout the state.

The OA provided the following written response:

OA recognizes that awarding a new contract prior to the end of the current contract is preferred. Nevertheless, it is not always possible to bid, evaluate, and award a new contract before the expiration of the current contract. As such, extensions of current contracts are utilized and allowed in such situations pursuant to Section 34.045, RSMo, in order to avoid disruption of vital state services in the communities being served. Over 180 fee office contracts were previously awarded, and in this situation, the current contracts expire on similar dates. To avoid this compression of workload in the future, OA, in conjunction with DOR, is staggering future expiration dates of these contracts.

3. Return to State

As noted during the prior audit, the DOR's assessment and collection of oversight costs from contract license offices may not be fair and legal. There are no statutory provisions that authorize the DOR and the OA to request a "return to state" (a firm, fixed percentage of fees earned that the bidder agrees to remit to the state) in the contract license office competitive bidding process. Additionally, the current practice of using the return to state as part of the bidding process has resulted in disparities among the offices, and does not provide for all offices to pay an equitable share of DOR oversight costs. The return to the state for all contract license offices totaled $1,194,374 and $1,147,317 for the fiscal years ended June 30, 2013 and 2012, respectively.

Beginning in January 2009, as part of the RFP, bidders may return to the state a firm, fixed percentage of the processing fees earned. In the evaluation process, a bidder may currently receive up to ten points for the return to state, weighted in relation to the returns offered by other bidders for a particular contract. If no return to the state is included in the RFP, the bidder receives no points. Since the DOR spends time and resources to oversee and provide technical support to the contract license offices, the return to state helps defray some of these costs. In addition, because the contract agent makes a profit by handling state-mandated transactions, the DOR believes it is appropriate for agents to return some of the fees collected to the state.

However, no statutory authority exists for the return to state provision, and the current practice of using this provision in the bidding process negates and is in conflict with past legislative actions to set processing fees. Section 136.055, RSMo, specifically establishes that contract license offices collect certain processing fees on the transactions processed as full compensation for services provided. Specific statutory authority also exists to require a competitive bidding process for the awarding of the contract license offices, and for priority to be given to organizations and entities that are exempt from taxation under the Internal Revenue Code, and political subdivisions such as municipalities, counties, and fire protection districts.

The current practice of requesting a return to state has resulted in significant disparities in the amounts the offices return. For example, for the year ended June 30, 2013, return to state percentages ranged from 0.01 percent to 15.31 percent. This practice does not ensure contract license offices pay an equitable share of DOR oversight costs. The DOR incurs personal service and expense/equipment costs in the management and monitoring of contract license offices. These costs include, but are not limited to, providing the offices with computer equipment/software to process the transactions, field coordinators who regularly visit each office to ensure proper procedures are followed, and central office staff who ensure daily deposits and reports are proper

According to a National Association of State Procurement Officers research brief, *Administrative Fees: Creative Funding for Central Procurement in Difficult Economic Times* issued in September 2009, many states utilize an administrative fee as a method to support certain procurement/management activity. Typically, these fees ranged from 0.5 percent to 2 percent, with 1 percent being the most common charge. An administrative fee assessed on each contract license office could help maintain and increase the effectiveness and level of service provided by the DOR. Assessing an administration fee on the volume of transactions and/or fees collected by each contract license office may be a more equitable method of recovering

costs associated with DOR oversight of the contract license offices. However, assessing an administrative fee will require enabling legislation.

The OA, DOR, and General Assembly should evaluate and address the current practices and inequities related to the competitive bidding process for contract license offices.

Recommendation

The OA and DOR work with the General Assembly to determine the appropriateness of the return to state provision.

Auditee's Response

The DOR provided the following written response:

The return to state provision in the RFP is optional and each bidder determines the amount (if any) they can commit to returning back to the state to help defray administrative cost. The Department will continue to evaluate this recommendation together with OA.

The OA provided the following written response:

Section 34.042, RSMo, requires the state award contracts to the lowest and best offeror. The fee office contracts do not involve the state paying the fee agent for services performed. Instead, the fee agent charges the public for the services provided, and can contract to return some of those funds to the state. Many offerors commit to no return to the state. Factoring in a return to the state allows for a consideration of "lowest." Furthermore, 1 CSR 40-1.060 (5) provides: "The [Division of Purchasing] may include contract clauses requiring the awarded contractor to issue a payment to the state or the state's designee for a stated percentage as outlined in the contract." Nevertheless, OA will assist the General Assembly and the Department of Revenue with any policy review on this issue.

Auditor's Comment

As explained in the audit finding, no statutory authority exists for the return to state provision. The CSR cited in the OA's response was created by the OA and is not authorized by statute.

4. Cost/Benefit Analysis

As noted during the prior audit, the DOR has not performed analyses to determine the optimum number of contract license offices, where those offices should be located, or the fiscal impact on the state when an office is opened or closed.

As of April 1, 2014, 178 contract license offices operate throughout the state and the DOR operates an office in Jefferson City. There is typically a contract license office in each county seat, with multiple offices in urban areas such as St. Louis, Kansas City, and Springfield. Currently the only reason the DOR would remove a license office location is if there are no bidders when a new RFP is issued for that location.

An analysis that considers criteria such as population, distances between offices, and revenues collected, could provide a basis to support the elimination, consolidation, or addition of contract license offices throughout the state. The cost to the state when eliminating, consolidating, or adding an office should also be considered. For example, eliminating an office could reduce oversight costs incurred by the DOR, but also could inconvenience taxpayers. Without such cost-benefit analyses, the department cannot ensure motor vehicle and driver's license services are provided to the public in the most economical and advantageous manner.

Recommendation

The DOR periodically prepare an analysis to determine the optimum number and location of contract license offices.

Auditee's Response

The DOR provided the following written response:

The department continues to prepare analytical reports of data such as transaction volumes, customer comments, wait times, and fees collected, and maintain a map of offices. We also thoroughly review non-response bids and evaluate customer impact.

Department of Revenue and Office of Administration
Contract License Offices, Bidding and Procurement
Follow-up on Prior Audit Findings

This section reports the auditor's follow-up on action taken by the Department of Revenue (DOR) and Office of Administration (OA) on findings in the Management Advisory Report (MAR) of our prior audit report issued for the 3 years ended June 30, 2011.

1. Evaluation of Bids/Proposals

1.1. The DOR did not make its evaluation tool available to bidders. The RFP provided five categories for proposals to be evaluated, while the DOR evaluation tool contained a detailed list of subcategories with specified points assigned to each category, which was not available to bidders.

1.2. The DOR did not prepare written criteria for its evaluation of oral conferences. Since no written criteria was created the scores were subjectively awarded.

1.3. The DOR did not require contract managers to perform certain documented supervisory activities, when the contract and office manager were separate individuals. As a result, the practice of awarding points when different individuals served as the office and contract managers did not ensure better segregation of duties actually occurred.

1.4. In one instance, DOR personnel did not comply with the criteria of the evaluation tool when evaluating a bid proposal. This deviation may have affected the ultimate award of the office.

Recommendation

The OA and DOR:

1.1. Include the DOR evaluation tool in the RFP to ensure bidders clearly understand and address all requirements.

1.2. Develop written criteria for the evaluation of oral conferences.

1.3. Require certain documented supervisory activities be performed by contract managers when the contract and office manager are separate individuals before determining the amounts of points to award for the office manager.

1.4. Take steps to ensure bid evaluators understand and follow the evaluation tool criteria.

Status

1.1. Implemented. The DOR has increased the level of detail regarding the evaluation process in the current RFP. The explanation of requirements and a breakdown of points awarded are included in the bid documentation available on the OA's web site.

1.2. No longer applicable. Oral conferences are no longer a part of the evaluation process.

1.3. Implemented. The current RFP includes requirements for supervisory responsibilities to be conducted by the contract managers.

1.4. Implemented. All evaluations reviewed followed the evaluation criteria.

2. Non-Compliant Bids/Proposals

The OA did not consistently reject all non-compliant bids/proposals. For the 20 contract license offices reviewed, the OA rejected noncompliant bids/proposals in 7 offices. However, other noncompliant bids/proposals were not rejected. During 2009, the OA determined a not-for-profit entity (NFP) did not comply with a significant requirement in the RFP. However, the OA allowed the NFP to rebid 10 other office contracts and to change bid/proposals for 5 pending office contracts in the Best and Final Offer (BAFO) process. In addition, the OA did not reject a bid/proposal to a BAFO when the NFP submitted the bid/proposal later than the timeframe specified in the BAFO.

Recommendation

The OA ensure the same standards are applied to the RFPs and BAFOs as set forth by the National Association of State Procurement Officers (NASPO) best practices.

Status

Implemented. Audit work conducted showed the OA applied standards consistently and rejected noncompliant bids/proposals tested.

3. Preference Points

For 9 of 20 (45 percent) offices reviewed, the points awarded for NFPs and political subdivisions were increased from 5 points to 7 points during the evaluation of the bids/responses for that office. In addition, it was unclear why the points for this preference were increased when these entities were already receiving a preference.

Recommendation

The OA and DOR refrain from changing criteria for awarding points after an RFP has been issued. Also, the OA and DOR should prepare and maintain documentation to support decisions which allow a preference and/or priority be given to certain entities in the evaluation process.

Status

Implemented. We noted no occasions in which the evaluation criteria was changed after an RFP was issued.

4. Return to State

There were no statutory provisions that authorized the DOR and OA to request a "return to state" (a firm, fixed percentage of fees earned that the bidder agreed to remit to the state) in the contract license office competitive bidding process. Additionally, the practice of using the return to state as part

of the bidding process resulted in disparities among the offices, and did not provide that all offices pay an equitable share of DOR oversight costs.

Recommendation — The OA and DOR work with the General Assembly to determine the appropriateness of the return to state provision.

Status — Not implemented. See MAR finding number 3.

5. Policies and Procedures

5.1. The length of time between the issuance of the RFP and awarding the office was not timely for some contract license offices. For 11 of 20 awards reviewed, it took 6 months or more between the RFP date and the award date.

5.2. The DOR did not perform an analysis to determine the optimum number of contract license offices, where those offices should be located, or the fiscal impact on the state when an office is opened or closed.

Recommendation

5.1. The OA and DOR evaluate and implement procedures to ensure contract license offices are awarded in a timely manner.

5.2. The DOR periodically prepare an analysis to determine the optimum number and location of contract license offices.

Status

5.1. Implemented. Audit work indicated offices were awarded within reasonable timeframes.

5.2. Not implemented. See MAR finding number 4.

Appendix A

Department of Revenue and Office of Administration
Contract License Offices, Bidding and Procurement
Contract Agents - As of April 1, 2014

Office	Contract Agent
Affton	Lavin Company, LLC
Alton	Davis, Freda S.
Arnold	Community Service Arnold Jaycees
Aurora	Mount Vernon Area Community Foundation
Ava	Alternative Opportunities, Inc.
Belton	Meadors Professional Services, LLC
Bethany	Kinnison, Debra J.
Blue Springs	City of Blue Springs
Bolivar	T & J Stark Enterprises, LLC
Bonne Terre	Bonne Terre Chamber of Commerce
Boonville	Boonville License Office, LLC
Bowling Green	Koester & Koester, LLC
Branson	Koester & Koester, LLC
Bridgeton	MT Services, Inc.
Brookfield	Martin, Heidi L.
Buffalo	Morris, Toni M.
Butler	Blen Enterprises, LLC
California	Elliott, Roberta
Camdenton	Alternative Opportunities, Inc.
Cameron	Cameron License Office
Cape Girardeau	Southeast Missouri University
Carrollton	Carrollton Area Economic Alliance
Carthage	Alternative Opportunities, Inc.
Caruthersville	Cole, Rebecca L.
Cassville	Brown, Rebecca Rae
Central West End	Automobile Club Of Missouri
Chaffee	Ernst & Sadler Licensing, Inc.
Charleston	Charleston Chamber of Commerce
Chesterfield	Mid-America Transplant Services
Chillicothe	Harlow, Kathryn D.
Clayton	License Management, LLC
Clinton	Tri-Lake Area Enterprises, LLC
Columbia	Columbia Licensing Services, LLC
Crane	McMenamy Ventures, LLC
Creve Coeur	License Office Services, LLC
Cuba	JKM Management Group, LLC
Des Peres	License Office Services, LLC
DeSoto	Julie Lewis Wagner, LLC
Dexter	ABC of Southeast Missouri, LLC

Appendix A

Department of Revenue and Office of Administration
Contract License Offices, Bidding and Procurement
Contract Agents - As of April 1, 2014

Office	Contract Agent
Doniphan	Young, John
Downtown	Collector of Revenue, City of St. Louis
Edina	Hunziker, Barbara
Eldon	Lake of the Ozarks Marine Dealers Association
Ellington	Rhea, Rebecca D.
Elsberry	KBS Services, LLC
Eminence	Turner Insurance & Financial Services, LLC
Excelsior Springs	Excelsior Springs Area Chamber of Commerce
Farmington	Alternative Opportunities, Inc.
Fayette	Howard County Services Co. Farm Bureau
Ferguson	Lions Club of Ferguson, MO
Florissant	Florissant Rotary Club
Forsyth	Forsyth License Office
Fredericktown	Lee Agencies, LLC
Fulton	Koester & Koester, LLC
Gainesville	Turner, Lisa F.
Gallatin	Duvall, Heather L.
Gladstone	Gladston License Office
Glenstone	Breast Cancer Foundation of the Ozarks
Grandview	City of Grandview
Grant City	City of Grant City
Greenfield	Hayes, Patti
Hannibal	D White, LLC
Harrisonville	Red Moon Enterprises, LLC
Hartville	Barr, Freda
Harvester	Harvester License Office, LLC
Hermann	Hermann Area Chamber of Commerce
Hermitage	Hickory County Services Farm Bureau
High Ridge	High Ridge Services, LLC
Houston	Blades, Cynthia L.
Imperial	Schmidt Sr., Paul R.
Independence	Paul J. Wrabec Co., Inc.
Ironton	Mayfield Group, LLC
Jackson	Deuce Enterprises, LLC
Jefferson City	License & Verification Services, LLC
Joplin	Alternative Opportunities, Inc.
Kahoka	Scott, L. Sue
Kansas City	Paul J. Wrabec Co., Inc.
Kennett	License Office of Kennett, Inc.

Appendix A

Department of Revenue and Office of Administration
Contract License Offices, Bidding and Procurement
Contract Agents - As of April 1, 2014

Office	Contract Agent
Keytesville	Doug & Cheri, LLC
Kingston	Prater, Melissa S.
Kirksville	Albin, Judy J.
Lakeview	Koester & Koester, LLC
Lamar	Moser, Joyce E.
Lebanon	Morris, Toni M.
Lee's Summit	Lees Summit, LLC
Lexington	Lexington Area Chamber of Commerce
Liberty	Williams, James R
Licking	Swindell, Alicia J.
Linn	City of Linn
Louisiana	City of Louisiana
Macon	Willis, James L.
Malden	McDonald, Carla J.
Maplewood	Mid-America Transplant Services
Marble Hill	Bollinger County Abstract & Title Co., Inc.
Marshall	Doug & Cheri, LLC
Marshfield	Marshfield Public Schools Foundation
Maryville	Maryville Chamber of Commerce
Maysville	Steiner, Roberta Sue
Memphis	Grubb, Lisa
Mexico	Koester & Koester, LLC
Milan	Duvall, Heather L.
Moberly	Doug & Cheri, LLC
Monett	Monett Chamber of Commerce
Monroe City	City of Monroe City
Montgomery City	Montgomery County Farm Bureau
Monticello	Redman, Brenda
Mound City	Laukemper, Joseph
Mount Vernon	Mount Vernon Area Community Foundation, Inc.
Mountain Grove	Mountain Grove License Office
Mountain View	Blades, Cynthia L.
Neosho	Neosho Area Business and Industrial Foundation, Inc.
Nevada	Alternative Opportunities, Inc.
New London	D White, LLC
New Madrid	ABC of Southeast Missouri, LLC
Nixa	Alternative Opportunities, Inc.
North County	Invaluable Solutions, LLC
North Kansas City	Koester & Koester, LLC

Appendix A

Department of Revenue and Office of Administration
Contract License Offices, Bidding and Procurement
Contract Agents - As of April 1, 2014

Office	Contract Agent
Northside	Mid-America Transplant Services
Oakville	Schmidt, Belle
O'Fallon	Elle Management, LLC
Olivette	Alternative Opportunities, Inc.
Osceola	Young, Tammy L.
Overland	Wentzville Agency Management, LLC
Owensville	Gascondate County Service Company Farm Bureau
Ozark	Alternative Opportunities, Inc.
Pacific	Pacific Area Chamber of Commerce
Palmyra	Smith, Joseph R.
Paris	Barton, Christy
Parkville	Red Moon Enterprises, LLC
Perryville	Conservative Ventures, Inc.
Piedmont	Piedmont Area Chamber of Commerce
Pineville	Brower, Willam H.
Platte City	Platte Civic Association
Plattsburg	CPLO Enterprises, LLC
Poplar Bluff	Three Rivers Endowment Trust
Potosi	Washington Area Chamber of Commerce
Princeton	Herdrich, Donna
Raytown	Sharp Services
Republic	Alternative Opportunities, Inc.
Richmond	Lexington Area Chamber of Commerce
Rock Port	Midwest Data Center, Inc.
Rolla	Rolla License Fee Office, Inc.
St. Charles	License Management, LLC
St. Clair	St. Clair Area Chamber of Commerce
St. Joseph	Saint Joseph License, LLC
Ste. Genevieve	Bollinger County Abstract & Title Co., Inc.
Salem	Salem License Office, LLC
Sarcoxie	City of Sarcoxie
Savannah	Bowman, Cathy
Sedalia	McLaughlin, Connie S.
Shelbina	Tims Home Center, LLC
Sikeston	Terry Ramsey Cole, Inc.
South County	Lavin Company, LLC
South Fremont	Alternative Opportunities, Inc.
South Kingshighway	South Kingshighway Services, LLC
Springfield	Alternative Opportunities, Inc.

Appendix A

Department of Revenue and Office of Administration
Contract License Offices, Bidding and Procurement
Contract Agents - As of April 1, 2014

Office	Contract Agent
Stanberry	City of Stanberry
Steelville	Crawford, Cynthia R.
Stockton	Stockton License Office
Sugar Creek	Paul J. Wrabec Co., Inc.
Sullivan	Sullivan License Office, LLC
Thayer	Lawrence, Mindy
Trenton	Trenton Area Chamber of Commerce
Troy	Troy Chamber of Commerce
Twin City	Twin City Area Chamber of Commerce
Union	Union Area Chamber of Commerce
Unionville	Trimble, Jan M.
Van Buren	Crider, Sherry L
Vandalia	Housing Authority of the City of Vandalia
Versailles	McCutcheon, Karen A
Viburnum	Mayfield Group, LLC
Vienna	Maries County Missouri
Warrensburg	Warrensburg Chamber of Commerce
Warrenton	Wentzville Agency Management, LLC
Warsaw	Siercks, Connie L.
Washington	Washington Area Chamber of Commerce
Waynesville	Pulaski County Growth Alliance
Wentzville	Elle Management, LLC
West County	Sanguinity, LLC
West Plains	Missouri License Office of West Plains, LLC
Willow Springs	Willow Springs Chamber of Commerce

Appendix B

Department of Revenue and Office of Administration
Contract License Offices, Bidding and Procurement
Timeline for Evaluation Criteria and Points Awarded

Date	Criteria	Points
August 29, 2009 to	Sales and service, efficient operations, and technical proposal	45
April 17, 2013	Personnel qualifications, financial stability, and past performance/experience	30
	Not-for-profit or political subdivision status	7
	Minority business enterprise (MBE) or women business enterprise (WBE)	5
	Return to the state	5
	Oral conference	8
	Total	100
April 18, 2013 to	Sales and service, efficient operations, and technical proposal	45
August 23, 2013	Personnel qualifications, financial stability, and past performance/experience	30
	Not-for-profit or political subdivision status	5
	Disabled veterans	3
	MBE/WBE participation	5
	Return to the state	5
	Total	93
After August 23, 2013	Return to the state	10
	Personnel	100
	Method of performance	76
	Offeror status	14
	Total	200

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

City of Bolivar

July 2014

Report No. 2014-050

http://auditor.mo.gov

City of Bolivar
Follow-Up Report on Audit Findings
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THOMAS A. SCHWEICH
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Bolivar, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2013-139, *City of Bolivar*, issued in December 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the city about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the city, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we met with city officials and reviewed supporting documentation they provided us. Documentation reviewed included a report by the City Administrator of the status of recommendations, Board of Aldermen meeting minutes, ordinances, bank statements and reconciliations, receipt and deposit records, payroll records, monthly financial reports, city policies, financial statements, and disbursement and bid documentation. This report is a summary of the results of this follow-up work, which was substantially completed during May and June 2014.

Thomas A. Schweich
State Auditor

City of Bolivar
Follow-Up Report on Prior Audit Findings
Status of Findings

1. Financial Monitoring

The Board of Aldermen failed to adequately monitor the financial condition of the city. The city had improperly used street monies to finance Park and Cemetery operations and had not effectively planned how to make principal and interest payments for the aquatics center for the next 27 years. Additionally, the city was facing several significant future financial obstacles that could result in a continuing decline of the city's financial condition.

The Board did not act upon the independent CPA audit recommendation to adequately monitor revenues and expenditures to ensure city funds maintained adequate cash reserves, and continued to operate during 2011 as if the city had sufficient reserves.

The city's Park Fund required significant subsidization from the Street Fund, Capital Improvement Sales Tax Fund (CIST), and General Fund. According to the city's 2011 audit report, the city inappropriately used restricted street monies for Park and Cemetery operations. As of December 31, 2012, the city had not appropriated funds to repay the remaining $397,868 balance owed to the Street Fund. In 2012 the city transferred $55,000 from the General Fund to the Cemetery Fund to cover maintenance costs.

The Water and Sewer Fund operated at a loss for 2 of the last 3 years, resulting in an accumulated loss of approximately $100,000 for the 3 years ended December 31, 2012.

The General Fund unrestricted cash balance was historically at a low level until 2012 when the balance showed some growth. However, this growth was largely due to a significant increase in transfers from other restricted city funds. These transfers were questionable and lacked adequate documentation. The city's unrestricted $234,938 cash balance represented less than one month's operation.

Additionally, the growth in the General Fund's unrestricted cash balance was offset by potential future costs related to city buildings. The city also had other outstanding liabilities.

Recommendation

The Board of Aldermen closely monitor the overall financial condition of all city funds, perform long-term planning, and ensure disbursements are closely monitored and receipts are maximized. The Board of Aldermen should also make efforts to reduce subsidizing other funds, avoid improper interfund transfers, and develop plans to repay amounts owed to the Street Fund.

Status

In Progress

The General Fund unrestricted balance as of December 31, 2013, was $421,945; an increase from 2012. The city required assistance from the city's financial statement auditors to determine the balance and financial record adjustments in May 2014 to reflect the appropriate balance. The Board is monitoring the overall financial condition including revenues, disbursements, and budget to actual information. City officials also provide the Board a monthly disbursement report and balance sheet prior to each meeting. We saw this information when reviewing the most recent Board packets. The City Administrator also stated city staff plan to conduct work sessions with the Board to discuss long-term planning and options for financing future capital improvement projects.

City officials are reviewing revenues and expenditures to reduce subsidizing other funds. The City Clerk indicated some transfers to subsidize the Park Fund were still necessary, but the city is working to reduce transfer amounts. The City Administrator indicated the city has not made any improper interfund transfers in 2014. The Board approved and city officials made transfers from the CIST Fund to various funds based on the independent CPA auditor's recommendations. City officials said they will develop a plan to repay the Street Fund after completion of the 2013 financial statement audit.

2. Aquatics Center

The Board's failure to properly plan the financing, construction, and operation of the city's new aquatics center resulted in excessive costs and negatively impacted the city's financial condition. Aquatics center financing proposals solicited, received, and approved by the Board did not agree with the actual financing the city ultimately obtained. In addition, proposals were not solicited for bond counsel. The city did not adequately monitor construction costs. The city did not adequately project anticipated costs to operate the aquatics center, which significantly exceeded estimates. Also, the city had not reviewed accounting records of the Young Men's Christian Association (YMCA), which operated the aquatics center, to confirm financial information reported by the YMCA was accurate.

Recommendation

The Board of Aldermen should ensure adequate planning and monitoring is performed and documented on future projects. The Board of Alderman should also review the financial operations of the aquatics center and determine the appropriate course of action to minimize the amount of city subsidies required for the debt service payments and operating expenses.

Status

In Progress

The City Administrator stated the city intends to adequately plan and monitor any future projects. The city developed a plan to reduce aquatics center costs by only operating for the months of April through October. Further, the city voided the previous agreement with the YMCA and the city

is now operating the aquatics center. The City intends to closely monitor expenses and revenues and city officials indicated any major purchases for the aquatics center will be approved by the Board. The city's bond rating has improved and, in the long term, the city intends to refinance the aquatics center certificates of participation for a better interest rate when allowed by terms of the bond covenant.

3.1 Restricted Funds - Administrative transfers

Administrative transfers into the General Fund had increased significantly and exceeded the amount of expenses the city classified as administrative in the accounting records. Additionally, the type of expenses classified as administrative was questionable and the city continued to change methods for calculating administrative transfer amounts without adequate documentation to support calculation methods.

Recommendation

The Board of Aldermen allocate expenditures to city funds based on specific criteria and retain documentation to support these allocations. Further, the city should review allocations in 2012 and 2013 and review expenses designated as administrative costs for proper classification and make corrections as necessary.

Status

In Progress

The city now allocates administrative expenditures to city funds in proportion to the monthly expenditures from the fund. Only administrative employees and properly classified designated administrative expenditures are included in the pool of expenditures allocated to the other funds. Allocations for January through April 2014 were made in May 2014. The Finance Officer stated she waited to complete these transactions until after the city completed additional accounting system training to ensure she properly entered the information in the accounting system. We recalculated the allocation amounts for April 2014 and noted no concerns. City officials determined prior allocations made in error in 2013 and reversed the entries on March 24, 2014. We reviewed the changes and noted no concerns. The City Clerk indicated a review of 2012 transactions is planned.

3.3 Restricted Funds - Use of restricted funds

The city operated with negative balances for some funds in the city's checking account. The city routinely paid disbursements from funds showing negative balances within the pooled cash checking account. There was an overall positive cash balance in the pooled checking account because these disbursements were covered by funds with positive balances. This practice resulted in inappropriate borrowing of restricted monies.

Recommendation

The Board of Aldermen ensure adequate monies are available within the respective fund in the city's pooled cash bank account prior to making disbursements.

Status

In Progress

The city has implemented additional procedures to prevent the inappropriate use of restricted funds. The City Administrator indicated disbursements will not be allowed if a fund reflects a negative balance. At the time of our review in April 2014, the pooled cash account showed negative balances in some funds. The City Administrator stated this problem was due to pending adjustments from the city's financial statement auditor. After the adjustments were made and as of May 27, 2014, the pooled cash account showed positive balances for all funds except the Wastewater Improvements Fund. City financial records show bond revenues due to this fund exceed the negative balance.

3.4 Restricted Funds - Tracking and recording restricted receipts

The city was not properly tracking and recording various restricted receipts. The city received Federal Equitable Sharing Funds from the U.S. Department of Justice and deposited these monies into the city's pooled cash checking account without tracking the related interest receipts, disbursements, and balances of these restricted monies. Law Enforcement Training (LET) fees were received by the city from the municipal division and were not properly recorded as restricted monies.

Recommendation

The Board of Aldermen determine the amount of equitable sharing monies and LET monies held by the city and establish separate funds or a separate accounting of these monies.

Status

In Progress

The city established and the Board approved separate funds and bank accounts for the LET and equitable sharing monies on March 18, 2014. As of May 28, 2014, the City Clerk had not deposited funds into either account. However, the Finance Officer is working with the police department clerk and the accounting system programmer to ensure the appropriate amounts are transferred.

4.1 Disbursements - Bidding

The city had not always solicited bids for the purchase of goods and services over $10,000 and did not issue purchase orders or contracts for all purchases over $100, as required by city code.

Recommendation

The Board of Aldermen solicit bids and complete purchase orders as required by city code.

Status

In Progress

The City Administrator indicated he has emphasized with city officials the need to comply with bidding requirements in city code when purchasing goods and services. The City Clerk maintains a schedule of routine contracts

for goods and/or services requiring periodic bids, such as uniforms and copier services, to ensure contracts are bid timely. We reviewed the requests for bids and proposals related to wastewater treatment plant engineering services, city hall construction, and banking services, and noted no concerns. Purchase orders are now required for all purchases in excess of $500. Before processing an invoice for payment, the Accounts Payable Clerk verifies if a purchase order exists. We reviewed two April 2014 disbursements that required a purchase order and noted one had an existing purchase order and the other had a purchase order, but it was created after the goods were purchased. The Accounts Payable clerk indicated if a purchase order is not present she will contact the appropriate parties to ensure a purchase order is obtained.

4.2 Disbursements - Professional services

Professional services were frequently obtained without the benefit of a competitive selection process. While city policy required bids for goods and services exceeding $10,000, the policy did not distinguish the handling of professional services from other services.

Recommendation

The Board of Aldermen solicit proposals for professional services and consider expanding the city's purchasing/bidding policy to address professional services.

Status

In Progress

The city requested proposals for legal, audit, and information technology services in 2013 and 2014. We reviewed the proposals and selection process for audit services and noted no problems. The City Administrator indicated the Board is in the process of revising all city policies and is considering revising the bid policy to specify professional services.

4.3 Disbursements - Engineering services

The city did not always document its evaluation and selection of engineering services in accordance with state law, and when qualifications were solicited from engineering firms the documentation was not adequate to support the selection.

Recommendation

The Board of Aldermen comply with state law when procuring engineering services and document the evaluation and selection process.

Status

In Progress

The City of Bolivar has an existing contract with an engineering firm that ends in November 2014. The city requested qualifications from engineers for an upcoming wastewater treatment plant project in January 2014. We reviewed the request for qualifications, but the Board has not completed the evaluation and selection process.

4.4 Disbursements - Weapons purchase

The city disbursed $6,545 in federal grant funds in January 2011 for weapons not received. According to police department documentation, the city paid a vendor $10,075 in advance for various weapons, and nearly 3 years later, 7 weapons with a total cost of $6,545 had not been received by the department. Additionally, this vendor was given police department ammunition purchased by the city through a state contract and valued at approximately $600 in exchange for applying a coating on two department weapons.

Recommendation

The Board of Aldermen discontinue the practice of paying for goods in advance and bartering with city assets, and consult outside legal counsel regarding legal action on recovering city monies.

Status

Implemented

The City Administrator and Police Chief indicated they do not plan any similar advance purchase or bartering transactions in the future. City officials said they attempted to negotiate the recovery of these monies, but they have been unsuccessful and the city has not received the ordered goods. The city's legal counsel believes the costs of litigation will be more than the value of goods the city did not receive.

4.7 Disbursements - Late fees and finance charges

The City Clerk did not ensure payroll taxes were deposited and bills were paid in a timely manner causing the city to incur late fees and finance charges.

Recommendation

The Board of Aldermen implement procedures to ensure bills and payroll taxes are paid timely.

Status

Implemented

The city implemented new accounts payable procedures in February 2014, including hiring a new Accounts Payable Clerk. The Accounts Payable Clerk files pending invoices by due date. Approximately 10 to 15 days before the due date, invoices are pulled from the pending file to ensure processing, approval, and payments are made prior to the due date. We reviewed invoices processed on April 29, 2014, and noted they were all processed prior to the due date. Our review of some prior invoices identified 1 payment due in January 2014 was not paid until February. This problem preceded the hiring of the new Accounts Payable Clerk. We also reviewed the April 24, 2014, payroll tax disbursement and noted it was properly approved and paid timely.

4.8 Disbursements - Forms 1099-Misc

Forms 1099-Misc were not always filed when required and some forms contained errors when filed with the Internal Revenue Service (IRS).

Recommendation

The Board of Aldermen implement procedures to ensure Forms 1099-Misc are accurately filed as required by law.

Status

Implemented

City officials reviewed each vendor in the accounting system to determine if they would require a Form 1099-Misc and classified them appropriately within the system. The city plans to send out a new vendor application annually to each vendor to ensure all information is correct and update the vendor information in the accounting system as needed. The accounting system automatically generates a Form 1099-Misc based on the vendor classification. We reviewed the Forms 1099-Misc issued for 2013 and noted no problems.

5. Employee Leave Records and Procedures

We noted concerns with the city's conversion to a new leave policy, and the handling and payouts of some leave balances did not have documented Board approval. Some high level city employees accumulated more leave than authorized. Additionally, problems were noted with leave payments to terminated employees and employee leave records.

5.1 Sick leave payout

Procedures used to convert employees' accumulated leave time based on the guidelines established by the new leave policy have resulted in the city paying sick leave benefits owed to employees in quarterly installment payments without clear approval from the Board or consulting with the city's legal counsel. In addition, when city employees were terminated or resigned in April 2012, the city did not pay some of these employees their sick leave balance owed upon termination, but continued paying them quarterly.

Recommendation

The Board of Aldermen ensure procedures followed to convert to the new employee leave policy are adequately documented and approved by the Board, and consult with legal counsel regarding the appropriateness of paying amounts due to terminated employees in installment payments.

Status

Implemented

On January 28, 2014, the Board voted and approved to continue to pay active employees quarterly for sick leave benefits owed. The Board also approved paying any terminated employees still owed sick leave benefits for their remaining balance rather than continuing quarterly installment payments. The city paid $11,775 to these terminated employees for their accumulated sick leave as of December 31, 2013. The amount paid was supported by system generated payroll registers.

5.2 Employee leave time

Several high level city employees accumulated more paid time off (PTO) leave than authorized by city policy or employment contracts, received

payment of leave time upon termination that did not comply with city policy, and had incomplete or inaccurate leave records.

Recommendation

The Board of Aldermen ensure city employee leave accumulations agree with city policy or employment contracts, former employees are compensated for accumulated leave in accordance with city policy, and employee leave records are accurately maintained.

Status

In Progress

The city implemented additional procedures to ensure leave accumulations are properly calculated in accordance with city policy or employment contracts. The Human Resources Director is now responsible for monitoring and approving all leave accumulations processed by the payroll clerk. The Board approved a policy allowing the City Administrator to offer prospective employees additional PTO accrual hours beyond the amounts already in city policy. The Board also approved a policy stating employee leave will be determined by the records kept in the payroll system and not by any other means to avoid possible disputes over conflicting records.

We reviewed payroll records and leave documentation for 2 pay periods in April 2014 and all leave was properly approved. We traced selected leave to the payroll system and noted at least one employee's compensatory leave taken was an hour higher in the system than on her time records. In addition, there was no leave request form for this compensatory time. The City Clerk indicated that all employees who left employment in 2013 and 2014 were paid the accrued PTO reported in the accounting system.

6. Accounting Records and Procedures

City accounting records and financial reports provided to the Board were inaccurate, bank reconciliations were not performed timely, and interfund transfers were not always approved or accurately recorded.

6.1 Accounting records

The City Clerk's accounting records contained inaccuracies, resulting in errors on monthly financial reports provided to the Board. In addition, numerous journal entries were posted to the accounting records monthly without review or approval by an independent source, and many journal entries were posted several months after the accounting period ended.

Recommendation

The Board of Aldermen establish procedures to ensure accounting records accurately report financial activity and account balances, all journal entries are valid and posted timely, and someone independent of recording and reporting financial activity reviews and approves all journal entries.

Status

In Progress

In November 2013, city officials began reviewing all 2013 transactions recorded in the accounting system and had to adjust many of them to ensure

the accuracy of the financial information. The city also adjusted financial records after the independent CPA auditor's review. The Finance Officer is responsible for entering all journal entries. Prior to entering a journal entry, the Finance Officer reviews to ensure the entry is necessary. Journal entries are approved by the City Administrator or City Clerk. We reviewed journal entries for 2014. We noted the journal entries contained initials; however, all journal entries did not include supporting documentation. The Deputy City Clerk indicated that she was still in the process of putting all supporting documentation with the journal entry reports at the time of our follow-up work in April 2014. Documentation pertaining to some journal entries was made available to us at that time, and the Deputy City Clerk was able to explain the various entries for which the support was not yet available.

6.2 Bank reconciliations

Bank reconciliations were not performed timely and did not always agree to city accounting records. At the start of our audit in October 2012, the city had not reconciled accounting records to the bank statement for the pooled cash account since February 2012. As of May 23, 2013, the city was still several months behind with the last completed bank reconciliation dated January 31, 2013.

In addition, completed bank reconciliations often did not agree to the cash balance recorded in the city's accounting records. At December 31, 2011, the pooled cash bank account reconciliation reflected a cash balance that was approximately $46,000 lower than the accounting records, while at December 31, 2012, the reconciliation reflected a cash balance that was approximately $12,000 higher than the accounting records. Further, the city did not retain a copy of the April 30, 2012, pooled cash bank reconciliation and could not reprint one from the accounting system.

The city also maintained an employee health trust bank account for the payment of a portion of employees' $5,000 health insurance deductible. The bank reconciliation for the account showed a negative balance of $2,950 caused by inadequate transfers from the city's pooled cash account to cover the checks written. Additionally, four checks totaling $9,408 issued to 2 former and 2 current employees had not been negotiated at December 31, 2012, and no procedures were performed by city personnel to follow up on and reissue these checks.

Recommendation

The Board of Aldermen ensure bank reconciliations are performed monthly and agree to accounting records and bank reconciliation reports are retained. Also, the Board should ensure proper amounts are transferred to the employee health trust account, and outstanding checks are followed up in a timely manner.

Status

In Progress

Bank reconciliations are now done monthly by the Deputy City Clerk and reviewed by the City Clerk or another administrative staff member. Transfers to the employee health trust account are now processed by human resource staff and reviewed by the City Clerk.

We reviewed the February 2014 pooled cash account and March 2014 employee health trust account bank reconciliations. The March 2014 pooled cash account reconciliation was still in process as of the date of our follow-up meeting in April 2014.

For the pooled cash account reconciliation, we noted old outstanding items remain unresolved including automatic bank drafts dating back to 2012, and checks and deposits in transit over a year old. The City Clerk indicated some of these items related to uncorrected duplicate entries and city personnel are working to resolve them with the help of the system programmer. Also, the reconciliation did not take into account some outstanding items and the reconciled balance is less than the general ledger pooled cash balance. For the employee health trust bank account we also noted outstanding checks and deposits in transit over a year old remain unresolved.

6.3 Transfers

Some transfers between funds were posted to the accounting records but not approved by the Board, and other transfers approved by the Board were not posted to the financial records.

Recommendation

The Board of Aldermen ensure transfers between funds are properly approved and all approved transfers are posted to the accounting records.

Status

Implemented

The Board approved a policy requiring city staff to receive Board approval before making any transfers between funds. The city transferred funds in May 2014 after the city's independent CPA auditor suggested adjustments for 2013 and 2014. The Board approved all of the transfers.

7. Controls and Oversight

We identified serious weaknesses in the controls and oversight of several city functions.

7.1 Segregation of duties

The Board had not segregated duties or performed an adequate review of the work performed by the City Clerk. The City Clerk was responsible for all record-keeping and accounting functions of the city, including maintaining all accounting records, reconciling bank accounts, signing checks, authorizing purchases, and maintaining payroll records. Adequate independent reviews of her work were not performed. While the Board received detailed monthly financial reports, these reports were not always accurate and errors were not identified and corrected.

Recommendation

The Board of Aldermen adequately segregate the duties of the City Clerk. At a minimum, there should be a documented supervisory review of the reconciliation between city records and banking records.

Status

Implemented

The Board approved additional procedures in February 2014 so that no one employee has access to all aspects of transfers, journal entries, disbursements, or payroll. The Deputy City Clerk prepares the bank reconciliations and the City Clerk reviews the reconciliations. Accounts payable duties have been segregated and checks are now signed by three individuals including the City Clerk, Mayor, and Mayor Pro Tem. The City Treasurer signs if one of the other signors is unavailable. The city also assigned oversight of payroll duties to the Human Resource Director.

7.2 Cash controls

Five employees, including two utility clerks, the meter reader, the City Clerk, and the payroll clerk, had the combination code to the safe where city staff stored monies until deposited. Additionally, the accounts payable clerk was responsible for counting receipts and preparing the deposits, and the Human Resource Director sometimes maintained the key to the locked bank bag containing the deposit.

Recommendation

The Board of Aldermen limit access to cash receipts.

Status

Implemented

The city implemented additional controls to limit access to cash receipts. The City Clerk stated access to the safe has now been restricted. Utility collections are counted by the utilities clerk and verified by the utilities supervisor before transmission to the City Clerk's office. The cash is then placed into a locking bank bag and picked up by the Deputy City Clerk from the utilities department. The Finance Officer unlocks the bag, verifies the various amounts transmitted; then locks the bag for transport to the bank for deposit. The Accounts Payable Clerk is responsible for picking up the deposit receipt from the bank after the deposit is complete. The Accounts Payable Clerk provides the deposit receipt to City Clerk staff for comparison to utility department records, the accounting system, and the bank's online records. We reviewed the deposits for the period of April 24, 2014, through April 28, 2014, and noted a review was documented. We also walked through the receipting process at the utilities department and noted no problems.

7.3 Password controls

Passwords were not kept confidential and not periodically changed to help ensure they remain known only to the assigned user and to reduce the risk of compromised passwords. Additionally, the City Clerk, who maintained oversight responsibilities over the collection and disbursement of city funds, acted as administrator of the city computer system and had access to all

employee passwords. Passwords were regularly shared among employees responsible for collecting city receipts. Throughout the day the two utility clerks, meter reader, and other city employees shared two computer terminals and cash drawers to process receipts without logging in under their own password when they changed terminals.

Recommendation

The Board of Aldermen require confidential unique user identifications and passwords for all employees, and appropriately restrict access to cash drawers. Additionally, the Board should appoint an appropriate computer system administrator who does not have financial and accounting responsibilities or other conflicting duties.

Status

Implemented

City officials reset all passwords used to access the accounting system and implemented procedures to automatically reset passwords every 90 days. Only the City Administrator can authorize a new user identification or a password reset. The city implemented procedures requiring the use of unique user identifications and prohibiting employees from utilizing other users' passwords. Cash drawers are no longer shared. The Human Resource Director, who is separate from the accounting duties, is now the system administrator.

7.4 Accounting system controls

Information in the computerized accounting records did not always agree with the information on actual checks issued. The computerized accounting system allowed the user to change the date, payee, and amount of checks posted to the accounting system after checks have been printed.

Recommendation

The Board of Aldermen contact the software provider to request additional control features to the city accounting system that will prevent changes from being made to check data after the checks have been issued.

Status

In Progress

City financial personnel recently attended training on the accounting system. The city worked with the system provider to assign access control to the Human Resource Director. Any changes must be approved by the City Administrator. The City Administrator stated once all bank reconciliation issues are addressed, the city will implement a new procedure requiring financial personnel to close the month's transactions in the accounting system each month. After these transactions, the system will not allow changes to check information.

8.1 Payroll and Related Matters - Payroll reporting and tax withholdings

Retirement plan withholdings and compensation paid to volunteer firemen were not properly taxed and reported.

Recommendation

The Board of Aldermen establish procedures to ensure IRS regulations are followed regarding the taxing and reporting of employee compensation and benefits.

Status

Implemented

The city reassigned all payroll reporting activities including employee tax withholdings and benefit calculations under the Human Resource Director. The City Administrator stated the city reviewed the retirement withholding errors and corrected the errors in the system and made appropriate tax payments. The city now pays firemen as employees and withholds appropriate taxes.

8.2 Payroll and Related Matters - Commuting mileage

The commuting use of city vehicles was not reported to the IRS. The City Administrator and Police Chief drove city vehicles to commute to and from work. The City Administrator's employment contract required a mileage log documenting the use of the city's vehicle; however, a log was not maintained. Former Police Chief Hamilton drove a city vehicle to his home located approximately a 94 mile round trip from the city limits of Bolivar. Although the Police Chief indicated he was on 24-hour emergency call, considering the distance from his home it was questionable whether he could have responded in a reasonable amount of time to an emergency from his residence. Further, former Police Chief Hamilton did not maintain a mileage log.

Recommendation

The Board of Aldermen require usage logs be maintained to differentiate between personal, commuting, and business mileage; and ensure commuting and personal mileage are reported in compliance with IRS requirements.

Status

In Progress

The Board approved a policy in February 2014 requiring a mileage log for all city-owned vehicles. The city requires employees to document the mileage at the beginning and ending of each trip. We reviewed selected mileage logs maintained in public works vehicles, police vehicles, and the City Administrator's vehicle for February, March, and April 2014. The mileage logs do not include a specific place to document the type of use, but employees are expected to record personal mileage. The City Administrator documented personal mileage on his logs. Some logs were not complete and did not include beginning and ending mileage, and/or the purpose of the

trip. The City Clerk stated commuting mileage was not reported on 2013 W-2 forms, but the city plans to report this mileage in the future now that logs are required.

8.3 Payroll and Related Matters - Contracted labor

The city did not document the reasons for classifying some employees as independent contractors rather than employees. The city did not withhold payroll and income taxes from payments made to these individuals. Rather, these payments were reported to the IRS on Forms 1099-Misc.

Recommendation

The Board of Aldermen ensure all persons hired are properly classified as employees or independent contractors in compliance with state and federal laws and regulations, and all compensation paid is subject to income and payroll taxes and properly reported.

Status

Implemented

The City Administrator stated the city will no longer hire temporary employees as independent contractors. Instead the city plans to consider all such labor as part-time employees. The City Administrator indicated the city has not hired any contracted labor in 2014.

8.5 Payroll and Related Matters - Automatic payroll deposits

There was no independent review of the City Clerk's authorization for automatic deposits of employee payroll checks, tax withholdings, and payments to third party employee benefit providers.

Recommendation

The Board of Aldermen ensure automatic payroll deposits and related transactions are properly reviewed and approved by someone independent of the City Clerk's duties.

Status

Implemented

The city implemented additional procedures to segregate the payroll process. We reviewed the April 25, 2014, payroll direct deposit reports and noted the reports were reviewed and approved by the Finance Director, who is independent of the payroll process, and the Human Resource Director. After approval, the City Clerk completes the transaction for disbursement.

8.6 Payroll and Related Matters - Timesheets

Supervisors did not always sign timesheets indicating their review and approval. Additionally, unapproved timesheets included one where the employee reported overtime, others where reported leave was not supported by a leave request form or the form submitted was not approved in accordance with city policy, and another with a calculation error in the number of hours worked.

Recommendation

The Board of Aldermen ensure timesheets are signed by supervisors to document their review and approval.

Status

Implemented

The city requires department heads to review all timesheets. Staff in the City Clerk's office also recalculate the hours on each timesheet before processing. We reviewed time records for 2 pay periods in April 2014 and noted all timesheets were signed by the employee and the appropriate department head to show approval.

9. City Procedures and Written Agreements

City procedures for business licenses and permits needed improvement, and contractual agreements were not always followed or in writing.

9.1 Building licenses and permits

The city did not have adequate procedures in place to follow up on unpaid business licenses. The City Administrator waived building permit fees without approval by the Board. In addition, business licenses were not prenumbered and procedures were not in place to compare business licenses issued to the amount of fees deposited.

Recommendation

The Board of Aldermen ensure business licenses are prenumbered and reconciled to fees received. Collection procedures should be developed for unpaid business licenses, and any fees waived should be approved by the Board.

Status

In Progress

Business licenses are now prenumbered. We reviewed a business license transaction from April 30, 2014, and the license was prenumbered and all required information was obtained. At the date of the follow-up meeting the Deputy City Clerk was working on reconciling the business licenses to fees received; and the City Clerk plans to review the reconciliations. The City Clerk indicated the Deputy City Clerk is also in the process of reviewing all unpaid business license records. She indicated the Deputy City Clerk determined some unpaid balances are for businesses that no longer exist or do business in the city and the system is being updated to reflect this information. The City Administrator indicated that all permit fees waived will be approved by the Board.

9.2 Written agreements

The city did not have a written agreement to support economic development contributions of $20,000 or with the Bolivar Special Road District for administrative services.

Despite the city's poor financial condition, the city leased real estate to a not-for-profit (NFP) organization for $1 per year while incurring an annual debt service payment on the property of $55,979.

The city has a written lease agreement with a private contractor to operate the city's airport for $1 per month. The agreement covers the contractor

providing aircraft for charter or hire; offering flight instruction; selling, leasing, and repairing aircrafts; and operating a restaurant. During 2012 the city paid $20,148 to the contractor in commissions on fuel sold at the airport; however, the contract indicated the city retained control over fuel sales and did not provide for the payment of fuel commissions.

Recommendation

The Board of Aldermen ensure all agreements are in writing and monitor for compliance with contract terms.

Status

In Progress

All contracts are now being prepared by the City Attorney and approved by the Board by ordinance. The City Administrator indicated the city no longer leases property to the not-for-profit and the city is in the process of entering into an agreement with the Bolivar Special Road District. The City Administrator indicated the city will enter into membership agreements with the Chamber of Commerce and Springfield Regional Development Council. The City Administrator also indicated the city plans to monitor all agreements. The City Clerk indicated the city amended its written agreement with the airport contractor in March 2014 to address paying commissions for fuel.

10. Budgets and Financial Reporting

The city did not properly prepare or monitor budgets and had not complied with state law by publishing and reporting financial information.

10.1 Budgets

The Board is provided budget to actual financial information at its meetings, but the Board is not adequately reviewing the information to ensure disbursements remain within budgeted appropriations.

Budget documents for 2012 and 2013 did not include the actual beginning and estimated ending available resources for city funds. In addition, the 2013 budget document did not include receipts and disbursements related to the city's trash service.

Recommendation

The Board of Aldermen properly monitor actual disbursements compared to budgeted amounts, ensure disbursements do not exceed budgeted appropriations, and prepare annual budgets that contain all information as required by state law.

Status

In Progress

The February and March 2014 Board meeting minutes included a council report showing a comparison of budget to actual disbursements. The City Administrator indicated the city will only amend the budget with Board approval and prior to disbursements. We noted the 2014 budget does not include 2013 estimated or actual ending balances. The City Administrator

stated financial personnel were working to ensure the accuracy of the 2013 amounts recorded in the accounting system before including this information.

10.2 Financial reporting

The city did not publish financial statements or submit annual financial reports to the State Auditor's office as required by law.

Recommendation

The Board of Aldermen publish semiannual financial statements and submit annual financial reports to the State Auditor's office as required by state law.

Status

Implemented

The city published a semiannual financial statement for the period ended December 31, 2013, on January 31, 2014. We reviewed the published statement and noted it was complete but included a calculation error. The city submitted its audited 2013 annual financial reports to the State Auditor's office on June 30, 2014, as required by state law.

11. Utility System Controls

Sewer rates were increased without preparing a statement of costs as required by law, controls over utility adjustments and deposits needed improvement, and a reconciliation of customer utility deposits to accounting records was not performed.

11.1 Water and sewer rates

The city increased sewer rates in December 2012 without preparing a statement of costs or maintaining documentation of how the rate increase was calculated. Additionally, water rates had not been reviewed or changed since 2006.

Recommendation

The Board of Aldermen ensure a statement of costs is prepared to support utility rate increases, and document formal reviews of water and sewer rates periodically to ensure revenues are sufficient to cover all costs of providing these services.

Status

In Progress

The city contracted with an engineering firm in May 2014 to perform a study of water and sewer rates including an evaluation of related costs. The study is in progress.

11.2 Utility adjustments

Controls over adjustments posted to customer utility accounts needed improvement. The city used a manual form to document the approval of adjustments, but had no procedures in place to compare adjustments posted to the computer to the manual approval forms to ensure all adjustments were properly approved and only approved adjustments were made to customer accounts. Additionally, reports of adjustments were not generated and reviewed and approved. Further, the city's utility system was capable of

documenting supervisory approval for all created, edited, and adjusted utility account files electronically; however, this feature was not utilized.

Recommendation

The Board of Aldermen ensure all adjustments are properly approved.

Status

Implemented

The city now requires review of utility adjustments by the Finance Officer and approval by the City Administrator. We reviewed three adjustments made in April 2014 for water leaks reported by customers and noted documentation was maintained to support the adjustments. The Finance Officer signed off on the manual adjustment forms and the City Administrator initialed the forms to show his approval.

11.3 Utility deposits

The total of customer utility deposits was not reconciled to the amount reported in the city's accounting records. As of December 31, 2012, utility system records indicate deposits totaling $114,085 were being held; however, the city's accounting records indicated $116,281 was being held in the city's pooled cash account for utility deposits.

Recommendation

The Board of Aldermen ensure customer deposits are reconciled to the cash balance and differences are investigated.

Status

In Progress

The Finance Officer indicated she plans to reconcile the utility deposit listing to accounting records in the near future. The Finance Director indicated the cash collection module of the accounting system requires adjustment before the reconciliation can occur because some airport hangar deposits and utility deposits are comingled on the deposit listing. Once required adjustments are made, she can begin the reconciliation process.

12. Property Controls and Records

City property records were not complete, and fuel and vehicle usage was not properly monitored. In addition, the police department needed to improve seized property records and procedures.

12.1 Asset records and inventories

Property records did not include all necessary information, physical inventories were not routinely performed, and some city property was not tagged or properly identified as belonging to the city.

Recommendation

The Board of Aldermen ensure property records are adequately maintained and include all pertinent information for each asset, such as cost, acquisition date, and identifying number; annual physical inventories are conducted; and city assets are tagged to display ownership.

Status

In Progress

The City Clerk is in the process of inventorying city property. She reviewed technology equipment and vehicle inventories and plans to inventory the remaining city property by the end of summer 2014. The city plans to begin tagging all assets after the inventory work is complete. We reviewed the completed technology inventory list and noted it did not include the asset acquisition date and cost. The City Administrator indicated the city plans to develop complete asset records including all pertinent information, such as cost and acquisition date, once staff complete the inventories and asset tagging.

12.2 City fuel and vehicle usage

The city had not established effective monitoring procedures regarding fuel and vehicle use. Fuel logs did not include all fuel pumped from city bulk fuel tanks and these fuel logs were not reviewed or used to reconcile fuel used to fuel purchased. Also, employees were not required to submit fuel tickets associated with fuel pumped at local gas stations, and odometer readings were not reviewed by department directors for reasonableness. Further, fuel bills were not always reviewed and approved by department supervisors before payment.

Additionally, usage logs were not maintained for city vehicles to ensure vehicles were properly utilized and to ensure the vehicle was a necessary and justified expense. An evaluation of usage to determine if the number of vehicles was necessary and justified had not been performed.

Recommendation

The Board of Aldermen establish adequate records and procedures to effectively monitor vehicle and fuel use. Bulk fuel inventory records should be maintained, invoices should be reviewed and approved, and fuel use should be reconciled to fuel purchases. Any discrepancies should be investigated. The Board should also ensure receipts for fuel purchases are submitted to the finance department and reconciled with fuel invoices. In addition, the Board should evaluate vehicle usage to determine if all vehicles are needed.

Status

In Progress

The Board approved a fuel usage policy in February 2014 that requires each vehicle to have a fuel mileage log and each employee to document the mileage and maintain fuel receipts for each fueling. The receipts are submitted to the Accounts Payable Clerk at the end of each month. We reviewed the March 2014 fuel bill and noted the Accounts Payable Clerk reconciled receipts to the bill. We noted all of the March 2014 mileage logs and receipts were not turned into the Accounts Payable Clerk to allow mileage and fuel records to be reviewed for reasonableness. For any missing receipts the Accounts Payable Clerk indicated she contacted the appropriate

department head and she was able to locate all necessary information. The Public Works Director also reconciled bulk fuel invoices to bulk fuel usage and only noted minor differences. The City Clerk stated city officials are reviewing the city's fleet of vehicles and are in the process of disposing of older vehicles and determining what equipment and vehicles are needed.

12.3 Police department seized property controls

The police department maintained seized property records on three different computerized systems, with each system tracking property for a separate date range depending on when the property was received. When a new computerized property system was put in place, inventory from the prior system(s) was not merged into the newer system. As a result, one complete control log of property was not maintained, making records cumbersome and difficult to follow. There was also no documentation to indicate that a physical inventory of seized property had been performed and compared to the computerized inventory records.

Additionally, the police department was holding numerous property items that should have been disposed.

Several concerns regarding the improper use or disposition of seized property inventory were brought to our attention and were referred to the proper law enforcement agency for further investigation.

Recommendation

The Board of Aldermen ensure the police department maintains a single complete inventory record of all evidence and seized property, performs a physical inventory of all items and compares it to the inventory records, and properly disposes of older seized items as applicable.

Status

In Progress

The Police Chief implemented procedures to address deficiencies identified in a November 2012 audit of the property room, including adopting a new property and evidence policy in March 2014. The city hired two part-time staff for the property unit who conducted a complete inventory of the property room in October 2013. The city also consolidated all of the property inventory records. The Police Chief indicated he plans to review the discrepancies identified during the inventory process. Property unit staff are in the process of requesting property dispositions from the various courts so older property can be returned or disposed of as appropriate. Access to the property unit has been limited to 3 people. We reviewed property room procedures, a destruction list, and inventory records, and noted no concerns.

13.1 Ordinances and Sunshine Law Issues - City ordinances

Some city ordinances were not followed and some fees were not consistent with or authorized by city ordinance. For example, city code provides for the election of a city collector every 2 years and assigns duties to the position; however, city officials indicate the City Collector performs no city

functions. Also, some license and utility fees are not set by ordinance or charged in accordance with city ordinance.

Recommendation

The Board of Aldermen ensure city ordinances are followed and maintained in an up-to-date manner and reflect current city operations.

Status

In Progress

City officials are reviewing current ordinances to determine if they include all license and utility fees and indicated they will ensure ordinances are maintained, updated, and reflect current operations. The City Clerk periodically sends new ordinances to a contracted company that updates the city code. All 2013 ordinances are included in the city code and the City Clerk recently submitted 2014 information to be updated. The City Administrator indicated the city will review the City Collector position and seek a legal opinion regarding the position.

13.3 Ordinances and Sunshine Law Issues - Closed meeting discussions

Some topics discussed and voted on in closed board meetings were not allowable under the Sunshine Law.

Recommendation

The Board of Aldermen ensure only topics allowed by state law are discussed in closed board meetings.

Status

Implemented

The City Administrator indicated no unallowable topics will be discussed in closed session. The City Administrator stated the city is in the process of scheduling Sunshine Law compliance training presented by the Attorney General's office for Board members. The City Attorney also stated he is working to ensure compliance during closed meetings. We reviewed closed meeting minutes for the period of December 2013 through April 2014 and noted no unallowable topics discussed.

Thomas A. Schweich

Missouri State Auditor

First Judicial Circuit

Clark County

July 2014

Report No. 2014-051

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the First Judicial Circuit, Clark County

Missing Monies and Other Questionable Transactions	At least $3,743 was received but not deposited, and another $750 in pro se divorce filing fees could be missing or uncollected. Also, 32 manual receipt slips were removed from the receipt slip books and could not be located, which may indicate additional funds are missing. In addition, at least $7,688 was not collected due to the non-assessment of fines and court costs, the manipulation of case balances and collectability statuses, and one case balance was never entered into the Justice Information System (JIS). As a result, misappropriated court funds and missing monies totaled at least $12,181. The former Circuit Clerk has been arrested and charged with 2 counts of felony stealing.
Accounting Controls and Procedures	The court has not adequately segregated accounting duties and has not established adequate supervisory or independent reviews, which increases the likelihood of errors, loss, theft, or misuse of funds going undetected. The Circuit Clerk's office lacks proper controls or procedures for manual receipt slips. The office used multiple receipt slip books concurrently, receipt slips were not accounted for properly, receipt slips were not always timely recorded in the JIS, and there was no independent review to ensure proper handling of receipts and receipt slips. Receipts are not always deposited timely, payments received in the mail are not recorded on a mail log, none of the 11 checks included in our cash count were restrictively endorsed, 6 cashier sessions were left open for up to 2 weeks, the composition of receipts did not agree to the composition of deposits, and electronic payments are not posted to the JIS until the end of the month. The Circuit Clerk's office does not properly document, review, or approve non-monetary transactions, adjustments, and voids; has not established a formal administrative plan for the collection of court debt or payment plans; and does not always assess time payment fees as required by court rules. The court does not generate liabilities reports to ensure monies are disbursed in a timely manner and reconciled bank balances are sufficient to cover liabilities.
Circuit Court Procedures	The court did not prepare budgets for various funds, and the Law Library Fund budget was incomplete. The court does not reconcile the change fund and the petty cash fund at the end of each day, and they are not kept in a safe, secure location. The change fund was not maintained at a constant amount, and the petty cash fund was not maintained on an imprest basis. Reportedly the former Circuit Clerk periodically retrieved money from the Ex Officio Recorder of Deeds' office to replenish the court's petty cash fund. The court refused to accept bond monies from the Sheriff's office until a case number was assigned, which increases the potential for loss, theft, or misuse of funds. Court employees did not log off their computers when unattended or keep passwords confidential, and computers did not shut down after a period of inactivity. The user account of one former employee was not disabled until 6 months after the employee resigned. The court did not prepare an annual report of passport fees charged and expenditures of those fees, as required by state law.

Law Library Fund Controls and Procedures	The court has not adequately segregated accounting duties for the Law Library bank account and financial activities, and an independent review is not performed. In addition, bank reconciliations were not prepared.
Drug Court Deposits	Court personnel do not always timely deposit receipts, and some cash receipts were held as long as 23 days before deposit.

In the areas audited, the overall performance of this entity was **Poor**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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Clark County
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge and Court en Banc
and
Circuit Clerk of the
First Judicial Circuit
Clark County, Missouri

We have audited certain operations of the First Judicial Circuit, Clark County in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to January 1, 2012, through July 31, 2013. The objectives of our audit were to:

1. Evaluate the court's internal controls over significant financial functions.

2. Evaluate the court's compliance with certain legal provisions and court rules.

3. Determine the extent of misappropriated court funds and monies missing.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the court, as well as certain external parties; and testing selected transactions. Certain receipt records were not provided to us because the circuit court was unable to locate those records for various time periods. As a result, we could not audit certain potential transactions or information related to transactions because of this limitation imposed on the scope of our audit. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We reviewed all available manual receipt slip books, which included manual receipt slips for the periods 2001, 2003, and 2011 through 2013. Manual receipt slips were likely issued in other years; however, those manual receipt slip books could not be located.

Except as discussed in the second paragraph, we conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the court's management, the Office of State Courts Administrator, and Clark County and was not subjected to the procedures applied in our audit of the court.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions and court rules, and (3) misappropriated court funds and missing monies totaling at least $12,181. The accompanying Management Advisory Report presents our findings arising from our audit of the First Judicial Circuit, Clark County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Chris Vetter, CPA
In-Charge Auditor:	Steven Re', CPA
Audit Staff:	Andrew Behrens
	Keisha Williams

1. Missing Monies and Other Questionable Transactions

From January 2012 through July 2013, monies were determined to be missing from circuit court receipts. Additional missing monies were discovered dating back to 2001. Misappropriated court funds and missing monies totaled at least $12,181.

In July 2013, the State Auditor's office received a hotline call and was also contacted by the Clark County Prosecuting Attorney concerning the likelihood of missing monies in the circuit court. Mary Jones (former Circuit Clerk) was placed on suspension from her duties as Circuit Clerk by the Presiding Judge on Wednesday, July 24, 2013. The Office of State Courts Administrator (OSCA) was notified and took possession of bank statements and reconciliations, check registers, and manual receipt slip books on Thursday, July 25, 2013, the same day Ms. Jones resigned as Circuit Clerk. On Friday, July 26, 2013, these records were provided to the State Auditor's office. In addition, the Missouri State Highway Patrol (MSHP) was notified of the situation by the Clark County Prosecuting Attorney and conducted their own investigation. Ms. Jones was arrested by the MSHP on June 6, 2014, and charged with 2 counts of felony stealing.

Our audit determined receipts totaling at least $3,743 were received but not deposited. Additional receipts totaling at least $750 could also be missing or uncollected, based on payments likely received for filing fees paid when pro se divorce cases are filed. Also, 32 manual receipt slips were removed from the receipt slip books and could not be located, indicating additional funds could also be missing. Further, revenue totaling at least $7,688 may never be collected due to non-assessment of fines and court costs in the Justice Information System (JIS), the Missouri courts automated case management system, manipulation of JIS case balances due or collectability status without judicial orders, and one case balance was never entered into the JIS.

Accounting duties in the circuit court were not adequately segregated. The former Circuit Clerk and all deputy court clerks receipted monies and made entries in the JIS, including fee adjustments, voids, and docket entries. There were no supervisory or independent reviews performed. In addition, the former Circuit Clerk prepared and signed all deposit slips and made all deposits, was the only person authorized to sign checks, and performed month-end close out procedures and reconciliations. Ms. Jones was primarily responsible for the cases in which problems were identified, and her signature was noted on the majority of manual receipt slips discussed.

The section titled Supporting Documentation for Missing Cash Receipts and Possible Additional Missing Funds includes several tables documenting the transactions discussed below. We reviewed all available manual receipt slip books, which included manual receipt slips for the periods 2001, 2003, and 2011 through 2013. Manual receipt slips were likely issued in other years; however, those manual receipt slip books could not be located.

Undeposited cash receipts

Cash receipts totaling $3,743 were recorded on manual receipt slips or a manual ledger or initially recorded in the JIS but were not deposited. As noted in MAR finding number 2.2, manual receipt slips were used periodically throughout the month and during the month-end close out procedures. For all manual receipt slips we reviewed, the former Circuit Clerk was responsible for depositing the related receipts.

- A deputy court clerk issued a manual receipt slip for $1,063 in cash on January 23, 2001, for fines and court costs. However, the cash was not deposited or recorded on the case party fee sheet in the case file.

- The former Circuit Clerk did not deposit or record in the JIS 8 manual receipt slips she issued totaling $970 in cash for fines and court costs. In addition, no court costs were assessed for 6 of the cases and court records indicate all 8 cases are closed.

- The former Circuit Clerk did not deposit and disburse to Scotland County $955 in cash received for domestic violence classes held in Clark County. A deputy court clerk recorded $955 in payments received in defendant ledgers. Periodically, monies were turned over to the former Circuit Clerk for disbursement to Scotland County; however, the former Circuit Clerk did not deposit or record the $955 in the JIS. Instead, the former Circuit Clerk prepared a letter to the Clark County Treasurer requesting $1,200 for monies she explained she had paid in error to the Clark County Community Service Fund instead of the Batterer's Intervention Program in Scotland County for 2 of the domestic violence cases. The County Treasurer issued a check for $1,200 to the former Circuit Clerk, which was deposited and then disbursed along with other domestic violence class monies to Scotland County as part of a check for $1,475. Available documentation showed only $600 of the $1,200 had been paid in error to the Community Service Fund. As a result, Clark County suffered a $600 loss. In addition, the deputy court clerk issued receipt slips for only 11 of the 27 payments that comprised the $955.

- The former Circuit Clerk entered a $724.50 cash receipt in the JIS as a fee adjustment on June 24, 2009. The cash had originally been received on March 31, 2004, and was never deposited. A judicial order to support the fee adjustment could not be located. According to information provided by a deputy court clerk and her written account of the sequence of events, the deputy court clerk initially received and entered the $724.50 cash receipt in the JIS on March 31, 2004. The deputy court clerk then voided the transaction because it interfered with the former Circuit Clerk's month-end procedures. In addition, the deputy court clerk told us she placed the $724.50 in an envelope in the case file and handed it to the former Circuit Clerk for future deposit. The monies were never deposited or re-entered into the JIS. In late 2010 or early

2011, the deputy court clerk found the case file, which included the envelope she had placed the monies in; however, only $24.50 was in the envelope resulting in $700 of missing monies.

- The former Circuit Clerk issued a manual receipt slip for a cash receipt totaling $50 in fines and court costs, but did not deposit the monies. She both recorded and voided, but did not re-enter, the receipt in the JIS on April 30, 2012.

- A deputy court clerk issued a manual receipt slip on March 18, 2013, for $30; however, the case party fee sheet indicated the former Circuit Clerk recorded in the JIS and deposited only $25 in fines and court costs, resulting in $5 of missing monies.

Possible additional missing monies

Court costs totaling $750 were not assessed for 5 civil cases (pro se divorce cases) requiring a filing fee to be paid at the time the case is initiated. There was no evidence in the receipts records or the JIS to show these filing fees had been collected or deposited. We received confirmation from the petitioner for 1 of the 5 civil cases indicating he paid a $150 filing fee to the court; however, he was unable to provide a paid receipt. All of the cases have been closed.

Potential loss of outstanding fines and court costs

A review of court records indicated the processing of fines and court costs for cases totaling $7,688 were not consistent with the Judge's orders on the case docket sheets. We identified unsupported fee adjustments, failure to assess fines and court costs, and changes made to case collection status. These actions resulted in $0 balances due for some cases and lowered balances due for other cases. As a result, potential court revenues have gone uncollected. Court personnel indicated defendants for all but 2 cases discussed below are relatives of the former Circuit Clerk. These relationships were confirmed by county personnel.

- The former Circuit Clerk entered 2 fee adjustment transactions totaling $2,023 into the JIS. Judicial orders to support the adjustments could not be located.

- Fines and court costs totaling $484 were not assessed for 4 cases in the JIS prior to disposition of the cases. The docket sheets for these cases indicate court costs were ordered by the Judge and should have been assessed prior to the disposition of the cases in the JIS.

- The collection status on 6 cases with balances due totaling $798 appears to have been changed by the former Circuit Clerk without the support of a judicial order. Four of the 6 cases, with a total balance due of $265, were changed to "exempt from collection" and 2 cases with a total balance due of $533 were changed to "uncollectible" on July 15, 2013. Court and county personnel indicated all 6 cases were for relatives of

the former Circuit Clerk. Further, at the time of our review, payment cards for 4 of the 6 cases could not be located. On September 6, 2013, a relative of the former Circuit Clerk arrived unsolicited at the circuit court office and returned all 4 missing payment cards to the deputy court clerk. The relative also provided a written statement indicating the former Circuit Clerk gave instructions to pay her in person when none of the deputy clerks were in the office.

- A case was not updated in the JIS with a balance due of $4,383. The case was originally maintained on manual case sheets until the JIS was implemented in September 2001.

The lack of segregation of duties and inadequate controls as discussed in the remainder of this report resulted in the failure to detect these discrepancies.

Recommendation

The Court en Banc and the Prosecuting Attorney continue to work with law enforcement officials regarding criminal prosecution related to the missing funds, including restitution of missing funds.

Auditee's Response

The Court en Banc provided the following written response:

The Court en Banc is cooperating with law enforcement and the Prosecuting Attorney regarding any criminal prosecution related to missing money.

The Prosecuting Attorney provided the following written response:

On June 6, 2014, Mary D. Jones was charged with 2 felony Counts of stealing over $500.00. These charges followed an extensive investigation by Sergeant Bradley D. Ream and Karen Laves of the Missouri Division of Drug and Crime Control.

The Defendant is scheduled to be arraigned in Clark County Circuit Court on June 24, 2014, at 10:00 a.m. before the Honorable Judge Mike Greenwell of Shelby County, Missouri, Circuit Court.

2. Accounting Controls and Procedures

Significant weaknesses were identified with accounting controls and procedures. As a result, several receipts were not accounted for properly.

2.1 Segregation of duties and oversight

As discussed in MAR finding number 1, the circuit court has not adequately segregated the duties of receiving and recording receipts, preparing deposits, and disbursing funds, and has not established adequate supervisory or independent review procedures.

The former Circuit Clerk accepted receipts from the public, accumulated receipts accepted by the deputy court clerks, and processed all deposits. In addition, she was responsible for all disbursements, month-end reporting, and reconciliations prior to her resignation on July 25, 2013. As a result, there were instances when the former Circuit Clerk was responsible for transactions from initial receipt to their disbursement without involvement from other clerks. No independent reviews of the former Circuit Clerk's work were performed.

The circuit court has still not adequately segregated accounting duties. All 3 deputy court clerks still have access to process receipts, record transactions, voids and fee adjustments, and prepare month-end disbursements in the JIS. Also, 2 of the 3 clerks have "cash boss" permission rights which allow them to prepare deposits and process month-end reports. In addition, the deputy recorder of deeds, who previously performed some circuit court duties, has "cash boss" permission rights in the JIS. One change that has occurred is the same deputy court clerk reconciles each cashier session to the monies collected and the Circuit Clerk prepares deposits and compares the total to the deputy court clerk's total.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Segregating duties to the extent possible, along with periodic supervisory or independent reviews of records, would reduce the possibility of errors, loss, theft, or misuse of funds going undetected.

2.2 Manual receipt slips

The Circuit Clerk's office had not established proper controls or procedures for manual receipt slips. We reviewed all available manual receipt slip books, 5 in total, which were located in the Circuit Clerk's office and in a storage room. These 5 books pertained to 2001, 2003, and 2011 through 2013. Based on the court's typical use of manual receipt slips, it appears multiple books are missing.

Multiple manual receipt slip books were used concurrently and numerous manual receipt slips were missing or not used. In addition, manual receipt slips issued by the court were not recorded timely or reconciled to the JIS, deposited timely, or reviewed by a supervisor or someone independent of the receipting process. We identified several manual receipt slips issued for monies received which were not later deposited or entered into the JIS. A manual receipt slip book was accessible to all clerks for use at any time until September 2013, when the Circuit Clerk's office implemented new procedures. Currently, manual receipt slips are only used when the JIS is unavailable.

The following concerns were noted during a review of manual receipt slips:

- Five generic prenumbered manual receipt slip books were used to record monies received periodically throughout the month. In addition, manual receipt slips were used to record all monies received on the last day of each month as instructed by the former Circuit Clerk while she was performing the month-end procedures.

- Receipt slips were not accounted for properly. Our review of the 5 manual receipt slip books available identified 32 receipt slips for which the original and carbon copies were torn from the receipt slip books and not retained. In addition, 8 receipt slips were skipped, 7 receipt slips were issued out of order, and a case number was not documented on 14 receipt slips. Also, 17 manual receipt slips were issued to record monies paid to the Ex Officio Recorder of Deeds' office, and the former Circuit Clerk used 12 receipt slips to record payments received related to personal business transactions. The former Circuit Clerk also served as the Ex Officio Recorder of Deeds.

- Manual receipt slips were not always recorded timely in the JIS or deposited timely. Of 89 manual receipt slips issued from April 2011 through July 2013, 38 (43 percent) were not recorded in the JIS or deposited for 3 or more business days after receipt. In addition, 22 manual receipt slips issued for monies received were not later recorded in the JIS or deposited. Monies corresponding to these 22 manual receipts are considered missing (see MAR finding number 1) and are identified in the Supporting Documentation for Missing Cash Receipts and Possible Additional Missing Funds section.

- There was no independent review to ensure manual receipt slips issued were properly recorded in the JIS and subsequently deposited. Receipts are only included in daily deposits if they are recorded in the JIS as monetary transactions (see MAR finding number 1).

Controls over manual receipt slips are necessary to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds. Necessary controls include utilizing one official prenumbered manual receipt slip book at a time, limiting or restricting their use, accounting for the numerical sequence, indicating the method of payment, and ensuring proper and timely recording and reconciliation of the receipts in the JIS. In addition, effective January 1, 2014, Court Operating Rule (COR) 4.53.2 restricts courts using the JIS or other approved local automated systems to issue manual receipt slips only when the automated system is unavailable or as authorized by order of the presiding judge.

2.3 Receipting and depositing procedures

Procedures related to receipting and depositing receipts are in need of improvement. The following issues were noted:

- Payments received in the mail are not recorded on a mail log, issued a receipt slip, or restrictively endorsed immediately upon receipt. Instead, various court clerks receive the checks or money orders and process the monies received.

- None of the 11 checks included in our July 29, 2013, cash count totaling $1,454 were restrictively endorsed.

- Six cashier sessions in the JIS totaling $8,384 were left open from December 14, 2012, through December 24, 2012, and the monies related to these sessions were not deposited until December 28, 2012. Closing cashier sessions untimely can result in delays in depositing and completing reconciliations, and increases the possibility that errors will go undetected.

- The composition (cash, check, or money order) of receipts as recorded in the JIS did not agree to the composition of the December 11, 2012, deposit. Cash per the composition of receipts was $110 more than the composition of the deposit.

- Electronic payments made online by credit/debit card and debt collection payments are not posted to the JIS until the end of the month. The court is notified daily when electronic payments have been received. For example, electronic payments received from December 4, 2012, through December 26, 2012, totaling $2,164 were not receipted and posted in the JIS until December 28, 2012. As a result, case file updates are delayed and errors may not be detected timely.

An initial record of monies received in the mail combined with procedures to reconcile these monies to the JIS and deposit records is necessary to adequately safeguard receipts. In addition, restrictively endorsing checks immediately upon receipt, posting all receipts to the JIS when received, maintaining receipts in a secure location until deposited, reconciling the composition of receipts to the composition of deposits, and depositing all receipts in a timely manner help to lessen the risk of loss, theft, or misuse of funds.

2.4 Non-monetary transactions, adjustments, and voids

Non-monetary transactions, adjustments, and voids in the JIS are not properly documented or reviewed and approved by persons independent of the receipting process. Non-monetary transactions, including debt adjustment, uncollectible bad debt write-offs, bonds applied, and debt exempt from collection are transactions in which no monies are received; however, credit is applied to the account balances. Adjustments include the reduction or non-assessment of fines and court costs in which the amounts due are changed or not assessed in the JIS. Voids include non-monetary and

monetary transactions. The former and current Circuit Clerk and all deputy court clerks are allowed to enter non-monetary transactions, adjustments, and void receipt transactions in the JIS. Most non-monetary transactions and adjustments should be supported by a judicial order reducing the defendant's debt owed. However, the Circuit Clerk's office did not maintain documentation for numerous non-monetary transactions, adjustments, and voids that occurred during the audit period. Several transactions were possibly made to conceal missing monies (see MAR finding number 1).

Adequate documentation and independent review and approval of non-monetary transactions, adjustments, and voids are necessary to help ensure such transactions are appropriate and reduce the risk of loss, theft, or misuse of funds.

2.5 Accrued costs

The Circuit Clerk's office has not established a formal administrative plan for the collection of court debt and payment plans, and does not always assess time payment fees as required by COR 21. As of October 29, 2013, 199 cases with accrued costs totaling $93,000 were not associated with payment plans and 332 cases had not been assessed time payments fees totaling $8,300, per reports obtained from the JIS. In addition, the Circuit Clerk's office has not taken steps to perform additional collection efforts or write off balances owed. Accrued court costs totaled approximately $1.7 million as of July 31, 2013.

A review of 15 cases with balances due identified the following debt collection and payment plan problems:

- The payment plans for 6 cases were not initiated timely, ranging from 2 to 8 years after disposition. Three of the 6 cases were never sent to debt collection. No additional collection efforts have been made for 8 of the cases reviewed. Also, 4 cases did not have a payment plan letter sent to the individual and 1 case file could not be located.

- Several cases had payment terms which did not appear to be reasonable and no judicial order to support the payment amounts or schedule. For example, a case with 2 payment plans has one plan with monthly payments of $50 with the final payment due on June 15, 2040, and the other plan with monthly payments of $15 with the final payment due on November 15, 2073. Six cases totaling approximately $120,000 in accrued costs required payment of the full amount due on the date the payment plan was executed.

- One case which had a change of venue to another county still appeared on the accrued cost listing. The case should have been transferred to Ralls County; however, a payment plan was initiated by Clark County and tax intercept payments are currently being received by Clark County.

Reviewing the listing of accrued costs due to the court would allow the Circuit Clerk to take appropriate steps to ensure amounts owed are collected. Adherence to the provisions of COR 21, as adopted by the Missouri Supreme Court, is required for courts automated on the JIS. COR 21.11 requires the court to develop a formal administrative plan to include settlement agreements, payment plans, coordination with probation and parole, collection of board bills, review and write off of accounts receivables deemed uncollectible, and sanctions for non-payment of debt. Also, COR 21.13 requires all divisions of the circuit courts, except municipal divisions, to assess a $25 time payment fee on all cases not paid in full within 30 days of disposition. Failure to follow these rules could result in lost revenue and in loss, theft, or misuse of funds.

2.6 Liabilities

The court did not properly monitor liabilities. Liabilities reports are not generated in the JIS for review to ensure monies are disbursed in a timely manner and reconciled bank balances are sufficient to cover liabilities. As of July 31, 2013, the Circuit Clerk's case liabilities list totaled $68,083, which was $20 less than the reconciled bank balance. A detailed liabilities list had not been generated from January 2013 through June 2013. In addition, court personnel indicated they could not determine when the last review had been performed.

We reviewed all 215 cases on this list, which includes numerous cases that appear to be inactive and several cases dating back to 2007. We determined monies should have been applied or disbursed for 78 cases as follows.

- Liabilities held for 19 criminal cases disposed prior to July 31, 2013, were not applied or disbursed. Liabilities for these 19 cases totaled approximately $17,200, of which approximately $13,000 was bond monies. This included a $7,000 bond for 1 case that was disposed in July 2012. The court should have applied $6,693 to the case and refunded the remaining $307 to the defendant.

- The court has collected approximately $6,000 on 52 civil cases, 5 juvenile cases, and 2 criminal cases and held the monies in suspense rather than applying the monies to the cases. The 59 cases were all disposed prior to July 31, 2013. Of the approximately $6,000 collected, $325 pertains to filing fees received for 2 civil cases in March 2007; however, no costs were assessed on the cases and the monies were never applied to the cases or refunded.

Based on our review, liabilities could have been reduced by approximately $23,200 (34 percent) had court officials properly monitored cases and applied and disbursed monies related to those cases in a timely manner.

To ensure cash balances are sufficient to cover liabilities and monies are properly disbursed, monthly liabilities reports should be generated from the

JIS and procedures should be followed to routinely investigate monies remaining on the liabilities report over a specific period of time.

Recommendations

The Court en Banc and Circuit Clerk:

2.1 Segregate accounting duties to the extent possible, limit user access rights within the JIS to only those necessary for the user to perform job duties, and implement appropriate reviews and monitoring procedures.

2.2 Ensure one manual receipt slip book is used at a time and the use of manual receipt slips is limited as required by court rule. The Circuit Clerk should also ensure manual receipt slips are recorded timely in the JIS and the monies deposited timely. In addition, the Circuit Clerk should ensure manual receipt slips are only used for circuit court transactions, the numerical sequence accounted for properly, and the case number documented on the receipt slip. Further, the Circuit Clerk should ensure manual receipt slips are reviewed and reconciled to the JIS and to the related deposits by someone independent of the receipting process.

2.3 Require an initial record of monies received by mail be prepared and reconciled to the JIS, restrictively endorse checks and money orders immediately upon receipt, and require receipt slips be issued for all monies on a timely basis. In addition, the Circuit Clerk should maintain monies collected in a secure location and deposit receipts timely.

2.4 Require an independent review and approval of all non-monetary transactions, adjustments, and voids made in the JIS, and retain adequate documentation to support these transactions.

2.5 Develop a formal administrative plan for debt collection and payment plans to ensure compliance with court operating rules. In addition, the Circuit Clerk should perform periodic reviews of cases with outstanding amounts due.

2.6 Generate monthly liabilities reports from the JIS and establish procedures to review the status of liabilities to determine the appropriate disposition of funds held on closed or inactive cases.

Auditee's Response

The Court en Banc and the Circuit Clerk provided the following written responses:

2.1 Since July, the segregation of duties has been addressed by having a cash box in a Deputy Clerk's desk where all the deposits are

placed securely. That clerk does the deposit, verifying cash and check totals against the JIS deposit sheet. Once the deposit is reconciled, the entire deposit is given to the Circuit Clerk for her to reconcile the cash and checks and the total amount of the deposit. The Deputy Clerk and Circuit Clerk are both signing off on all the deposits as they are checked. In addition, the Circuit Clerk and the Deputy Clerk responsible for deposits are receipting money only when necessary, as when there are no other Deputy Clerks available or the office is extremely busy.

The issues of voids and retakes in JIS will be addressed by notification to OSCA that only 2 individuals may handle those processes. Since July 2013, there have been less than 10 voids and retakes.

Each clerk has limited security access to JIS, which only pertains to their specific job duties.

2.2 *Manual receipts will not be utilized unless on a case by case basis, in the event of extraordinary circumstances and then, only by order of the Presiding Judge. If manual receipts are issued, each receipt will be reviewed and reconciled to JIS by a clerk that did not issue the receipt.*

2.3 *The Circuit Clerk is the only person opening mail. Checks and money orders are restrictively endorsed immediately upon receipt. Deposits shall be made at least once a week and more frequently, if necessary. All cash payments will be maintained in a mail log immediately upon receipt.*

Receipt slips will be issued as the cash payment is logged. Payments received will be placed in a secure cash box in the deputy clerk's desk until deposited.

The Deputy Clerk is posting the electronic payments – credit/debit card payments, debt collection payments and tax offset payments – weekly.

2.4 *Non-monetary transactions, adjustments, and voids are being documented by the Deputy Clerk and reviewed independently by the Circuit Clerk. There have been less than 10 voids since July 2013. Uncollectible bad debt write-offs have been performed - only with judicial order - since July 2013. No one is marking any debt "exempt from debt collection" or "uncollectible." The issuance of voids and retakes will be addressed by OSCA limiting access to the Circuit Clerk and one Deputy Clerk.*

2.5 The Court En Banc will comply with the recommendations of the audit.

On Associate criminal cases, the Judge has reviews every month on his cases to determine who is and is not making payments on their cases. Also, the Associate Judge and the Deputy Clerk have written off as bad debt approximately $125,000 by judicial order.

Also, the Deputy Clerk is reviewing old cases without payment plans and without the $25 time payment fee in order to update and correct those files.

Also, the Deputy Clerk has created a listing of all the Circuit probationers and their outstanding balances in order to work with Probation and Parole and the Presiding Judge in order to keep up on receivables. The Presiding Judge will review all delinquent receivables quarterly.

2.6 The Deputy Clerks have worked diligently on the liabilities list that totaled $68,083 on July 31, 2013. As of April 30, 2014, that amount has decreased to $53,051 and consists of a large balance in bonds on old traffic and misdemeanor cases - $33,566. The Associate Circuit Judge and Deputy Clerk are currently looking at procedures to forfeit monies on the appropriate traffic cases. Also, the Prosecuting Attorney will be contacted to take action to dismiss some cases and forfeit monies on criminal cases.

The Deputy Clerks have reviewed and paid out all civil cases that involved monies held in suspense. Costs have been assessed and applied on cases that were at issue during the audit. JIS reports are being generated and reviewed monthly to keep this up to date.

3. Circuit Court Procedures

Budgets were not prepared for various funds and the Law Library Fund budget was incomplete. In addition, controls over the Circuit Clerk's change fund and petty cash fund need improvement. Also, bond monies from the Sheriff's office were not accepted timely, computer password confidentiality was not maintained, and annual reports for passports were not prepared.

3.1 Budgets

Budgets were not prepared for the Circuit Clerk's Interest Fund, Time Payment Fee Fund, and the Passport Fee Fund. In addition, the budget prepared for the Law Library Fund did not include any revenue information or prior years' comparative expenditure information. Although the court is primarily funded by the state and county, the interest, time payment fee, law library, and passport fee monies are spent at the discretion of the court. Approximately $18,500 was disbursed through these funds from January 1, 2012, through July 31, 2013.

Preparing a complete and accurate budget for all public funds aids in the fiscal management of the monies, provides a means to effectively monitor actual costs and revenues, and provides an avenue for both the county and the public to be fully informed of the court's financial picture.

3.2 Change fund and petty cash fund

Several weaknesses were noted concerning the change fund and the petty cash fund.

- The change fund and the petty cash fund were not reconciled at the end of each day or located in a safe, secure location. The cash box for each fund was located in an unlocked file cabinet which is accessible by all court employees and other individuals who are granted access to the Circuit Clerk's office.

- The change fund was not maintained at a constant amount. A cash count of the change fund on July 29, 2013, totaled $234. A deputy court clerk indicated the change fund should have been maintained at a constant amount of $200. Also, the same deputy court clerk indicated an additional $150 received for an unidentified case was missing from the change box.

- The petty cash fund was not maintained on an imprest basis. A deputy court clerk indicated she was not aware of the authorized amount originally establishing the petty cash fund. A cash count of the petty cash fund on July 29, 2013, identified a balance of $25. There were no receipts documenting any purchases. In addition, unidentified cash located in the former Circuit Clerk's desk and two deputy court clerks' desks totaling $44 was counted.

- According to the three current deputy court clerks and the deputy recorder of deeds, the former Circuit Clerk would periodically retrieve monies from the Ex Officio Recorder of Deeds' office miscellaneous cash monies to replenish the court's petty cash fund.

To safeguard against possible loss, theft, or misuse of funds, change funds and petty cash funds should be maintained at a constant amount or imprest basis and the funds should be periodically counted and reconciled to the authorized balance by an independent person. In addition, funds should be placed in a secure location and access limited to authorized personnel. Also, the petty cash fund should only be replenished through reimbursement of disbursements made by the County Treasurer.

3.3 Bond monies

According to court personnel, the court would not accept bond monies from the Sheriff's office until a case number is assigned. For example, bond monies totaling $1,450 for four cases received from the Sheriff's office were deposited by the Circuit Clerk's office one to three months after the date the Sheriff's office wrote the check to the court. Upon initially receiving these

checks, the court returned them to the Sheriff's office because case numbers were not yet assigned. However, the JIS allows bonds to be receipted in the system before a case number is assigned. After a case number is established, the case can then be linked to the appropriate bond payment. In addition, the former Circuit Clerk did not issue receipt slips documenting the receipt of bond monies received from the Sheriff's office.

To reduce the potential for loss, theft, or misuse of funds, bond monies from the Sheriff's office should be promptly accepted and receipted into the JIS. In addition, to establish proper accountability over bond receipts and the transmittal between offices, receipt slips should be issued for monies received from the Sheriff's office.

3.4 Passwords and computer inactivity

Court employees did not log off their computers when unattended, passwords were not kept confidential, and a security control was not in place to shut down computers after a certain period of inactivity. In addition, the user account of a former court employee who resigned in April 2013 was not disabled until October 2013. As a result, unauthorized individuals including former court personnel could access an unattended computer and have unrestricted access to programs and data files.

To prevent unauthorized access, users should log off computer workstations when unattended, and passwords should be kept confidential and changed periodically to help limit unauthorized access to computer terminals, files and programs to only those individuals who need access for completion of job responsibilities. In addition, security controls should be implemented to shut down the system after a certain period of inactivity. Also, all inactive user accounts should be deleted.

3.5 Passport fees

The circuit court did not prepare an annual report of passport fees charged and expenditures of those fees, as required by state law. The circuit court processed 121 passport applications and collected $17,470 in passport processing fees from January 2, 2012, through July 31, 2013. The court retained $25 of each passport fee totaling $3,025.

Section 483.537, RSMo, states, "The clerk of any state court who, by deputy or otherwise, takes or processes applications for passports or their renewal shall account for the fees charged for such service and for the expenditure of such fee in an annual report made to the presiding judge and the office of the state courts administrator."

Recommendations

The Court en Banc and Circuit Clerk:

3.1 Prepare annual budgets for the Circuit Clerk's Interest Fund, Time Payment Fee Fund, and Passport Fee Fund, and provide copies of these budgets to the county budget officer. In addition, the Circuit Clerk should ensure all budgeted funds contain revenue information

and the comparative statements of actual or estimated expenditures for the two previous years.

3.2 Maintain the change fund and the petty cash fund at a constant/imprest basis and periodically reconcile the ending balance. In addition, the Circuit Clerk should ensure monies are maintained in a secure location and the petty cash fund is replenished through disbursements made by the County Treasurer.

3.3 Accept and record bond monies into the JIS and issue corresponding receipt slips when bond monies are received from the Sheriff's office.

3.4 Ensure employees log off their computers when unattended and passwords remain confidential and are changed periodically. In addition, the Circuit Clerk should establish a security control requiring computers to shut down after a certain period of inactivity and delete all user accounts for inactive employees.

3.5 Ensure passport fees and expenditures are reported in accordance with state law.

Auditee's Response

The Court en Banc and the Circuit Clerk provided the following written responses:

3.1 Budgets were prepared in December 2013 for budget year 2014. Budgets will include revenue information and actual estimated expenditures for the previous two years.

3.2 The change fund and petty cash fund are maintained at a constant balance of $200, and $6, respectively. They are reconciled weekly and kept in a secure location. Any disbursements from the petty cash fund are reimbursed by the County Treasurer.

3.3 Recommendations have been implemented.

3.4 Recommendations have been implemented by OSCA. Employees are directed to log off computers when they are unattended. The computers automatically lock after five minutes of not being used, requiring a confidential password to regain access.

3.5 This recommendation has been implemented.

4. Law Library Fund Controls and Procedures

The court has not adequately segregated accounting duties and an independent review is not performed related to the Law Library bank account and financial activities. A deputy clerk performs all accounting duties including recording receipts, depositing monies, and writing and signing checks. In addition, bank reconciliations are not prepared. At our request, the deputy court clerk prepared a bank reconciliation as of July 31, 2013, and the reconciled bank account balance agreed to the book balance.

Internal controls would be improved by segregating duties. If proper segregation of duties is not possible, at a minimum, periodic and documented reviews of the records should be performed by an independent individual. In addition, monthly bank reconciliations should be prepared by someone independent of the accounting functions.

Recommendation

The Court en Banc and Circuit Clerk ensure accounting duties are adequately segregated or independent reviews are performed periodically. In addition, bank reconciliations should be prepared monthly and periodically reviewed.

Auditee's Response

The Court en Bank and the Circuit Clerk provided the following written response:

The recommendation has been implemented. The Associate Circuit Judge is performing independent reviews.

5. Drug Court Deposits

Receipts are not always deposited on a timely basis. During our review of receipts collected from January 1, 2012, through July 31, 2013, deposits were typically made once or twice a month, and some cash receipts were held as long as 23 days before deposit. Total receipts deposited during that time period were approximately $53,000.

The failure to deposit timely increases the risk of loss, theft, or misuse of funds.

Recommendation

The Court en Banc and the Drug Court Supervisor ensure deposits are made timely.

Auditee's Response

The Court en Bank, the Circuit Clerk, and the Drug Court Supervisor provided the following written response:

This recommendation has been implemented. Deposits are being handled through JIS. Deposits are made at least once a week.

First Judicial Circuit
Clark County
Organization and Statistical Information

The First Judicial Circuit consists of Clark County as well as Schuyler and Scotland Counties.

The First Judicial Circuit consists of one circuit judge and three associate circuit judges. The circuit judge hears cases in Clark, Schuyler, and Scotland Counties and presides over Circuit Division I. Of the three associate circuit judges, one is located in Clark County and presides over Associate Circuit Division II. The other two associate circuit judges are located in Schuyler and Scotland Counties. Circuit personnel located in Schuyler and Scotland Counties are not included in the scope of this audit.

Personnel

At July 31, 2013, the judges, Circuit Clerk, and Juvenile Officer of the First Judicial Circuit, Clark County, were as follows:

Title	Name
Circuit Judge, Division I	Gary Dial
Associate Circuit Judge, Division II	Rick R. Roberts
Circuit Clerk (1) (2)	vacant
Juvenile Officer	Eric DeRosear

(1) Kay Biggerstaff was appointed as Circuit Clerk on October 1, 2013, to replace Mary D. Jones, who resigned on July 25, 2013.
(2) In Clark County the Circuit Clerk also serves as the Ex Officio Recorder of Deeds.

Financial Information

Receipts of the First Judicial Circuit, Clark County, were as follows:

Receipts	Period from January 1, 2013, through July 31, 2013	Year Ended December 31, 2012
Court deposits, fee, bonds, and other	$258,270	428,268
Drug Court	19,868	33,413
Interest Income	157	1,596
Total	$278,295	463,277

Caseload Information

From the Office of State Courts Administrator Missouri Judicial Reports, case filings of the First Judicial Circuit, Clark County, were as follows:

	Year Ended June 30,	
	2013	2012
Civil	324	329
Criminal	894	941
Juvenile	27	32
Probate	55	37
Total	1,300	1,339

First Judicial Circuit - Clark County
Supporting Documentation for Missing Cash Receipts and Possible Additional Missing Funds

The following tables provide supporting documentation for the undeposited cash receipts totaling $3,743 as discussed in Management Advisory Report finding number 1.

Manual Cash Receipts not Entered in JIS or Deposited

Date Received	Manual Receipt Number[1]	Amount Received
January 23, 2001	10904	$ 1,063
October 11, 2011	10914	150
April 19, 2012	10930	20
April 30, 2012	10934	50
July 27, 2012	10940	150
January 9, 2013	10947	150
January 18, 2013	090990	150
June 30, 2013	090952	150
July 2, 2013	119449	150
Total		$ 2,033

Cash Receipts for Domestic Violence Classes not Entered into JIS

Date Received	Manual Receipt Number and/or Ledger	Amount Received
June 8, 2011	Ledger	$ 25
June 15, 2011	Ledger	25
June 22, 2011	Ledger	25
July 6, 2011	Ledger	50
July 15, 2011	Ledger	25
August 17, 2011	Ledger	30
August 24, 2011	Ledger	50
September 8, 2011	Ledger	25
September 26, 2011	Ledger	25
October 5, 2011	119413/Ledger	25
October 19, 2011	Ledger	25
October 28, 2011	Ledger	25
November 9, 2011	Ledger	25
December 2, 2011	Ledger	25
December 12, 2011	119415/Ledger	25
January 17, 2012	Ledger	75
January 30, 2012	Ledger	50
February 14, 2012	Ledger	25
March 6, 2012	119416/Ledger	50
March 14, 2012	090957/Ledger	50
March 20, 2012	090961/Ledger	25
May 1, 2012	090967/Ledger	75
June 8, 2012	090973/Ledger	25
July 23, 2012	119424/Ledger	75

August 8, 2012	119427/Ledger		25
November 26, 2012	090985/Ledger		25
December 7, 2012	090986/Ledger		25
Total		$	955

Cash Receipt Entered, Voided, not Re-entered or Deposited and Fee Adjustment Entered[2]

Date Received	JIS Receipt Number[3]	Amount Received	Amount Missing
March 31, 2004	01CK2676 & 01CK2677	$ 724.50	$ 700
Total		$ 724.50	$ 700

Manual Cash Receipt Entered into JIS, Voided, and not Re-entered

Date Received	Manual Receipt Number[4]	Amount Received	JIS Receipt Number[3]	Amount Missing
April 30, 2012	10933	$ 50	01CK26686 & 01CK26687	$ 50
Total		$ 50		$ 50

Manual Cash Receipt Entered into JIS for a Lessor Amount

Date Received	Manual Receipt Number	Amount Entered into JIS	JIS Receipt Number	Amount Missing
March 18, 2013	119440	$ 30	01CK31038	$ 5
Total		$ 30		$ 5

The following table provides supporting documentation for the possible additional missing monies based on court records, which indicate payments totaling $750 may have been made to the court, but were not properly recorded and deposited.

Payments Likely Received but Not Entered into JIS or Deposited

Case Number	Disposition Date	Possible Missing Receipts
11CK-CC00153	December 12, 2011	$ 150
11CK-CC00173	January 10, 2012	150
11CK-CC00172	October 5, 2012	150
12CK-CC00045	February 5, 2013	150
12CK-CC00174	February 22,2013	150
Total		$ 750

The following tables provide supporting documentation for lost revenues of $7,688 based on court records which were changed without supporting judicial documentation or not recorded in JIS.

Court Revenues Reduced with No Supporting Documentation

Case Number	Disposition Date	Lost Revenue
01R029900128-01[5]	May 30, 2006	$ 1,738
11CK-CR00091[5]	July 16, 2013	285
Total		$ 2,023

Cases Disposed of with No Court Costs in JIS

Case Number	Judgment Order Date	Applicable Cost
CV196-128CC[5]	March 4, 1997	$ 103
CR296-295FX	March 4, 1997	146
CV196-127CC	March 7, 1997	103
10CK-CC00094[5]	June 9, 2010	132
Total		$ 484

Cases Marked Exempt from Collection

Case Number	Amount Marked as Exempt
040477869[5]	$ 100
060254378[5]	95
040477927[5]	35
06H1-CR00377[5]	35
Total	$ 265

Cases Marked as Uncollectible

Date Adjusted	Case Number	Amount Received
July 15, 2013	11CK-CR00091[5]	$ 452
July 15, 2013	06H1-CR00087[5]	81
Total		$ 533

Case not Brought Forward in JIS

Case Number	Outstanding Balance Adjusted
CR295-10FX[5]	$ 4,383
Total	$ 4,383

[1]All manual receipt slips, except receipt number 10904, were signed by the former Circuit Clerk.

[2]The JIS user identification noted the former Circuit Clerk made the fee adjustment.

[3]All transactions in the JIS are assigned receipt numbers, including monetary receipts, non-monetary receipts, and voids.

[4]The manual receipt slip was signed by former Circuit Clerk.

[5]The defendant is a relative of former Circuit Clerk.

Thomas A. Schweich

Missouri State Auditor

Livingston County Collector-Treasurer and Property Tax System

July 2014

Report No. 2014-052

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Livingston County Collector-Treasurer and Property Tax System

Background	Section 52.150, RSMo, requires the State Auditor to audit the office of a County Collector after being notified of a vacancy in that office. A vacancy occurred in the office of the County Collector-Treasurer of Livingston County on April 1, 2014. A successor was appointed and sworn into office effective April 2, 2014. The scope of our audit included, but was not necessarily limited to, the year ended February 28, 2014, and the period from March 1, 2014, to April 1, 2014.
County Collector-Treasurer's Procedures	As discussed in several prior audit reports, the County Collector-Treasurer did not have a procedure throughout the audit period to reconcile the available cash balance to existing month-end liabilities.
Computer Controls	The County Collector-Treasurer has not established adequate password controls to reduce the risk of unauthorized access to office computers and data. Security controls are not in place to shutdown a computer after a certain period of inactivity or lock it after a specified number of incorrect logon attempts.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Livingston County Collector-Treasurer and Property Tax System
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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
County Collector-Treasurer
Livingston County, Missouri

We have audited the County Collector-Treasurer and Property Tax System of Livingston County. Section 52.150, RSMo, requires the State Auditor to audit the office of the County Collector after being notified of a vacancy in that office. On April 1, 2014, a vacancy occurred in the office of the County Collector-Treasurer of Livingston County. A successor was appointed and sworn into office effective April 2, 2014. The scope of our audit included, but was not necessarily limited to, the period from March 1, 2014, to April 1, 2014, and the year ended February 28, 2014. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant property tax functions.

2. Evaluate the county's compliance with certain legal provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the County Collector-Treasurer and county management and was not subjected to the procedures applied in our audit of the County Collector-Treasurer and Property Tax System.

Section 52.150, RSMo, requires the County Commission to accept the State Auditor's report and, if necessary, to take certain specific actions if the State Auditor finds any monies owing to the county or the former County Collector-Treasurer. For the areas audited, we identified (1) deficiencies in internal controls, and (2) no significant noncompliance with legal provisions. The accompanying Management Advisory Report presents our findings arising from our audit of the County Collector-Treasurer and Property Tax System of Livingston County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Julie A. Moulden, MBA, CPA

1. County Collector-Treasurer's Procedures

As similarly discussed in several prior audit reports, the County Collector-Treasurer did not have a procedure throughout the audit period to reconcile the available cash balance to month-end liabilities. Based on our review, the reconciled bank account balance of $166,288 exceeded identified liabilities of $165,535 by $753 as of March 31, 2014. The County Collector-Treasurer's office processed property tax collections of approximately $12 million during the year ending February 28, 2014.

Without a regular comparison of liabilities to the reconciled cash balance there is less likelihood errors will be identified and the ability to resolve errors is diminished. Differences must be adequately investigated and explained.

Recommendation

The County Collector-Treasurer prepare monthly lists of liabilities, reconcile the lists to the available cash balance, and promptly investigate any differences.

Auditee's Response

The County Collector-Treasurer provided the following response:

I will prepare a listing of liabilities monthly, compare it to the reconciled bank balance beginning with the July 2014 reconciliation, and investigate any differences identified.

2. Computer Controls

The County Collector-Treasurer has not established adequate computer controls. As a result, the County Collector-Treasurer's office records are not adequately protected and are susceptible to unauthorized access.

2.1 Password controls

The County Collector-Treasurer has not established adequate password controls to reduce the risk of unauthorized access to office computers and data. Only the County Collector-Treasurer's computer is set up to ensure passwords are changed periodically. Passwords are not required to be changed on a periodic basis for the other 3 computers in the office.

The security of a computer password is dependent upon keeping passwords confidential. However, since passwords do not have to be periodically changed, there is less assurance passwords are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential and changed periodically to reduce the risk of unauthorized access to and use of computers and data.

2.2 Security controls

Security controls are not in place in the County Collector-Treasurer's office to shutdown a computer after a certain period of inactivity or lock it after a specified number of incorrect logon attempts. Inactivity controls are necessary to reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to programs

and data files. Logon attempt controls lock the capability to access a computer after a specified number of consecutive invalid logon attempts and are necessary to prevent unauthorized individuals from continually attempting to logon to a computer by guessing passwords. Without effective security controls, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

Recommendations

The County Collector-Treasurer:

2.1 Require unique passwords for each employee that are confidential and periodically changed to prevent unauthorized access to computers and data.

2.2 Require each employee's computer to have security controls in place to shutdown the computer after a certain period of inactivity and lock it after a specified number of incorrect logon attempts.

Auditee's Response

The County Collector-Treasurer provided the following response:

I am in the process of working with our IT professional to implement these recommendations.

Livingston County Collector-Treasurer and Property Tax System Organization and Statistical Information

The County Collector-Treasurer bills and collects property taxes for the county and most local governments. Pursuant to Section 54.030, RSMo, the term for which collector-treasurer's are elected expires on the first day of April. Annual settlements are to be filed with the county commission for the fiscal year ended February 28 (29).

Martha Peery served as County Collector-Treasurer until April 1, 2014. Paula McCoy was appointed the County Collector-Treasurer and sworn into office on April 2, 2014.

The County Collector-Treasurer received compensation of $4,210 for the period March 1, 2014 to April 1, 2014. During the year ended February 28, 2014, the County Collector-Treasurer received compensation of $54,813. Compensation was in accordance with statutory provisions.

Thomas A. Schweich

Missouri State Auditor

Forty-Second Judicial Circuit

Village of Leasburg
Municipal Division

August 2014

Report No. 2014-053

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Forty-Second Judicial Circuit, Village of Leasburg Municipal Division

Accounting Controls and Procedures	The Court Clerk's accounting duties are not adequately segregated, and there was not adequate supervision or review of her work. The Court Clerk does not compare open bonds reported by the municipal division to bond liabilities reported by the village to ensure they agree. Village officials did not always submit the state's portion of certain fees monthly in accordance with Supreme Court Operating Rules, and the Court Clerk does not always submit accurate monthly reports to the state.
Municipal Division Procedures	The Court Clerk does not consistently document the final dispositions of cases on the court dockets for each case brought before the court, and case information was missing on 17 of the 18 docket sheets we reviewed. Rather than reviewing the docket sheets and documenting his approval, the Municipal Judge lets the Court Clerk use his signature stamp on court dockets and other documents. Similarly, the Court Clerk has the authority to amend tickets and uses the Prosecuting Attorney's signature stamp to sign all tickets, making it impossible to determine whether the Prosecuting Attorney approved tickets and any related amendments. The Municipal Judge does not sign warrants issued and has not given written authorization for the Court Clerk to sign on his behalf, so there is no documentation the warrants were authorized. The municipal division and the police department do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly, and, until we brought it to her attention, the Court Clerk did not file a monthly list of all cases heard with the village.

In the areas audited, the overall performance of this entity was **Fair**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Forty-Second Judicial Circuit
Village of Leasburg Municipal Division
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge
Forty-Second Judicial Circuit
and
Municipal Judge
and
Members of the Board of Trustees
Leasburg, Missouri

We have audited certain operations of the Village of Leasburg Municipal Division of the Forty-Second Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.

2. Evaluate the municipal division's compliance with certain legal provisions and court rules.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) deficiencies in internal controls, and (2) noncompliance with legal provisions and court rules. The accompanying Management Advisory Report presents our findings arising from our audit of the Village of Leasburg Municipal Division of the Forty-Second Judicial Circuit.

A petition audit of the Village of Leasburg, fulfilling our obligations under Section 29.230, RSMo, is still in process, and any additional findings and recommendations will be included in the subsequent report.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Chris Vetter, CPA
In-Charge Auditor:	Candi Copley

Forty-Second Judicial Circuit
Village of Leasburg Municipal Division
Management Advisory Report - State Auditor's Findings

1. Accounting Controls and Procedures

Accounting controls and procedures need improvement. During the year ended December 31, 2013, the municipal division collected approximately $15,000 in fines and court costs.

Monies collected by the Court Clerk are deposited into a municipal division bank account maintained by the Village of Leasburg. Village personnel are responsible for performing bank reconciliations, issuing checks and preparing financial statements for the municipal division. Village officials transferred control of the municipal division bank account to the Court Clerk in January 2014.

1.1 Oversight procedures

The Court Clerk's accounting duties are not adequately segregated and neither the Municipal Judge nor other village personnel independent of the cash custody and record-keeping functions provide adequate supervision or review the work performed by the Court Clerk. The Court Clerk collects and deposits all bonds and fines and court costs and prepares a cash control log recording receipt activity between monthly court dates. The former Village Clerk did not reconcile the composition (cash, checks, and money orders) of receipts to the composition of monies deposited. The former Village Clerk also did not investigate discrepancies identified on some 2012 cash control logs. The Court Clerk subsequently resolved all of these discrepancies through a comparison of manually issued court receipt slips to the cash control log.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If proper segregation of duties is not possible, the Municipal Judge should establish procedures to ensure a documented independent review of accounting records is performed.

1.2 Bond liabilities

The Court Clerk does not compare open bonds reported by the municipal division to bond liabilities reported by the village to confirm village records are in agreement with court records and bond monies are properly held.

Monthly reconciliations between the open bonds reported by the municipal division and the monies held in the municipal division's bank account by village officials are necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities.

1.3 Disbursements

Village officials do not always submit amounts paid for the state's portion of Crime Victim's Compensation and Peace Officer Standards and Training fees monthly. Additionally, municipal court proceedings are not held in May or December; however, fines and court costs collected through the violations bureau (VB) during these months were not remitted until July and February, respectively.

Supreme Court Operating Rule 21 indicates that state court costs collected by the municipal division should be disbursed within 30 days of receipt.

1.4 Monthly reports

The Court Clerk does not always submit accurate monthly reports to the state. For example, the Court Clerk recorded on the cash control log the amount collected for one case was payment of restitution instead of court costs. As a result, court costs assessed on this case were not accurately reported or remitted to the state.

Supreme Court Operating Rule 4.28 requires accurate monthly reports of cases filed and fines and court costs collected be verified by the Court Clerk or Municipal Judge and submitted to the Office of State Courts Administrator. To ensure monthly reports are accurate, the municipal division should reconcile amounts included on the various reports with amounts posted to village records.

Recommendations

The Village of Leasburg Municipal Division:

1.1 Segregate accounting duties to the extent possible. If it is not possible to segregate duties, documented periodic reviews of municipal division records should be performed by a person independent of accounting functions.

1.2 Reconcile bond liabilities to the monies held in the bank account. Unidentified differences should be promptly investigated and resolved.

1.3 Disburse court monies within 30 days of receipt.

1.4 File accurate monthly reports with the state.

Auditee's Response

The Municipal Judge and Court Clerk provided the following written responses:

1.1 Since the Court Clerk took control of the court checking account in January 2014, procedures have been implemented for monthly reviews of court records by the Municipal Judge. The Municipal Judge also reviews and initials monthly court bank statements and bank reconciliations.

1.2 Bonds are now being held and monitored by the Court Clerk. Bond monies are reconciled with bond liabilities monthly. Any unidentified differences will be investigated promptly.

1.3 The Court Clerk now completes reports at the end of each month and disburses court liabilities in a timely manner.

1.4 Although the Court Clerk agrees with this finding, court records are normally in agreement with case files and this error was an unusual oversight. Court reports are now completed monthly and submitted to the state in a timely manner.

2. Municipal Division Procedures

Municipal division procedures need improvement.

2.1 Case dispositions

The Court Clerk does not consistently document the final dispositions of cases on the court dockets for each case brought before the court. The Municipal Judge does not always review and sign backer sheets for traffic and ordinance tickets paid at the VB.

The Court Clerk documents some case information for each client on the front of the case file folder instead of the docket sheet. We reviewed 18 municipal court cases and case information was missing on 17 of the 18 docket sheets. In addition, the Municipal Judge does not always review and document his approval of court dockets for traffic tickets paid at the VB, and the Municipal Judge does not review or document his approval of other court dockets after case dispositions are recorded. Instead, the Municipal Judge allows the Court Clerk to use his signature stamp on court dockets and other documents. For 13 of the 18 cases reviewed, a facsimile stamp of the Judge's signature was used on the docket sheet to indicate approval of the court's orders.

Supreme Court Operating Rule 4 requires municipal divisions to maintain a docket or backer sheet for each case. All information regarding the case should be documented including, but not limited to, a copy of the ticket, case number, defendant name, sentence, bond information, warrant information, and disposition of the case. Accurate recording of the case information is necessary to ensure all fines and court costs have been properly collected and deposited. In addition, to ensure the recorded disposition of all cases is proper, the Municipal Judge should sign the docket or backer sheet to indicate approval of the recorded disposition and discontinue allowing the use of his facsimile signature.

2.2 Prosecutor approval

The Prosecuting Attorney does not sign all tickets processed by the municipal division and the Prosecuting Attorney's approval of amended or dismissed traffic tickets is not clearly documented.

The Prosecuting Attorney allows the Court Clerk to maintain his signature stamp and stamp his signature on traffic tickets. We reviewed the same cases discussed in section 2.1 for the Prosecuting Attorney's signature. The traffic tickets for all 18 cases had been signed using a facsimile stamp of the Prosecuting Attorney's signature.

The Court Clerk is allowed to amend speeding violations up to 14 miles over the speed limit when the defendant is not represented by counsel and additional non-moving violations when the defendant is represented by counsel to non-moving violations and to nolle pros (dismiss) traffic violations issued for no proof of insurance if the defendant later provides proof of insurance. Charges are amended by the Court Clerk based on a recommendation schedule approved by the Prosecuting Attorney and the Prosecuting Attorney has provided the Court Clerk with a pre-signed Recommendation for Disposition form allowing the Court Clerk to amend charges and collect the related fines and court costs through the traffic VB without further review by the Prosecuting Attorney. It is not possible to determine which charges were amended by the Prosecuting Attorney or amended by the Court Clerk and there is no indication charges amended by the Court Clerk were later reviewed by the Prosecuting Attorney to ensure their propriety.

The ability of the Court Clerk to amend tickets and apply the Prosecuting Attorney's signature by facsimile stamp without a review by the Prosecuting Attorney is a significant control weakness, and increases the likelihood of tickets being handled improperly and the risk of loss, theft, or misuse going undetected. Supreme Court Rule 37.35 states citations shall be in writing and signed by the prosecutor and filed with the municipal division. The Prosecuting Attorney's review, documented with his signature, is needed to provide assurance proper cases and charges are filed with the municipal division. Additionally, to ensure the proper disposition of all cases has been entered in the municipal division records, the Prosecuting Attorney should sign or initial all amended or nolle pros tickets indicating his review and approval.

2.3 Warrants

The Municipal Judge does not sign warrants issued and has not issued written authorization for the Court Clerk to sign warrants on his behalf. Without the signature or written authorization, there is no documentation the warrants were authorized. The municipal division issues warrants to defendants who miss court appearances or do not pay their fine.

Supreme Court Rule 37.45 states a warrant shall be signed by the judge or by the clerk of the court when directed by the judge for a specific warrant. To ensure warrants are properly issued in accordance with Supreme Court rules, the municipal judge should sign warrants or provide specific written authorization for the Court Clerk to sign warrants.

2.4 Ticket accountability

The municipal division and the police department do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly. The police department maintains a record of ticket books assigned to each officer. As tickets are issued by the police department, they are given to the municipal division for processing. However, there are no procedures to account for the numerical sequence of

all tickets issued or to ensure all tickets issued have been provided to the municipal division. We reviewed tickets issued during the year ended December 31, 2013, and identified eight unaccounted tickets. After numerous requests, police department personnel were able to locate these tickets in July 2014.

Without properly accounting for the numerical sequence and ultimate disposition of tickets issued, the municipal division and the police department cannot be assured all tickets issued are properly submitted for processing. A record should be maintained accounting for the ultimate disposition of each ticket issued to decrease the risk of loss, theft, or misuse of funds.

2.5 Report of cases heard

The Court Clerk did not file a monthly list of all cases heard with the village until we brought it to her attention. Without such a report, village officials cannot effectively monitor municipal division activity and ensure monies are properly remitted.

Section 479.080.3, RSMo, and Supreme Court Operating Rule 4.29 require the Court Clerk to prepare a monthly list of all cases heard in the municipal division court, including the names of the defendants and fines and court costs imposed, to be verified by the Court Clerk or Municipal Judge and filed with the village. In addition, Article III, Section 800.120 of the Municipal Court Operating Ordinance also requires such a report to be filed with the Village Clerk.

Recommendations

The Village of Leasburg Municipal Division:

2.1 Ensure the proper disposition of cases is documented on the court dockets or backer sheets and all court dockets and backer sheets are signed by the Municipal Judge.

2.2 Ensure the Prosecuting Attorney signs all tickets and reviews and approves all amended and nolle pros tickets.

2.3 Ensure warrants are signed by the Municipal Judge or the Court Clerk, when directed by the Municipal Judge for a specific warrant.

2.4 Work with the police department to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.

2.5 Ensure a monthly list of cases heard in the municipal division is filed with the village in accordance with state law and court operating rules.

Auditee's Response

The Municipal Judge and Court Clerk provided the following written responses:

2.1 All case dispositions are now documented in each case file and case files, including VB cases, are now reviewed by the Municipal Judge. Case backer sheets are reviewed and signed by the Judge.

2.2 Ticket procedures will be discussed with the Prosecuting Attorney. The municipal division will implement procedures to be compliant with state laws.

2.3 An authorization letter consistent with Supreme Court Rule 37.45 is currently being drafted to allow the Court Clerk authorization to sign warrants when specific warrants are requested by the Judge.

2.4 The municipal division does not believe accounting for the numerical sequence of tickets is the responsibility of the Court Clerk. However, a spreadsheet has been created by the Court Clerk to account for the numerical sequence and ultimate disposition of traffic tickets issued. The Court will request the police officer to make copies of all voided tickets for this purpose.

2.5 The Court Clerk's prepared monthly report will now be submitted to the Board of Trustees monthly.

The Prosecuting Attorney provided the following response:

2.2 This recommendation will be implemented.

Forty-Second Judicial Circuit
Village of Leasburg Municipal Division
Organization and Statistical Information

The Village of Leasburg Municipal Division is in the Forty-Second Judicial Circuit, which consists of Crawford, Dent, Iron, Reynolds, and Wayne counties. The Honorable Kelly Parker serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau in which fines and court costs are collected at times other than during court and transmitted to the village treasury.

Personnel

At December 31, 2013, the municipal division employees were as follows:

Title	Name
Municipal Judge	Joseph Purschke
Court Clerk	Sandra Martin

Financial and Caseload Information

	Year Ended December 31, 2013
Receipts	$14,933
Number of cases filed	180

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

New Madrid County Sheriff

August 2014

Report No. 2014-054

http://auditor.mo.gov

New Madrid County Sheriff
Follow-Up Report on Audit Findings
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Status of Findings*

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*Includes selected findings

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Sheriff of New Madrid County

We have conducted follow-up work on certain audit report findings contained in Report No. 2013-113, *New Madrid County Sheriff*, issued in November 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the Sheriff and County Commission about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the Sheriff's office, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed the written status of recommendations and supporting documentation submitted by the Sheriff's office, and held discussions with the Sheriff and Sheriff's Office Manager. Documentation reviewed included court documents, bank statements, receipt and deposit records, and various other financial records. This report is a summary of the results of this follow-up work, which was substantially completed during February and March 2014. While working with the Sheriff's office in conducting the follow-up work, a $500 cash bond was determined to be missing, and concerns related to the handling of inmates' monies and personal property were identified. Additional work related to inmate monies and personal property was completed during April and May 2014, and the results and conclusions are addressed in a letter to the New Madrid County Sheriff dated August 13, 2014, and released as Report No. 2014-055.

Thomas A. Schweich
State Auditor

New Madrid County Sheriff
Follow-Up Report on Prior Audit Findings
Status of Findings

1. Missing Monies

Cash receipts totaling $79,766 recorded on one-write receipt slips issued by Deborah L. Cowan, a commissioned Sheriff's Deputy (Deputy), were not deposited. Unrecorded checks received were substituted into these deposits for the recorded cash receipts not deposited. Problems with concealed carry weapon (CCW) records indicated CCW fees totaling at least $2,900 could be missing. The Deputy was placed on administrative leave on April 3, 2013, terminated her employment on April 23, 2013, and was charged with felony theft/stealing charges on July 30, 2013. On October 22, 2013, the county received $45,000 in restitution for a portion of the missing monies.

Recommendation

The Sheriff take necessary action to recover the missing monies and continue to work with law enforcement authorities regarding any criminal prosecution.

Status

Implemented

On November 7, 2013, the court ordered a suspended imposition of sentence, and the defendant was placed on 5 years of supervised probation with special conditions requiring full restitution of an additional $44,000 at the rate of $1,467 per month. The defendant admitted to stealing more CCW monies; and therefore she agreed/was ordered to pay a total of $89,000 (more than the $79,766 reported as missing). In addition to the $45,000 restitution payment made in October 2013, the defendant made payments of $4,500 on January 22, 2014, $3,000 on March 10, 2014, and $4,000 on June 3, 2014, for a total of $56,500.

2. Accounting Controls and Procedures

Significant weaknesses exist in accounting controls and record-keeping procedures in the Sheriff's office.

2.1 Segregation of duties and supervisory review

The Sheriff did not adequately segregate accounting duties or provide adequate oversight of financial functions and records. The Deputy was primarily responsible for all accounting duties, including receiving monies, recording transactions, maintaining accounting records, making deposits, transmitting and disbursing monies, and preparing month-end bank reconciliations for the two bank accounts held by the Sheriff's office. Additionally, the Deputy was an approved signer on Sheriff bank accounts and only one signature was required. The Sheriff or other office staff did not perform a comparison of the composition of monies received to the composition of monies transmitted or deposited.

Recommendation

The Sheriff adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.

Status

Partially Implemented

The Sheriff does not have plans to segregate accounting duties due to limited personnel. The Sheriff reviewed bank reconciliations and monthly reports for December 2013, and documented his review and approval. However, the Sheriff's reviews were not adequate as further discussed in finding section 2.3 status.

2.2 Receipting and depositing

Controls and procedures over receipting and depositing monies were not sufficient. The Deputy did not issue one-write receipt slips for some monies received, and the method of payment (cash, check, or money order) was not recorded on either the bond or one-write receipt slips and reconciled to deposits. Additionally, the Deputy did not issue one-write receipt slips immediately upon receipt of monies and some one-write receipt entries represented a combination of multiple payments received, not individual payments received. The Deputy did not deposit receipts intact or timely and did not include an itemized listing of cash, checks, and money orders on the deposit slips.

Recommendation

The Sheriff issue receipt slips for all monies received, with the method of payment documented, and reconcile the composition of receipt slips to the composition of deposits. The Sheriff should also maintain documentation of which receipts are included in deposits, and deposit receipts intact and in a timely manner.

Status

Partially Implemented

We reviewed receipt slips issued from December 2013 through February 2014, and determined one-write receipt slips were not issued for all bond monies, the method of payment was not always documented, and the composition of receipt slips was not always reconciled to the composition of deposits. In addition, receipts were not always deposited intact and timely. Documentation was maintained indicating which receipts are included in deposits.

2.3 Bond monies

Controls and procedures for receipting and recording bond monies were not sufficient. Jail personnel did not always issue bond receipt slips in numerical sequence, and original copies of some voided and skipped receipt slips were not retained. Additionally, bond forms used by the Sheriff's office were not prenumbered and copies of bond forms issued were not always retained. Further, documentation was not maintained to support the transmittal of bond monies from deputies and jailers to the Deputy, or to the New Madrid County Circuit Court.

Recommendation

The Sheriff ensure bond receipt slips are issued in numerical sequence, all copies of voided and skipped receipt slips are retained, and the numerical sequence of receipt slips is accounted for properly. The Sheriff should also ensure the transmittal of bond monies between persons is documented, and issue prenumbered bond forms and account for the numerical sequence.

Status

Partially Implemented

Bond procedures were not adequately improved. We reviewed December 2013 through February 2014 bond records and determined the numerical sequence of bond receipt slips was not accounted for, copies of some voided and skipped bond receipt slips were not retained, the transmittal of bond monies between persons was not adequately documented, and pre-numbered bond forms were not used. In addition, some bond forms could not be located and were incomplete. Also, bond receipt slips were not issued by jailers for some cash bonds collected, and a reconciliation of bond receipt slips issued by jailers to one write receipt slips issued by the Office Manager were not performed.

As a result of continued problems with records and inadequate reviews, the Sheriff and the Office Manager did not identify an unaccounted for $500 cash bond received in December 2013, until we requested records for the AFTER program in January 2014. After we interviewed Sheriff's office personnel and reviewed various records, it was determined a former jailer was likely responsible for the missing bond monies, and some inmate monies and personal property items have not been accounted for properly. The records reviewed indicate various jailers and deputies were involved in the booking and release process and had access to inmate monies and property items, therefore, we cannot conclude as to who is responsible for the missing monies and property. We reviewed records pertaining to the handling of inmate monies and personal property items and identified various concerns. The results and conclusions are addressed in a letter to the New Madrid County Sheriff dated August 13, 2014.

In June 2014, the Sheriff established new policies and procedures regarding the booking of inmates, which provide for a review of bond forms and receipts by the Office Manager. On July 10, 2014, the County Commission approved closing the county jail for reasons unrelated to this follow-up work; the remaining prisoners were transferred to another county jail; and July 25, 2014, was the last day of employment for jail employees. The County Clerk indicated the County Commission will reevaluate the status of the jail during the 2015 budget process.

2.4 Concealed carry weapon fees

The Deputy did not maintain records to account for all CCW renewal monies received, did not account for the numerical sequence of CCW initial applications or reconcile the applications to CCW receipt slips and deposits, and only recorded $50 as received on one-write receipt slips for some initial CCW applications when it was the Sheriff's policy to charge $100. Additionally, the Sheriff's office had not disbursed to the County Treasurer CCW fees collected from March 2004 to February 2013. These funds were not budgeted or reported to the County Commission.

Recommendation

The Sheriff ensure the CCW permit log is complete and accurate and reconciled to deposits, and CCW fees are disbursed to the County Treasurer monthly for deposit into the Sheriff's Revolving Fund.

Status

Implemented

The Sheriff's office is reconciling the CCW permit log maintained to deposits and is ensuring its accuracy. CCW fees collected from November 2013 through February 2014, were disbursed to the County Treasurer monthly.

2.5 Civil and criminal process fees

The Sheriff's office does not track civil and criminal process papers served or reconcile papers served to monies received. As a result, numerous unrecorded checks for civil and criminal process fees were substituted in deposits for recorded cash receipts and were not remitted to the County Treasurer. In addition, the Sheriff did not remit the full amount of Deputy Sheriff Salary Supplementation Fund (DSSSF) fees charged on civil process papers to the County Treasurer for disbursement to the State Treasurer as required by state law.

Recommendation

The Sheriff track civil and criminal process papers served and perform a comparison of papers served to the related fees collected and deposited. The Sheriff should disburse DSSSF fees in compliance with state law.

Status

Partially Implemented

The Sheriff's office is not performing a comparison of papers served to the related fees; however, the Office Manager is reconciling civil and criminal process fees collected to deposits. Civil and criminal process fees collected from November 2013 through February 2014 were disbursed to the County Treasurer monthly.

2.6 Physical controls

The Sheriff did not have physical controls over monies received, blank checks, and signature stamps.

Recommendation

The Sheriff maintain monies collected, blank checks, and signature stamps in a secure location, and review use of his facsimile stamps.

Status

In Progress

Monies collected, blank checks, and the signature stamps were located in a locking drawer or a lock box. However, during our February 2014 visit to the Sheriff's office, we noted the key to the locking drawer was easily accessible to other employees. The Office Manager also indicated the key to the lock box was sometimes left unsecured. A $500 cash bond collected in December 2013 is believed to have been improperly taken from the lock box. The Office Manager indicated access to keys, monies collected, blank

checks, and signature stamps has been further limited since the time of our visit.

THOMAS A. SCHWEICH
Missouri State Auditor

August 13, 2014

Honorable Terry Stevens
New Madrid County Sheriff
New Madrid County Jail
Courthouse Square
New Madrid, MO 63869

This letter communicates the results of our review of the handling of inmate monies and personal property by the New Madrid County Sheriff's office. This review was initiated during the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program when a $500 cash bond was determined to be missing, and additional concerns related to the handling of inmate monies and personal property were identified. The State Auditor evaluated the information provided and determined the concerns met the criteria for activating the Auditor's Swift Assessment Program (ASAP)[1] on February 20, 2014. The objectives of our review were to evaluate the Sheriff's internal controls over the handling of inmate monies and personal property, determine if inmate monies and personal property were returned to the inmates upon release from custody, and determine the extent of inmate monies and personal property missing from the Sheriff's office. The Follow-Up Report on Audit Findings - New Madrid County Sheriff, Report No. 2014-054, was issued in August 2014.

Methodology

Our methodology included obtaining an understanding of procedures and records related to handling of inmate monies and personal property items from inmate arrest to inmate release; reviewing inmate arrest records, case files, and other pertinent documents; interviewing various personnel of the Sheriff's office, as well as certain external parties; and testing selected transactions.

Background

The Sheriff's office does not have written policies or procedures related to handling inmate monies and personal property, but provided us with a description of procedures and records utilized to account for inmate monies and personal property. According to Sheriff's office personnel, monies and property surrendered by inmates during the booking process are recorded on an arrest record and the inmate and the jailer verify the amount of money/description of property by signing the arrest record. The jailer then enters information, including inmate name, date of birth, age, race, arresting officer, booking and release date and time, warrant information, and monies and property surrendered, into the Sheriff's computerized

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[1] The State Auditor activates the ASAP when there is substantial, credible evidence to believe there is:

(1) Fraud, violations of state or federal law, rule or regulation, or significant misappropriation, mismanagement, or waste of public resources; or
(2) Significant risk of loss of confidence of the people in their government due to fiscal abuse or mismanagement; and
(3) The need for immediate action to preserve relevant evidence and/or prevent continued harm.

booking system. Inmate monies and personal property are placed in an envelope and amounts are recorded on the outside of the envelope, and the envelopes are placed inside a locker or safe in the booking area of the jail. Upon an inmate's release or transfer, monies and property are returned to the inmate, and the inmate and releasing officer sign the original arrest record in a different location on the form. In addition, the inmate signs a release receipt generated from the computerized booking system, which is attached to the arrest record, to document the return of monies and personal property.

Results and Conclusions

Arrest records prepared during the booking process were not always signed by the inmate or jailer. Some arrest records indicated monies were received; however, the release receipt indicated no monies were returned to the inmate. Arrest records and release receipts contained conflicting information related to inmate monies and property and there was no explanation for the differences. Some arrest records were incomplete and inaccurate. For example, some arrest records documented monies received as "yes," "no," or "don't know" instead of providing the amount; the date of arrest denoted on another arrest record was after the date of release; and another arrest record showed the date of birth of an inmate as May 3, 2039. Sheriff's office and jail personnel do not periodically compare inmate arrest records to the computerized booking system, and we identified some inmate arrest records that were not entered into the Sheriff's computerized booking system.

Numerous jailers, deputies, and the Office Manager have access to the lockers and safe where inmate monies and property were held. Release receipts were not always attached to arrest records and could not be located, some release receipts were not signed by the inmate, and some release receipts listed two different amounts of monies being released (one amount on a trust fund balance line item and another amount on the confiscated balance line item). Some arrest records and release receipts documented that inmate monies or personal property could not be found in the safe and were not returned to the inmate, and some arrest records documented inmate complaints that monies and property were not returned. No explanation or documentation was provided by the Sheriff related to these alleged missing monies and personal property items.

Due to incomplete information and unexplained discrepancies in records reviewed, we sent confirmations to some former inmates to verify whether monies and personal property items were returned upon their release. Based on the inmate records and corresponding information learned from returned confirmations, we identified $1,457 of inmate monies and some personal property items (cell phones and rings) that were surrendered during the arrest and booking process but are unaccounted for and appear to be missing. Arrest records pertaining to the 2 cell phones and 2 rings contained comments indicating monies and property were missing, and 1 confirmation returned provides consistent information regarding an unreturned cell phone. Records reviewed indicate various jailers and deputies were involved in the booking and release process and had access to inmate monies and property items; therefore, we cannot conclude as to who is responsible for the missing monies and property.

On July 10, 2014, the County Commission approved closing the county jail for reasons unrelated to this review; the remaining prisoners were transferred to another county jail; and July 25, 2014, was the last day of employment for jail employees. The County Clerk indicated the County Commission will reevaluate the status of the jail during the 2015 budget process.

Recommendations

The Sheriff should further investigate the missing inmate monies and personal property items and take necessary action to recover as appropriate. If the Sheriff and County Commission re-open the jail, the Sheriff should develop a system to properly account for all inmate monies and personal property items surrendered during the booking process and held until inmate release.

Sincerely,

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this letter:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Michelle Crawford, M.Acct, CIA
Audit Staff:	Katelyn Crosson

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Hickory County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Hickory County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

August 2014
Report No. 2014-056

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

ANNUAL FINANCIAL REPORT

HICKORY COUNTY, MISSOURI

For the Years Ended December 31, 2013 and 2012

HICKORY COUNTY, MISSOURI

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INTRODUCTORY SECTION

HICKORY COUNTY, MISSOURI
List of Elected Officials

County Commission

Presiding Commissioner – Robert Sawyer

Eastern District Commissioner – Robert E. Breshears

Western District Commissioner – Rick Pearson

Other Elected Officials

Assessor – Clint Baker

Circuit Clerk – Cee Cee Smith

Collector – Karen Stokes

Coroner – Connie Boller

County Clerk – Jeanne Lindsey

Prosecuting Attorney – J. Michael Brown

Public Administrator – Rosalie Wells

Recorder – Pamela Hutton

Sheriff – Raymond Tipton

Treasurer – Kenny Ratliff

SUITE 900
1111 MAIN STREET
KANSAS CITY, MO 64105
TELEPHONE: (816) 221.4559
FACSIMILE: (816) 221.4563
EMAIL: Admin@McBrideLock.com
CERTIFIED PUBLIC ACCOUNTANTS

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

To the County Commission and
Officeholders of Hickory County, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Hickory County, Missouri as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed or permitted by Missouri law. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Hickory County, Missouri on the basis of the financial reporting provisions prescribed or permitted by Missouri Law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Hickory County, Missouri, as of December 31, 2013 and 2012, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of each fund of Hickory County, Missouri, as of December 31, 2013 and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended, on the basis of the financial reporting provisions prescribed or permitted by Missouri Law described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

(Original Signed by McBride, Lock & Associates)

McBride, Lock & Associates
Kansas City, Missouri
May 22, 2014

FINANCIAL SECTION

Exhibit A

HICKORY COUNTY, MISSOURI
STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2013

Fund	Cash and Investments January 1, 2012	Receipts 2012	Disbursements 2012	Cash and Investments December 31, 2012	Receipts 2013	Disbursements 2013	Cash and Investments December 31, 2013
General Revenue	$ 314,397	$ 1,749,742	$ 1,713,680	$ 350,459	$ 1,461,080	$ 1,480,423	$ 331,116
Special Road and Bridge	95,605	776,349	623,197	248,757	806,478	970,393	84,842
Assessment	9,374	153,767	153,481	9,660	135,775	132,563	12,872
Law Enforcement Training	1,521	1,090	917	1,694	1,246	536	2,404
Prosecuting Attorney Training	360	276	528	108	315	284	139
Recorder User Fees	7,297	7,357	6,182	8,472	6,906	6,130	9,248
Law Enforcement Drug	13,822	7,672	6,544	14,950	15,533	7,547	22,936
Prosecuting Attorney Bad Check	4,849	2,563	2,705	4,707	2,381	3,985	3,103
Children's Special Trust	3,434	1,421	3,434	1,421	1,517	-	2,938
Law Enforcement POST Commission	591	494	-	1,085	536	-	1,621
Sheriff's Special	21,133	13,380	12,872	21,641	12,306	14,467	19,480
Election Services	7,031	6,261	5,516	7,776	5,799	3,935	9,640
Tax Maintenance	57,776	13,422	16,644	54,554	12,431	12,230	54,755
Capital Projects	419,801	196,315	-	616,116	5,781	10,000	611,897
County Sheriff Revolving	6,478	9,707	5,675	10,510	16,178	7,667	19,021
County Law Enforcement Restitution	17,022	6,625	5,240	18,407	1,655	6,386	13,676
Inmate Security	2,698	1,080	1,440	2,338	1,730	1,198	2,870
K-9	774	580	392	962	365	549	778
John Sally Trust	60,240	617	-	60,857	406	-	61,263
Total	$ 1,044,203	$ 2,948,718	$ 2,558,447	$ 1,434,474	$ 2,488,418	$ 2,658,293	$ 1,264,599

The accompanying Notes to the Financial Statements are an integral part of this statement.

HICKORY COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	GENERAL REVENUE FUND Year Ended December 31,			
	2012		2013	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	$ 215,840	$ 219,304	$ 193,486	$ 186,971
Sales taxes	848,375	859,905	856,945	870,518
Intergovernmental	202,731	204,652	199,639	192,218
Charges for services	161,702	166,993	162,511	160,026
Interest	4,955	7,791	6,200	3,964
Other	344,066	235,896	32,410	34,736
Transfers in	55,202	55,201	12,647	12,647
Total Receipts	$ 1,832,871	$ 1,749,742	$ 1,463,838	$ 1,461,080
DISBURSEMENTS				
County Commission	$ 80,740	$ 80,363	$ 80,740	$ 79,739
County Clerk	67,210	61,392	74,495	73,158
Elections	60,719	57,217	29,140	29,123
Buildings and grounds	95,094	87,330	106,907	96,878
Employee fringe benefits	134,498	129,531	133,659	128,253
Treasurer	40,100	39,428	43,095	42,153
Collector	81,418	80,623	83,058	81,690
Recorder of Deeds	43,540	43,139	45,040	44,460
Circuit Clerk	6,000	5,352	8,000	6,734
Court Administration	17,697	10,821	10,697	4,387
Public Administrator	23,450	22,775	23,700	19,145
Sheriff	578,651	572,919	594,126	578,566
Jail	44,850	41,824	39,850	26,637
Prosecuting Attorney	79,434	77,817	83,086	78,035
Juvenile Officer	22,160	17,926	22,031	19,165
Coroner	19,150	16,611	19,950	14,745
Other County Government	143,607	131,561	141,992	123,855
Emergency fund	45,000	-	43,500	-
Transfers out	347,000	237,051	33,700	33,700
Total Disbursements	$ 1,930,318	$ 1,713,680	$ 1,616,766	$ 1,480,423
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (97,447)	$ 36,062	$ (152,928)	$ (19,343)
CASH AND INVESTMENTS, JANUARY 1	314,397	314,397	350,459	350,459
CASH AND INVESTMENTS, DECEMBER 31	$ 216,950	$ 350,459	$ 197,531	$ 331,116

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-2

HICKORY COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SPECIAL ROAD AND BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ 260,951	$ 275,806	$ 266,856	$ 252,469	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	859,439	493,809	1,322,801	548,424	99,724	102,443	103,583	96,418
Charges for services	-	-	-	-	6,000	4,083	4,000	5,452
Interest	3,825	4,037	3,500	3,416	325	241	100	205
Other	2,378	2,697	4,000	2,169	-	-	650	-
Transfers in	-	-	-	-	47,000	47,000	33,700	33,700
Total Receipts	$ 1,126,593	$ 776,349	$ 1,597,157	$ 806,478	$ 153,049	$ 153,767	$ 142,033	$ 135,775
DISBURSEMENTS								
Salaries	$ 281,032	$ 217,779	$ 232,555	227,089	$ 114,849	$ 114,421	$ 99,076	$ 98,208
Employee fringe benefits	52,733	46,750	53,644	50,832	22,463	22,054	22,092	20,979
Materials and Supplies	276,451	188,948	297,452	242,921	7,400	7,347	7,400	3,813
Services and Other	90,038	83,282	130,000	112,357	17,600	9,659	18,800	9,563
Capital Outlay	12,500	12,500	158,890	158,890	-	-	-	-
Construction	400,000	24,494	875,506	173,304	-	-	-	-
Transfers out	49,444	49,444	5,000	5,000	-	-	-	-
Total Disbursements	$ 1,162,198	$ 623,197	$ 1,753,047	$ 970,393	$ 162,312	$ 153,481	$ 147,368	$ 132,563
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (35,605)	$ 153,152	$ (155,890)	$ (163,915)	$ (9,263)	$ 286	$ (5,335)	$ 3,212
CASH AND INVESTMENTS, JANUARY 1	95,605	95,605	248,757	248,757	9,374	9,374	9,660	9,660
CASH AND INVESTMENTS, DECEMBER 31	$ 60,000	$ 248,757	$ 92,867	$ 84,842	$ 111	$ 9,660	$ 4,325	$ 12,872

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-3

HICKORY COUNTY, MISSOURI
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	LAW ENFORCEMENT TRAINING FUND				PROSECUTING ATTORNEY TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	900	1,090	980	1,246	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	240	276	226	315
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	$ 900	$ 1,090	$ 980	$ 1,246	$ 240	$ 276	$ 226	$ 315
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	1,500	917	1,600	536	589	528	284	284
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	$ 1,500	$ 917	$ 1,600	$ 536	$ 589	$ 528	$ 284	$ 284
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (600)	$ 173	$ (620)	$ 710	$ (349)	$ (252)	$ (58)	$ 31
CASH AND INVESTMENTS, JANUARY 1	1,521	1,521	1,694	1,694	360	360	108	108
CASH AND INVESTMENTS, DECEMBER 31	$ 921	$ 1,694	$ 1,074	$ 2,404	$ 11	$ 108	$ 50	$ 139

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-4

HICKORY COUNTY, MISSOURI
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	RECORDER USER FEES FUND				LAW ENFORCEMENT DRUG FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	7,770	7,470	12,600	15,352
Charges for services	6,600	7,236	6,600	6,819	-	-	-	-
Interest	130	121	120	87	230	202	230	181
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	$ 6,730	$ 7,357	$ 6,720	$ 6,906	$ 8,000	$ 7,672	$ 12,830	$ 15,533
DISBURSEMENTS								
Salaries	$ 1,020	$ 959	$ -	$ -	$ 6,300	$ 5,574	$ 6,600	$ 5,694
Employee fringe benefits	79	102	-	-	-	426	-	806
Materials and Supplies	-	-	-	-	2,000	-	-	-
Services and Other	9,830	5,121	12,050	4,973	1,550	544	500	1,047
Capital Outlay	-	-	-	-	2,000	-	5,000	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	1,157	1,157	-	-	-	-
Total Disbursements	$ 10,929	$ 6,182	$ 13,207	$ 6,130	$ 11,850	$ 6,544	$ 12,100	$ 7,547
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (4,199)	$ 1,175	$ (6,487)	$ 776	$ (3,850)	$ 1,128	$ 730	$ 7,986
CASH AND INVESTMENTS, JANUARY 1	7,297	7,297	8,472	8,472	13,822	13,822	14,950	14,950
CASH AND INVESTMENTS, DECEMBER 31	$ 3,098	$ 8,472	$ 1,985	$ 9,248	$ 9,972	$ 14,950	$ 15,680	$ 22,936

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-5

HICKORY COUNTY, MISSOURI
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL -REGULATORY BASIS

	PROSECUTING ATTORNEY BAD CHECK FUND				CHILDREN'S SPECIAL TRUST FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	3,450	2,493	1,955	2,339	1,180	1,362	1,300	1,499
Interest	95	70	80	42	40	59	50	18
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	$ 3,545	$ 2,563	$ 2,035	$ 2,381	$ 1,220	$ 1,421	$ 1,350	$ 1,517
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	6,618	2,705	4,724	3,985	3,434	3,434	1,421	-
Capital Outlay	1,500	-	1,500	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	$ 8,118	$ 2,705	$ 6,224	$ 3,985	$ 3,434	$ 3,434	$ 1,421	$ -
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (4,573)	$ (142)	$ (4,189)	$ (1,604)	$ (2,214)	$ (2,013)	$ (71)	$ 1,517
CASH AND INVESTMENTS, JANUARY 1	4,849	4,849	4,707	4,707	3,434	3,434	1,421	1,421
CASH AND INVESTMENTS, DECEMBER 31	$ 276	$ 4,707	$ 518	$ 3,103	$ 1,220	$ 1,421	$ 1,350	$ 2,938

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL-REGULATORY BASIS

	LAW ENFORCEMENT POST COMMISSION FUND				SHERIFF'S SPECIAL FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	500	494	493	536	-	-	-	-
Charges for services	-	-	-	-	15,000	13,380	12,000	11,806
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	500	500
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	$ 500	$ 494	$ 493	$ 536	$ 15,000	$ 13,380	$ 12,500	$ 12,306
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	2,000	1,947	3,500	2,810
Services and Other	300	-	500	-	7,375	4,511	7,350	5,305
Capital Outlay	-	-	-	-	6,000	6,414	6,200	6,352
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	$ 300	$ -	$ 500	$ -	$ 15,375	$ 12,872	$ 17,050	$ 14,467
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ 200	$ 494	$ (7)	$ 536	$ (375)	$ 508	$ (4,550)	$ (2,161)
CASH AND INVESTMENTS, JANUARY 1	591	591	1,085	1,085	21,133	21,133	21,641	21,641
CASH AND INVESTMENTS, DECEMBER 31	$ 791	$ 1,085	$ 1,078	$ 1,621	$ 20,758	$ 21,641	$ 17,091	$ 19,480

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	ELECTION SERVICES FUND				TAX MAINTENANCE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	9,948	4,676	6,791	4,026	-	-	-	-
Charges for services	1,550	1,452	1,390	1,665	13,500	12,532	12,000	11,882
Interest	140	133	140	108	1,115	890	900	549
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	$ 11,638	$ 6,261	$ 8,321	$ 5,799	$ 14,615	$ 13,422	$ 12,900	$ 12,431
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	10,213	5,516	2,954	3,935	14,700	10,886	16,468	5,740
Capital Outlay	-	-	1,294	-	1,000	-	1,000	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	5,758	5,758	6,490	6,490
Total Disbursements	$ 10,213	$ 5,516	$ 4,248	$ 3,935	$ 21,458	$ 16,644	$ 23,958	$ 12,230
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ 1,425	$ 745	$ 4,073	$ 1,864	$ (6,843)	$ (3,222)	$ (11,058)	$ 201
CASH AND INVESTMENTS, JANUARY 1	7,031	7,031	7,776	7,776	57,776	57,776	54,554	54,554
CASH AND INVESTMENTS, DECEMBER 31	$ 8,456	$ 7,776	$ 11,849	$ 9,640	$ 50,933	$ 54,554	$ 43,496	$ 54,755

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	CAPITAL PROJECTS FUND				COUNTY SHERIFF REVOLVING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	8,500	9,595	14,500	16,042
Interest	6,420	6,263	7,700	5,781	80	112	100	136
Other	-	-	-	-	-	-	-	-
Transfers in	300,000	190,052	-	-	-	-	-	-
Total Receipts	$ 306,420	$ 196,315	$ 7,700	$ 5,781	$ 8,580	$ 9,707	$ 14,600	$ 16,178
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	10,000	-	15,000	10,000	6,300	5,675	7,900	7,667
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	$ 10,000	$ -	$ 15,000	$ 10,000	$ 6,300	$ 5,675	$ 7,900	$ 7,667
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ 296,420	$ 196,315	$ (7,300)	$ (4,219)	$ 2,280	$ 4,032	$ 6,700	$ 8,511
CASH AND INVESTMENTS, JANUARY 1	419,801	419,801	616,116	616,116	6,478	6,478	10,510	10,510
CASH AND INVESTMENTS, DECEMBER 31	$ 716,221	$ 616,116	$ 608,816	$ 611,897	$ 8,758	$ 10,510	$ 17,210	$ 19,021

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-9

HICKORY COUNTY, MISSOURI
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	COUNTY LAW ENFORCEMENT RESTITUTION FUND				INMATE SECURITY FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	5,000	6,625	6,000	1,655	-	-	900	1,730
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	800	1,080	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	$ 5,000	$ 6,625	$ 6,000	$ 1,655	$ 800	$ 1,080	$ 900	$ 1,730
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	1,440	1,440	1,200	1,198
Capital Outlay	6,000	5,240	7,000	6,386	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	$ 6,000	$ 5,240	$ 7,000	$ 6,386	$ 1,440	$ 1,440	$ 1,200	$ 1,198
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (1,000)	$ 1,385	$ (1,000)	$ (4,731)	$ (640)	$ (360)	$ (300)	$ 532
CASH AND INVESTMENTS, JANUARY 1	17,022	17,022	18,407	18,407	2,698	2,698	2,338	2,338
CASH AND INVESTMENTS, DECEMBER 31	$ 16,022	$ 18,407	$ 17,407	$ 13,676	$ 2,058	$ 2,338	$ 2,038	$ 2,870

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-10

HICKORY COUNTY, MISSOURI

COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	K-9 FUND				JOHN SALLY TRUST FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	250	365	-	-	-	-
Interest	-	-	-	-	665	617	600	406
Other	600	580	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	$ 600	$ 580	$ 250	$ 365	$ 665	$ 617	$ 600	$ 406
DISBURSEMENTS								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	700	392	700	549	10,000	-	10,000	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	$ 700	$ 392	$ 700	$ 549	$ 10,000	$ -	$ 10,000	$ -
RECEIPTS OVER (UNDER) DISBURSEMENTS	$ (100)	$ 188	$ (450)	$ (184)	$ (9,335)	$ 617	$ (9,400)	$ 406
CASH AND INVESTMENTS, JANUARY 1	774	774	962	962	60,240	60,240	60,857	60,857
CASH AND INVESTMENTS, DECEMBER 31	$ 674	$ 962	$ 512	$ 778	$ 50,905	$ 60,857	$ 51,457	$ 61,263

The accompanying Notes to the Financial Statements are an integral part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hickory County, Missouri ("County") is governed by a three-member board of commissioners. In addition to the three board members, there are ten elected Constitutional Officers: Assessor, Circuit Clerk, Collector, Coroner, County Clerk, Recorder, Prosecuting Attorney, Public Administrator, Treasurer and Sheriff.

As discussed further in Note 1, these financial statements are presented using accounting practices prescribed or permitted by Missouri Law, which differ from accounting principles generally accepted in the United States of America, which would include all relevant Government Accounting Standards Board (GASB) pronouncements. The differences include use of a prescribed definition of the reporting entity and the cash basis of accounting.

A. Reporting Entity

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include the primary government of Hickory County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise the County's legal entity.

Certain elected County officials, particularly the County Collector, Treasurer, Circuit Clerk and Sheriff, collect and hold monies in a trustee capacity as an agent of individuals, taxing units, or other governments. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements.

B. Basis of Presentation

Governmental Funds - Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, net assets, revenues/receipts and expenditures/disbursements. The County's funds are governmental funds. Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds.

C. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those

principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

D. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County's policy is to adopt a budget for each governmental fund.

2. On or before the second Monday in January, each elected officer and department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the cash basis of accounting, for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. The estimated fund balance at the beginning of the year as well as estimated revenues to be received are available for budgeting of appropriations.

4. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance.

5. A public hearing is conducted to obtain public comment on the budget. Prior to its approval by the County Commission, the budget document is available for public inspection, which usually takes place the third and fourth weeks of January.

6. Prior to February 1, the budget is legally enacted by a vote of the County Commission.

7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by a formal vote of the Commission. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.

8. Budgets are prepared and adopted on the cash basis of accounting.

9. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets. The County did not have any funds which had actual expenditures exceed budgeted amounts.

E. Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and tax bills are mailed to taxpayers in October and November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuations of the tangible taxable property, included within the County's boundaries for calendar years 2013 and 2012 were:

	2013	2012
Real Estate	$ 79,836,250	$ 78,977,860
Personal Property	26,319,422	23,325,931
Railroad and Utilities	7,512,285	6,792,680

For calendar years 2013 and 2012, the County Commission approved tax levies per $100 of assessed valuation of tangible taxable property as follows:

	2013	2012
General Revenue	$0.1979	$0.1733
Special Road & Bridge	$0.2405	$0.2405

F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents may include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, purchased at a price at or below par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

G. Interfund Activity

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

2. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements within the "Cash and Investments" caption. Cash and investments include both deposits and short-term investments. Investments are considered short-term when original maturities are less than one year. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions, and short-term U.S. Treasury bills.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013 and 2012, the carrying amount of the County's deposits was $1,264,599 and $1,434,474, respectively, and the bank balances were $1,563,037 and $1,495,490, respectively. Of the bank balances, $311,113 and $291,207 for December 31, 2013 and 2012, respectively, were covered by federal depository insurance and the remainder was covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name.

At December 31, 2013 and 2012, the County Collector held, in addition to the cash and investments listed above, cash representing collections of property taxes on behalf of various taxing districts in the County, including the County General Revenue and Special Road & Bridge funds. These amounted to $3,252,438 and $2,842,463 at December 31, 2013 and 2012, respectively. The bank balance at December 31, 2012 of $2,118,209 was adequately secured by pledged collateral, however, $40,343 of the bank balance of $2,489,851 was not secured by pledged collateral at December 31, 2013.

3. COUNTY EMPLOYEES' RETIREMENT PLANS

A. County Employees' Retirement Fund (CERF)

The County Employee's Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees.

1) Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994.

The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

2) Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan's formula). A death benefit of $10,000 will be paid to the designated beneficiary of every active member upon his or her death.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement is at age fifty-five. Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 573-632-9203.

3) Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. Further, a contribution to CERF of 2% of annual salary is required for eligible employees hired before February 2002, while a contribution of 6% of annual salary is required of employees hired after February 2002, in order to participate in CERF. During 2013 and 2012, the County collected and remitted to CERF employee contributions of approximately $49,976 and $47,689.

4. POST EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County.

5. CLAIMS, COMMITMENT AND CONTINGENCIES

A. Compensated Absences

Full time employees accumulate sick leave at the rate of one day for each month of employment. Part-time employees accumulate four hours of sick leave each month. Sick leave may be carried over from one year to the next. Unused sick leave will be forfeited upon resignation, retirement, dismissal or death. No compensation shall be paid for unused sick leave. Employees are entitled to five days of vacation leave after one full year of employment, ten days after two full years of employment, and fifteen days after ten full years of employment. Vacation leave cannot be carried over from one year to the next. Years are based on the employee’s anniversary date for leave purposes.

B. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly, such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

6. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body. The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections which are intended to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Rural Workers Compensation Insurance Trust. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

7. LONG TERM DEBT

The County had no long-term debt outstanding or obligations under leases as of December 31, 2013.

8. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through May 22, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

COMPLIANCE SECTION

SUITE 900
1111 MAIN STREET
KANSAS CITY, MO 64105
TELEPHONE: (816) 221.4559
FACSIMILE: (816) 221.4563
EMAIL: Admin@McBrideLock.com
CERTIFIED PUBLIC ACCOUNTANTS

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the County Commission and
Officeholders of Hickory County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hickory County, Missouri as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Hickory County, Missouri's basic financial statements and have issued our report thereon dated May 22, 2014.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Hickory County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hickory County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Hickory County, Missouri's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hickory County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 1.

We also noted other matters that we reported to management of Hickory County, Missouri, in the accompanying schedule of findings and recommendations section as items 2 and 3.

Hickory County, Missouri's Response to Findings

Hickory County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. Hickory County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

(Original Signed by McBride, Lock & Associates)

McBride, Lock & Associates
Kansas City, Missouri
May 22, 2014

FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES IN INTERNAL CONTROL

None

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

None

ITEMS OF NONCOMPLIANCE

1. Accounting for Law Enforcement Sales Tax

Condition: The County is recording the proceeds of the Law Enforcement Sales Tax as a line item within the General Fund rather than in a separate special revenue fund. The Funds are assumed to be spent on sheriff's department line items within the General Fund, however, there is no tracking of the amount of the funds spent and how they were allocated. RSMo 67.582.3 requires the proceeds from a Law Enforcement Sales Tax to "be deposited in a special trust fund and shall be used solely for providing law enforcement services for such County for so long as the tax shall remain in effect." Accounting for these funds separately ensures that the proceeds of the tax are spent in accordance with the original purpose of the tax as approved by the voters of the County. The County received $290,175 and $286,598 from the Law Enforcement Sales Tax for the years ended December 31, 2013 and 2012, respectively.

Recommendation: We recommend that the County establish a separate fund to account for the revenues and expenditures of Law Enforcement Sales Tax funds in accordance with state statutes.

County's Response: The County will implement a separate fund for Law Enforcement Sales Tax Revenues and Expenditures as stated in RSMo 67.582.3. The County does however believe the tracking of the funds through General Fund have been more than adequate. Within the Sheriff's department each line item has a budgeted amount and the expenditures are tracked and posted monthly. The Sheriff and Deputy Sheriff's gross salaries without benefits and the cost of patrol cars, which are Law Enforcement expenditures, equaled $361,294 in 2013 and $358,954 in 2012, this more than exceeded the Law Enforcement Sales Tax Revenues of $290,175 and $286,598 respectively.

Auditor's Evaluation: The response is appropriate to correct the concern.

OTHER MATTERS

2. Collateralization of Collector's Deposits

Condition: The bank deposits of the County Collector as of December 31, 2013 were not adequately collateralized. The Collector's bank balances totaled $2,489,851 on December 31, 2013. These balances were covered by $250,000 of FDIC deposit insurance and securities pledged in the name of the County Collector with a market value of $2,199,508, leaving $40,343 of deposits not covered by insurance or pledged securities. In order to ensure the safety of public funds deposited in the bank, state statutes require deposits of Counties to be adequately covered by securities pledged as collateral in the County's name. RSMo 110.010.1 states that, "The public funds of every county…which are deposited in any banking institution acting as a legal depositary of the funds…shall be secured by the deposit of securities…."

Recommendation: We recommend that the County monitor bank balances and pledged collateral to ensure that the deposits of all County officeholders are adequately collateralized at all times.

County's Response: The County will work with the Collector and Treasurer through the months of November, December and January to closely monitor the Collector's bank balances. Possibly the Treasurer could work with the bank during these months to redirect bank collateral for Treasurer accounts to Collector accounts if balances allow. Most taxes are collected in the last months of the year and are distributed the following month, so this should not be a major issue.

Auditor's Evaluation: The response is appropriate to correct the concern.

3. Outstanding Checks

Condition: The bank reconciliations of the Treasurer's Warrant Account for December 31, 2013 and December 31, 2012 included checks listed as outstanding that were more than a year old. The December 31, 2013 reconciliation listed as outstanding four checks totaling $786 that were outstanding for 12 to 15 months and the December 31, 2012 reconciliation included one check for $1,078 that had been outstanding for over 14 months.

Recommendation: We recommend that stale checks be investigated and removed from bank reconciliations in a timely manner in order to facilitate that accuracy of the bank balances being reported. New checks should be issued if necessary and the old check should be stopped or the funds should be turned over to the state unclaimed fees fund.

County's Response: The Treasurer with the next purchase of checks will include the statement Void after 120 days, this will allow for a more comfortable and timely voiding and reissuing of checks if necessary. Also, this will give a time period for completing reconciliation and cut down on the length of time a check can be outstanding. A time period will expedite the investigation of stale checks and improve the accuracy of the bank balances being reported.

Auditor's Evaluation: The response is appropriate to correct the concern.

HICKORY COUNTY, MISSOURI
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditors' follow-up on action taken by Hickory County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2009 and 2008.

1. *Condition:* The County did not adopt a formal budget for one fund in 2008 and one fund in 2009. Also, the expenditures of the Deputy Sheriff Salary Supplement fund exceeded budgeted amounts in both 2008 and 2009.

   Status: Resolved.

2. *Condition*: Several variances were noted between the County Clerk's records and the Treasurer's records while reviewing the reconciliation process between the two officeholders.

   Status: Resolved.

3. *Condition*: The County did not consistently solicit bids and/or retain bid documentation for various purchases of goods and services.

   Status: Resolved.

Thomas A. Schweich

Missouri State Auditor

Fourth Judicial Circuit

City of Tarkio
Municipal Division

August 2014

Report No. 2014-057

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Fourth Judicial Circuit, City of Tarkio Municipal Division

Accounting Controls and Procedures	The municipal division does not adequately segregate accounting duties or perform adequate supervisory reviews of accounting records. The Court Administrator performs all duties related to the collection and disbursement of fines, court costs, and bonds with no supervisory review. The Court Administrator does not always timely deposit receipts and does not reconcile the composition of receipts (cash, check, or money order) to the composition of deposits. Our review of deposits for the year ended March 31, 2014, identified 13 instances when receipts were held approximately 2 weeks before being deposited, and 2 instances when receipts were held approximately 3 weeks before being deposited. Section IV.C of the Municipal Court Operating Order requires the Court Administrator to deposit municipal division receipts on a daily basis, or when the amount on hand reaches $100.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Fourth Judicial Circuit
City of Tarkio Municipal Division
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge
Fourth Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
Tarkio, Missouri

We have audited certain operations of the City of Tarkio Municipal Division of the Fourth Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended March 31, 2014. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.

2. Evaluate the municipal division's compliance with certain legal provisions and court rules.

3. Evaluate the city's compliance with Section 302.341.2, RSMo, which restricts the amount of fines and court costs that may be retained from traffic violations.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) deficiencies in internal controls, (2) no significant noncompliance with legal provisions and noncompliance with court rules, and (3) no noncompliance with Section 302.341.2, RSMo. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Tarkio Municipal Division of the Fourth Judicial Circuit.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Robert Showers, CPA, CGAP
In-Charge Auditor:	Richard Stuck
Audit Staff:	Colby Dollens, CPA

1. Accounting Controls and Procedures

Accounting duties are not adequately segregated and depositing procedures need improvement.

1.1 Segregation of duties

The municipal division does not adequately segregate accounting duties or perform adequate supervisory reviews of accounting records. The Court Administrator performs all duties related to the collection and disbursement of fines, court costs, and bonds. The Court Clerk, who works part-time, aids the Court Administrator in collecting and receipting fines and court costs. Neither the Municipal Judge nor other personnel independent of the cash custody and record-keeping functions provide adequate supervision or review the work performed by the Court Administrator and Court Clerk.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If proper segregation of duties is not possible, the Municipal Judge should establish procedures to ensure a documented independent review of accounting records is performed.

1.2 Deposits

The Court Administrator does not always deposit receipts timely and does not reconcile the composition (cash, check, or money order) of receipts to the composition of deposits. Our review of deposits for the year ended March 31, 2014, identified 13 instances when receipts were held approximately 2 weeks before being deposited and 2 instances when receipts were held approximately 3 weeks before being deposited. In addition, the Court Administrator does not indicate the composition of the monies deposited on deposit slips (only the total amount deposited is listed) or perform any other reconciliation to ensure the composition of receipts agrees to the composition of deposits.

Depositing monies in a timely manner and reconciling the composition of receipts to the composition of deposits decreases the risk of loss, theft, or misuse of funds. In addition, Section IV.C. of the Municipal Court Operating Order requires the Court Administrator to deposit municipal division receipts on a daily basis, or when the amount on hand reaches $100.

Recommendations

The City of Tarkio Municipal Division:

1.1 Segregate accounting duties to the extent possible. If it is not possible to segregate duties, documented periodic reviews of municipal division records should be performed by a person independent of accounting functions.

1.2 Deposit monies in a timely manner and reconcile the composition of receipts to the composition of deposits.

Auditee's Response

The Municipal Judge provided the following written responses:

1.1 The City of Tarkio does not have the funds to employ many people; Becky is the City Clerk and the Court Administrator. The City has hired a new Court Clerk to help her in the office and she will be trained to check Becky's record keeping.

1.2 Becky has done most all of the work for the City and the Municipal Division. In the future Becky intends to deposit at least weekly and will reconcile the composition of receipts to the composition on the deposit slip; I believe Becky will have more time available to do so with the additional help.

Fourth Judicial Circuit
City of Tarkio Municipal Division
Organization and Statistical Information

The City of Tarkio Municipal Division is in the Fourth Judicial Circuit, which consists of Atchison, Gentry, Holt, Nodaway, and Worth Counties. The Honorable Roger M. Prokes serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau in which fines and court costs are collected at times other than during court and transmitted to the city treasury.

Personnel

At March 31, 2014, the municipal division employees were as follows:

Title	Name
Municipal Judge	Patrick McLaughlin
Court Administrator	Rebecca (Becky) Jones
Court Clerk	Rosalie Woodring

Financial and Caseload Information

	Year Ended March 31, 2014
Receipts	$63,490
Number of cases filed	359

Thomas A. Schweich

Missouri State Auditor

Atchison County

August 2014

Report No. 2014-058

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Atchison County

Fuel	The county does not properly monitor fuel use or reconcile fuel billings to fuel use records. Logs are kept for bulk fuel tanks for each road and bridge vehicle, but these logs are not used to reconcile to fuel purchased, and the road and bridge supervisor does not review the logs for reasonableness.
Property Tax System Access	Prior to May 2014, access to the property tax system was not adequately restricted. The County Collector had administrative access rights to the property tax system despite being responsible for collecting tax monies, which created the possibility of unauthorized changes to property tax records. When we discussed this with the County Collector, she had the software programmer change the access rights so she does not have the ability to change property tax records.
Prosecuting Attorney Segregation of Duties	The Prosecuting Attorney has not adequately segregated accounting duties or performed a supervisory review of accounting records. The Prosecuting Attorney's secretary is primarily responsible for receipting, recording, and transmitting monies received with no supervisory review. Proper segregation of duties or an independent or supervisory review is necessary to ensure transactions are accounted for properly and assets are safeguarded.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Good**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Atchison County
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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Atchison County

We have audited certain operations of Atchison County in fulfillment of our duties under Section 29.230, RSMo. In addition, Nichols, Stopp & VanHoy, LLC, Certified Public Accountants, was engaged to audit the financial statements of Atchison County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

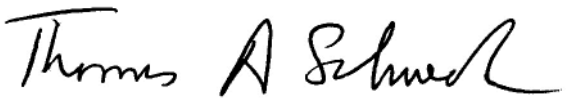
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) no significant noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Atchison County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Robert Showers, CPA, CGAP
In-Charge Auditor:	Richard Stuck
Audit Staff:	Colby Dollens, CPA
	Waleed Atout
	Nancy McDowell

1. Fuel

The county does not properly monitor fuel use or reconcile fuel billings to fuel use records. The road and bridge department maintains 24 vehicles and equipment items. According to county records, road and bridge department fuel purchases totaled approximately $198,000 for the year ended December 31, 2013. The road and bridge department purchases bulk diesel and unleaded fuel from local vendors for 6 bulk fuel tanks at three locations throughout the county.

Logs of fuel dispensed from bulk fuel tanks are maintained for each road and bridge vehicle; however, these logs are not used to reconcile to fuel purchased, and these reports are not reviewed by the road and bridge supervisor for reasonableness.

Procedures for maintaining and reviewing fuel usage logs and reconciling log information to fuel purchased and related records are necessary to ensure vehicles and equipment are properly utilized, prevent paying vendors for improper amounts, and decrease the risk of loss, theft, or misuse of fuel occurring without detection.

Recommendation

The County Commission ensure logs are reconciled to fuel purchases. Reconciliation should be completed to ensure all fuel billed was indeed delivered. Any significant discrepancies should be promptly investigated.

Auditee's Response

The County Commission provided the following written response:

The road and bridge department supervisor will document total gallons on the meter of each bulk tank at each barn on a monthly basis and report the number to the County Clerk who will keep a spreadsheet with the meter total from each month. She will then document the total number of gallons from the fuel tickets when the bulk tanks are filled and reconcile to make sure the fuel purchased and fuel used is within an acceptable percentage of each other.

2. Property Tax System Access

Access to the property tax system was not adequately restricted prior to May 2014. The County Collector had administrative access rights in the property tax system, which provided her with unlimited access to all information in the system and allowed her to potentially make changes to individual tax records. The County Collector is responsible for collecting tax monies, therefore, having administrative access rights to be able to alter or delete tax rates, assessed values, and property tax billings is a significant control weakness. When this issue was discussed with the County Collector in May 2014, she had the software programmer change the access rights so she does not have the ability to change property tax records.

To prevent unauthorized changes to the property tax records, access should be limited based on user needs. Unrestricted access can result in the deletion

or alteration of data files and programs, and increases the risk of loss, theft, or misuse of funds.

Recommendation

The County Commission ensure property tax system access rights are limited to only what is needed for the users to perform their job duties and responsibilities.

Auditee's Response

The County Commission provided the following written response:

The County Collector has already had the software programmer make the necessary changes to the system so she is not able to adjust or abate tax bills. Adjustments can only be done by creating an incident report with the programmer and the programmer will have to make the adjustments. This was the policy the County Collector was already following, even though the software allowed this ability. It no longer does.

3. Prosecuting Attorney Segregation of Duties

The Prosecuting Attorney has not adequately segregated accounting duties or performed a supervisory review of accounting records. The Prosecuting Attorney's secretary is primarily responsible for receipting, recording, and transmitting monies received for bad checks and court-ordered restitution and no supervisory review is performed by the Prosecuting Attorney. The Prosecuting Attorney's office processed bad check restitution and victim fees, bad check fees, and court-ordered restitution totaling approximately $10,000 during the year ended December 31, 2013.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, the Prosecuting Attorney should implement and document an independent or supervisory review of accounting records.

Recommendation

The Prosecuting Attorney adequately segregate accounting duties or ensure an independent or supervisory review of accounting records is performed and documented.

Auditee's Response

The Prosecuting Attorney provided the following written response:

A system will be implemented to segregate the accounting duties so there is adequate oversight within the office.

Atchison County
Organization and Statistical Information

Atchison County is a county-organized, third-class county. The county seat is Rock Port.

Atchison County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 47 full-time employees and 11 part-time employees on December 31, 2013.

In addition, county operations include Senate Bill 40 Board, Senior Citizens' Services Board, drainage and levee districts established by the county commission, Enhanced Enterprise Zone Board, and Tax Increment Financing Commission.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Curtis Livengood, Presiding Commissioner	$	35,755
David P. Chapin, Associate Commissioner		33,758
Richard C. Burke, Associate Commissioner		33,758
Lorie Hall, Circuit Clerk and Ex Officio Recorder of Deeds (1)		54,588
Susette M. Taylor, County Clerk (2)		56,487
Dan Smith, Prosecuting Attorney		60,819
Dennis D. Martin, Sheriff		56,867
Debbie True, County Treasurer		49,629
Shawn Minter Jr., County Coroner		14,768
Teresa Jayne Scott, Public Administrator		29,765
Diane Livengood, County Collector (3), year ended February 28,	66,194	
Lori Brown Jones, County Assessor, year ended August 31,		51,210

(1) Compensation is paid by the state.
(2) Includes $5,278 of commissions earned for preparing city property tax books.
(3) Includes $13,015 of commissions for collecting city and drainage district property taxes.

THOMAS A. SCHWEICH
Missouri State Auditor

HARRY J. OTTO, CPA
DEPUTY STATE AUDITOR

August 19, 2014

Members of the Missouri State Board of Education
and
Dr. Chris L. Nicastro, Commissioner
Department of Elementary and Secondary Education
Jefferson City, Missouri

This letter relates to our review of the procurement process used by the Department of Elementary and Secondary Education (DESE) to award the contract for a study of options to address chronic under-performance in struggling school districts (School District Governance Reform) to The Mind Trust via the Cities For Education Entrepreneurship Trust (CEE-Trust), on August 8, 2013. To avoid a conflict of interest, the State Auditor has recused himself from the report pertaining to this contract and has directed me to oversee procedures performed by the State Auditor's professional audit staff.

The objectives of our review were to determine if the DESE:

1. Utilized effective procurement processes to ensure the contract was awarded in a fair and unbiased manner.

2. Eliminated potential conflicts of interest between funding entities and potential contractors.

3. Maintained sufficient documentation to support the decisions of the bid evaluation committee.

Our review determined (1) the DESE did not ensure personnel selected to evaluate bids received for this contract were independent and free of bias, (2) the DESE accepted grant monies to fund the study from a foundation affiliated with CEE-Trust, a potential conflict of interest that raises questions regarding the independence and objectivity of the report's findings, and (3) documentation prepared by the bid evaluation committee does not adequately support the significant variances in subjective points awarded to each bid, and the difference in subjective points awarded by the DESE was not reasonable when compared to other contracts awarded. We did not attempt to determine the need for the contract or to evaluate the reasonableness of the resulting recommendations made by CEE-Trust at the study's conclusion.

Methodology

The methodology to accomplish our objectives included (1) reviewing and evaluating the bids and bid evaluation documents related to the contract for a study of the options to address chronic under-performance in struggling school districts, (2) reviewing bid proposals, evaluation documents, and other pertinent documents prepared by the DESE and the Office of Administration (OA) relating to other DESE

contracts, (3) obtaining an understanding of applicable legal provisions, and (4) reviewing the publication *State and Local Government Procurement: A Practical Guide* issued by the National Association of State Procurement Officials (NASPO) as criteria for bidding and procurement best practices.

Background

From April through May 2013, DESE personnel held discussions with two Kansas City area foundations and CEE-Trust regarding the impact of potential legislation on the Kansas City Public Schools and other unaccredited school districts in the state. This legislation, Senate Bill 125, was passed and signed into law, effective August 28, 2013.

Personnel from the foundations, CEE-Trust, and the DESE met to discuss CEE-Trust conducting a study of state options for school district governance reform. DESE personnel indicated they were unaware of other vendors who had the national exposure and experience, or had performed similar work, in developing recommendations related to alternative governance structures for a school district. DESE personnel began drafting a Memorandum of Understanding (MOU) requiring the CEE-Trust to conduct a study that would be externally funded by the two foundations at a cost of $375,000. DESE personnel stated it was the original intent of the two foundations to pay CEE-Trust directly for the cost of the study, with the DESE not being involved in funding the study or handling the funding for the study. In late May 2013, the DESE contacted CEE-Trust to determine if CEE-Trust was a single/sole source vendor for the services to be provided. However, the DESE and CEE-Trust determined that CEE-Trust would not be eligible to be a single/sole source vendor. In June 2013, the State Board of Education received a report regarding the draft MOU, but raised concerns that the DESE was proposing to move forward with a group that was not identified through the typical procurement process.

Section 34.040, RSMo, and the OA's procurement policy requires bids be obtained for purchases over $3,000. In addition, pursuant to Section 34.100, RSMo, the OA may delegate procurement authority to state agencies. On June 27, 2013, the DESE requested special delegation of authority from the OA for procurement of the School District Governance Reform plan, and was granted such authority by the OA on July 9, 2013. As a result, the DESE was responsible for advertising, soliciting competitive bids, selecting contractors, and executing binding contracts for services to be performed. Section 34.040, RSMo, required the DESE to solicit competitive bids, evaluate bids in accordance with established evaluation criteria identified in the bid solicitation document, and select the contractor based upon the lowest and best bid available at the time of selection.

The DESE advertised for and received bids from four vendors in July 2013, and awarded the contract on August 8, 2013, to The Mind Trust via CEE-Trust with a total cost of $385,000. The contract cost was solely funded by grants the DESE received from the two foundations in the amount of $192,500 each. Contrary to the initial intent of the foundations to pay CEE-Trust directly, the foundations instead provided the grant monies to the DESE, and the DESE then made the contract payments to The Mind Trust.

Results, Conclusions, and Recommendations

Independence and Conflict of Interest

The DESE did not ensure the independence of bid evaluation committee members. Also, the DESE accepted grant monies to fund the study from a foundation that is a member of the contract vendor, a potential conflict of interest, and raises questions regarding the independence and objectivity of the report's findings.

The CEE-Trust may have benefited from favorable treatment during the evaluation process because DESE employees had been working with the firm for several months before competitive proposals were

solicited. Two of four DESE employees comprising the bid evaluation committee had prior knowledge of and were involved in discussions with the CEE-Trust and helped draft the MOU. This prior relationship with the firm may have impaired the evaluators' ability to act impartially when evaluating the bids. According to Chapter 7 of the NASPO publication (best practices) *State and Local Government Procurement: A Practical Guide,* the independence of the evaluation committee is essential to its fairness.

In addition, the DESE did not take action to eliminate potential conflicts of interest before accepting grant monies to fund the study. One of the foundations contributing $192,500 to fund the study is a member of CEE-Trust, and began working with CEE-Trust as early as December 2012, on a project regarding a comprehensive analysis of unaccredited school districts. According to the organization's website, CEE-Trust works with a growing network of city-based non-profits and foundations that are leading efforts to dramatically improve public education in their cities. CEE-Trust currently has 35 members and affiliates working in cities across the United States. While representatives of the foundations were not included on the bid evaluation committee, foundation representatives were involved in the initial discussions with CEE-Trust and in drafting the MOU.

CEE-Trust bid documents mentioned three fee-for-service consulting projects CEE-Trust was currently engaged in. Two of these projects related to CEE-Trust providing advice to two foundations in support of education reform and these foundations were identified as CEE-Trust members. However, CEE-Trust did not disclose in the bid that one of the foundations partially funding the study was also a member. Accepting grant monies for direct expenses of a contract from entities that are associated with the contract vendor is a potential conflict of interest, and any findings resulting from the study may not be deemed independent and objective.

We recommend the DESE ensure future evaluation committees evaluate vendor proposals in a fair and impartial manner. In addition, the DESE should ensure potential conflicts of interest are eliminated before accepting funds from entities affiliated with a contractor.

Evaluation of Subjective Points

The DESE did not ensure documentation prepared by the evaluation committee was sufficient to support the subjective points awarded to each bidder. In addition, the difference in subjective points awarded by the DESE was not reasonable when compared to other contracts awarded.

The DESE awarded the contract to the vendor that scored the highest based on the evaluation criteria. The evaluators used both objective analysis and subjective judgment in conducting a comparative assessment of the bids received. The evaluation criteria consisted of an objective analysis based on cost (45 maximum points), subjective judgment criteria based on experience, reliability, and expertise of personnel (45 maximum points), and method of performance (10 maximum points), for a total maximum score of 100 points. According to the bid solicitation, the subjective evaluation of experience, reliability, and expertise of personnel would consider information regarding the bidder's organization, experience in past performances related to the requirements of the bid, and qualifications of personnel. For method of performance, the subjective evaluation would consider the bidder's proposed methodology for conducting the study. The bids received and the points awarded for the School District Governance Reform plan are as follows:

	Bid Amount	Cost Points	Experience, Reliability, Expertise	Method of Performance	Total Assigned Points
CEE-Trust	$385,000	15	45	10	70
Bid #2	$124,700	45	20	4	69
Bid #3	$196,872	29	15	3	47
Bid #4	$224,976	25	5	0	30

The low cost bidder appears to have more experience and professional expertise, but received only 24 total subjective points while CEE-Trust, the highest cost bidder, received the maximum total of 55 subjective points.

	Experience, Reliability, Expertise	Subjective Points Assigned	Method of Performance	Subjective Points Assigned	Total Subjective Point Assigned
CEE-Trust	* Launched in June 2010 as an initiative of the Mind Trust founded in 2006 * Currently engaged in 3 consulting projects * 3 professionals with a combined total of 35.5 years of experience	45	* 3 professionals to manage subcontractors * Cannot determine economic impact to Missouri, but will have local subcontractors	10	55
Bid #2	* Founded in 1979 * Currently engaged in district projects in 7 states * 8 professionals with a combined total of 257 years of experience	20	* 8 professionals to manage 19 employees * Economic impact to Missouri is that improving student outcomes would improve economy in the state	4	24
	Assigned Point Difference	25	Assigned Point Difference	6	
				Total Assigned Point Difference	31
			Percentage Difference (31) of Total Subjective Points Possible (55)		56%

The allocation of total points between the objective analysis and subjective judgment criteria appeared comparable to other service type contracts we reviewed that had been awarded by the DESE, as well as other contracts awarded by the OA on behalf of the DESE. However, the subjective point difference between these two bids represents 56 percent of total subjective points, which does not appear reasonable when considering other DESE contracts. For example, we reviewed 9 contracts awarded by OA on behalf of DESE from May through September, 2013, and noted the subjective point percentage difference for the 2 highest evaluated bidders for each of these contracts ranged from 4 to 17 percent.

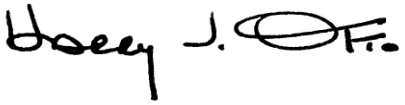
While the evaluation committee provided comments regarding the subjective points awarded for each bid, the comments provided for the low cost bid do not appear adequate to substantiate the significant point differences when compared to the CEE-Trust bid. In addition, the comments provided for the CEE-Trust bid do not appear sufficient to support maximum points awarded for both subjective evaluation categories.

The NASPO best practices state it is critical that the written record of each key step in the procurement be sufficient to demonstrate that decision. The NASPO best practices further state the procurement officer needs to look at the documentation in the file from the view of competing bidders, the public, the press,

and auditors and ask whether it tells a reasonable story about the process, particularly about the basis for award.

We recommend the DESE ensure adequate documentation is prepared by the evaluation committee to support the points awarded to bidders.

Sincerely,



Harry J. Otto, CPA
Deputy State Auditor

CC: Honorable Jeremiah W. (Jay) Nixon, Governor

Douglas E. Nelson, Commissioner
Office of Administration

Thomas A. Schweich

Missouri State Auditor

Fourth Judicial Circuit

Atchison County

August 2014

Report No. 2014-060

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Fourth Judicial Circuit, Atchison County

Segregation of Duties

The Circuit Clerk has not adequately segregated duties, and supervisory reviews of accounting records are not adequate. In addition, the Circuit Clerk has not limited user access rights in the Justice Information System (JIS). The Circuit Clerk and 3 of the 4 other clerks have access to perform all accounting duties within the JIS. These employees are assigned cash receipting responsibilities, with all but one having access to assess fees, receipt monies, void transactions, adjust costs, and approve cashier sessions. Segregation of duties, or adequate independent reviews, is necessary to help ensure all transactions are accounted for properly and assets are adequately safeguarded.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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Atchison County
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge and Court en Banc
and
Circuit Clerk of the
Fourth Judicial Circuit
Atchison County, Missouri

We have audited certain operations of the Fourth Judicial Circuit, Atchison County in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the court's internal controls over significant financial functions.

2. Evaluate the court's compliance with certain legal provisions and court rules.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the court, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the court's management, the Office of State Courts Administrator, and Atchison County and was not subjected to the procedures applied in our audit of the court.

For the areas audited, we identified (1) deficiencies in internal controls, and (2) no significant noncompliance with legal provisions and court rules. The accompanying Management Advisory Report presents our finding arising from our audit of the Fourth Judicial Circuit, Atchison County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Robert Showers, CPA, CGAP
In-Charge Auditor:	Richard Stuck
Audit Staff:	Alexander Druzenko, MBA, CPA

Segregation of Duties

The Circuit Clerk has not adequately segregated accounting duties or limited user access rights in the Justice Information System (JIS), the Missouri Courts automated case management system; and supervisory reviews of accounting records are not adequate. Fines, court costs, and bonds are collected, recorded in the JIS, and deposited into the Circuit Clerk's main bank account by personnel of the Circuit Clerk's office. According to court records, receipts collected during the year ended December 31, 2013, totaled approximately $560,000.

The Circuit Clerk and 3 of the 4 other clerks have access to perform all accounting duties within the JIS. These employees are assigned cash receipting responsibilities, with all but one having access to assess fees, receipt monies, void transactions, adjust costs, and approve cashier sessions. Disbursement duties are primarily performed by the Deputy Circuit Clerk, but other clerks can also perform disbursement duties as needed. These employees also have the ability to print and sign checks, which require only one signature. As a result, there are instances where some clerks are responsible for monetary transactions from initial receipt to disbursement without involvement from other clerks. Neither the Circuit Clerk nor other personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by court employees to ensure transactions are appropriate.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible and limiting user access rights within the JIS. If proper segregation of duties is not possible, a documented independent review of work performed by the clerks is necessary.

Recommendation

The Circuit Clerk segregate accounting duties to the extent possible, limit user access rights within the JIS to only those necessary for the user to perform job duties, and implement appropriate reviews and monitoring procedures.

Auditee's Response

The Circuit Clerk provided the following written response:

The Circuit Clerk recognizes and appreciates the State Auditor's recommendations that greater segregation of clerical duties is desirable. Like so many rural counties, the Atchison County Circuit Clerk operates with a limited number of clerks. Upon consultation with the Office of State Courts Administrator, the Circuit Clerk has determined to segregate responsibilities of staff to the extent feasible and possible while maintaining commitment to meeting the needs of the public in a timely and efficient fashion.

The various job duties are being reviewed and changes will be made to segregate duties to the extent possible. The number of clerks allowed to sign checks will be reduced and plans are to require dual signatures, at a minimum, for amounts over $500. A clerk that is not authorized to sign checks will assist in reviewing disbursements each month. The password needed to void transactions in the JIS will be changed periodically and the number of clerks authorized to void transactions will be reduced. Every attempt will be made to remove a clerk from the receipting process and that clerk will be responsible for approving cashier sessions and making the deposits. Bank reconciliations will be prepared by either the Deputy Circuit Clerk or the Circuit Clerk and reviewed by the one not preparing the reconciliation. Once the changes in job duties are in place the court will contact OSCA to make the appropriate changes to the JIS user access. The court will work on developing formal supervisory reviews. A list of the various receipts, disbursement, and payment plan reports available to the court is being developed and the court will establish procedures for running and reviewing these reports. Plans are to assign various reports to staff that are not directly responsible for the process being reviewed, and where that is not possible the Circuit Clerk and Deputy Circuit Clerk will be responsible for reviews.

Fourth Judicial Circuit
Atchison County
Organization and Statistical Information

The Fourth Judicial Circuit consists of Atchison County as well as Gentry, Holt, Nodaway, and Worth Counties.

The Fourth Judicial Circuit consists of one circuit judge and five associate circuit judges. The circuit judge hears cases throughout the circuit. The associate circuit judges hear cases in their respective counties, however the scope of our audit only includes Atchison County.

Personnel

At December 31, 2013, the judges, Circuit Clerk, and Juvenile Officer of the Fourth Judicial Circuit, Atchison County, were as follows:

Title	Name
Circuit Judge	Roger M. Prokes
Associate Circuit Judge	Corey K. Herron
Circuit Clerk	Lorie Hall
Juvenile Officer	Tracy Stone

Financial Information

Receipts of the Fourth Judicial Circuit, Atchison County, were as follows:

	Year Ended December 31, 2013
Court deposits, fee, bonds, and other	$344,555
Interest Income	25
Total	$344,580

Caseload Information

From the Office of State Courts Administrator Missouri Judicial Reports, case filings of the Fourth Judicial Circuit, Atchison County, were as follows:

	Year Ended June 30, 2013
Civil	194
Criminal	868
Juvenile	15
Probate	41
Total	1,118

Thomas A. Schweich

Missouri State Auditor

Twenty-Sixth Judicial Circuit

Laclede County

August 2014

Report No. 2014-061

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Twenty-Sixth Judicial Circuit, Laclede County

Accounting Controls and Procedures

The Circuit Clerk has not adequately segregated accounting duties or limited computer access rights, and supervision is not adequate. All clerks and supervisors can prepare checks for the main bank accounts, all employees receive and record monies, and 2 of the 8 clerks also have access rights that allow them to approve their own cashier sessions. Court personnel do not maintain a log for monies received by mail and do not restrictively endorse checks immediately upon receipt. Court personnel do not issue receipts for all monies received or timely record electronic credit cards payments, and the Criminal Division Supervisor held checks in her desk drawer for over a month before depositing. Neither the Circuit Clerk nor the supervisors document their review and approval of non-monetary transactions, adjustments, or voided transactions. During 2013, the court recorded $11 million in non-monetary transactions, $575,458 in adjustments, and approximately $8.6 million in voided transactions. The Circuit Clerk does not periodically review accrued case costs, and we noted inaccuracies and misclassifications. Some amounts listed as liabilities are inaccurate, and court personnel do not review liabilities to ensure monies are disbursed timely. We reviewed 25 cases and found 16 had monies totaling $4,843 that should have been disbursed, and another 4 cases totaling $3,350 should be reviewed for bond forfeiture. The Circuit Clerk does not record bank account balances or activity in the Justice Information System for several bank accounts, resulting in some accounts not being included in the reconciliation process and adjustments being required to bank reconciliations so that total liabilities and available cash can be compared. State law allows for reimbursement of certain costs in criminal cases where the state has been rendered liable, but the Circuit Clerk's office does not always timely submit these claims to the state.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Twenty-Sixth Judicial Circuit
Laclede County
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge and Court en Banc
and
Circuit Clerk of the
Twenty-Sixth Judicial Circuit
Laclede County, Missouri

We have audited certain operations of the Twenty-Sixth Judicial Circuit, Laclede County in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the court's internal controls over significant financial functions.

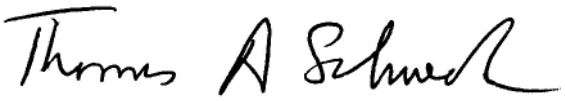
2. Evaluate the court's compliance with certain legal provisions and court rules.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the court, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the court's management, the Office of State Courts Administrator, and Laclede County and was not subjected to the procedures applied in our audit of the court.

For the areas audited, we identified (1) deficiencies in internal controls, and (2) no significant noncompliance with legal provisions and noncompliance with court rules. The accompanying Management Advisory Report presents our findings arising from our audit of the Twenty-Sixth Judicial Circuit, Laclede County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Natalie B. McNish, CGAP
Audit Staff:	Connie James
	Katelyn Crosson

1. Accounting Controls and Procedures

Significant weaknesses were identified with accounting controls and procedures.

According to court records, receipts collected during the year ended December 31, 2013, totaled approximately $1.7 million. Fines, court costs, and bonds are collected; recorded in the Justice Information System (JIS), the Missouri Courts automated case management system; and deposited into one main bank account by personnel of the Circuit Clerk's office. The Circuit Clerk's office also maintains several other bank accounts for the handling of specific case activity, interest, and fees.

1.1 Segregation of duties and supervisory review

The Circuit Clerk has not adequately segregated accounting duties or limited user access rights in the JIS, and supervision is not adequate.

All employees, including 8 clerks and 3 supervisors, in the circuit court receive and record monies, and 2 of the 8 clerks also have access rights in the JIS that would allow them to approve their own cashier sessions. In addition to receiving monies, the Chief Deputy and the Criminal Division Supervisor have the ability to record transactions, review and approve daily cashier session reports for all clerks and supervisors (including their own cashier sessions), and the Criminal Division Supervisor also prepares the deposits and bank reconciliations. The Circuit Clerk does not document her review of deposits and does not review monthly bank reconciliations. As a result, there are instances where the Criminal Division Supervisor is responsible for transactions from initial receipt to deposit, without involvement from other clerks or supervisory review.

The Circuit Clerk has not adequately segregated the disbursement duties. All clerks and supervisors can prepare checks for the main bank account. These checks are signed either by the Circuit Clerk or the Chief Deputy, and only one signature is required. As a result, the Chief Deputy may be responsible for transactions from initial receipt to disbursement without involvement from other clerks or the Circuit Clerk.

Additionally, an Associate Circuit Judge and the secretary to the other Associate Circuit Judge have access rights to the accounting functions of the JIS including the ability to assess fees, receipt monies, void transactions, adjust costs, approve cashier sessions, and issue disbursements in the JIS. The access provided is not needed because these two individuals do not complete any accounting duties. In addition, this secretary has been given the authority to document judicial orders (transactions where no money is received; however, credits are applied or the amount due is changed) in the JIS (see section 1.3). Having access to the accounting functions of the JIS, along with the authority to document judicial orders further increases the risk of errors and misuse going undetected.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible and limiting user access rights within the JIS. If proper segregation of duties is not possible, a documented independent or supervisory review of work performed is necessary.

1.2 Receipting, recording, and depositing

The Circuit Clerk does not have adequate receipting, recording, and depositing procedures in place.

- Monies received in the mail are not recorded on a mail log and checks are not restrictively endorsed immediately upon receipt. A clerk initially opens and delivers the mail to the appropriate supervisor, who then distributes the mail to the division clerks for processing. Neither the clerk nor the supervisor records the payments or restrictively endorses the checks upon receipt.

- Electronic credit card payments received were not recorded in the JIS timely. For example, a $71 electronic credit card transaction processed on December 10, 2013, and transferred to the court's bank account on December 11, 2013, was not recorded in the JIS until January 29, 2014.

- The Criminal Division Supervisor held checks in her desk drawer (issued from the main bank account to the Family Services and Justice Fee bank account and the Time Payment Fee bank account) for over a month before depositing. Two checks dated October 1, 2013, one for $810 to the Family Services and Justice Fee bank account and the other for $472 to the Time Payment Fee bank account, were not deposited until November 12, 2013. Two checks dated December 3, 2013, one for $630 to the Family Services and Justice Fee bank account and the other for $379 to the Time Payment Fee bank account, were not deposited until January 8, 2014. It is unclear why these checks were being held and not deposited timely.

Failure to implement adequate receipting, recording, and depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected.

1.3 Non-monetary, adjusting, and voided transactions

Neither the Circuit Clerk nor the supervisors document their review and approval of non-monetary transactions, adjustments to the JIS, or voided transactions, In addition, documentation supporting these transactions was not always adequate and some transactions were not processed timely. All clerks are allowed to enter non-monetary transactions, adjust costs, and void receipts in the JIS without supervisory review or approval. The JIS can generate various reports to monitor these transactions; however, these reports are not generated and reviewed.

During the year ended December 31, 2013, court personnel recorded approximately $11 million in non-monetary transactions in the JIS. These transactions consist of bond applications and transfers; judicial orders; and write-offs and transactions where no monies are received however, a credit is applied or the amount due is changed. The majority of these non-monetary transactions ($10.2 million) pertain to recording surety bonds.

Nine of 10 cases reviewed did not have a written judicial order to support court personnel's removal of court costs. Also for a case, a judicial order dated February 10, 2012, was not processed until January 30, 2013. For another case, a $4,000 bond was ordered to be applied to fines and court costs on January 7, 2013, but was not applied until June 13, 2013.

During the year ended December 31, 2013, 1,862 adjustments totaling $575,458 were recorded in the JIS. Adjustment transactions include the correction of errors in the assessment of court costs, reallocation of costs for state reimbursement, removal of court costs when cases are dismissed, etc. We identified one adjustment for a case where restitution was ordered in the amount of $11,355 in 2004. According to the Circuit Clerk, the responsibility to collect court ordered restitution was deferred to the Prosecuting Attorney's office in 2005 and the restitution ordered should have been removed from the balance due at that time; however, that adjustment was not made until February 1, 2013.

During the year ended December 31, 2013, the court voided 638 non-monetary transactions totaling nearly $8.6 million and 129 monetary transactions totaling approximately $27,000. Approximately $8.5 million or 545 of the 638 voided non-monetary transactions were for the release of surety bonds upon disposition.

To ensure all non-monetary, adjusting, and voided transactions are valid and reduce the risk of loss, theft, or misuse of funds, proper documentation should be maintained and someone independent of receipting and recording functions should review and approve these transactions, and these transactions should be processed timely.

1.4 Accrued case costs

The Circuit Clerk does not periodically review accrued case costs (court costs, incarceration costs, court-ordered restitution, fines, and other), which totaled approximately $15.1 million as of January 2, 2014.

We noted cases in which costs were not accurately reflected on the JIS list of accrued case costs. For example, one case with total incarceration costs of $65,205, was incorrectly recorded in the JIS as $53,415 classified as due to county and $35,708 classified as due to state, for a total incarceration costs due of $89,123. As a result, total incarceration costs receivable were overstated by $23,918.

We also noted cases in which costs were not properly classified on the JIS list of accrued case costs. For example, one case with total incarceration costs of $21,263 was classified as $19,260 due to state and $2,003 due to county; however, the state only reimbursed $10,424. Therefore, costs classified as due to state should have been $10,424 and costs classified as due to county should have been $10,839.

To ensure the accuracy of the accrued case costs, and to provide the Circuit Clerk with the necessary information to ensure amounts owed are collected and make a determination about collectability, accrued case costs should be reviewed at least monthly. In addition, the Twenty-Sixth Judicial Circuit adopted an administrative plan for the collection of court debt (effective January 1, 2012) requiring the court to review accounts receivable reports at least monthly.

1.5 Liabilities and bank accounts

Cases with liabilities are not adequately reviewed to ensure monies are disbursed timely and some amounts listed as liabilities are inaccurate. As of December 2, 2013, the court held outstanding liabilities totaling $276,861 in 3 separate bank accounts (the main bank account holds $223,682 and 2 separate bank accounts for 2 active court cases hold $53,179). Court personnel indicated the liabilities list is printed at the end of the month, but it is not reviewed.

Of the 25 cases we reviewed (totaling $21,190) from the bonds and suspense portion of the liabilities list, 16 cases had monies totaling $4,843 that should have been disbursed and another 4 cases totaling $3,350 should be reviewed for bond forfeiture. For 1 case the court received a $1,000 bond in 2009; however, following a 2011 judgment ordering the defendant to serve time and pay costs totaling $134, no action was taken to apply or refund the bond. For the 4 cases needing evaluation for possible bond forfeiture, the court received the bonds in 2001, 2005, 2006, and 2009.

In addition, the Circuit Clerk maintains 2 separate bank accounts for active court cases, and the related case information is recorded in the JIS; however, the balances of the related bank accounts are not recorded in the JIS. As a result, an adjustment to the bank reconciliation is necessary each month so that total liabilities can be compared to the balances in the main bank account and these 2 separate bank accounts. Further, the reconciled bank balance as of December 31, 2013, for one of these separate bank accounts was $26,447, while the liabilities balance listed in the JIS for the cases associated with this account was $28,253. We determined the court had earned $709 in interest on the account and had disbursed $2,515 from the account in accordance with a court order in May 2013, but had failed to record this information in the JIS.

The Circuit Clerk also maintains 4 other separate bank accounts for the deposit of interest monies, time payment fees, juvenile fees, and family service and justice fees; however, these monies and related bank accounts are not recorded in the JIS. Further, the court's month-end bank and liabilities (open items) reconciliation process does not include these bank accounts. Therefore, the reconciliation is incomplete and does not account for all monies held by the court, which increases the risk of loss, theft, or misuse of monies.

Procedures to routinely investigate monies remaining on the liabilities list over a specific period of time are necessary to properly monitor and ensure monies are appropriately disbursed as provided by state law. In addition, the Circuit Clerk should attempt to identify and distribute the funds held and dispose of any unclaimed or unidentified funds. To ensure the cash balances in the courts bank accounts can be properly identified, all monies received and the related bank accounts should be recorded in the JIS and reconciliations be performed between book and bank balances.

1.6 Billings for criminal costs

The Circuit Clerk's office does not have adequate procedures to ensure criminal costs are billed and submitted to the state timely, resulting in a delay in the state's reimbursement of the county's costs. For example, billings were prepared for 107 cases totaling $212,954 in March, April, May, June, and July 2013; however, these billings were not submitted to the state until September 6, 2013, and reimbursement was not received by the county until September 18, 2013. Of these 107 cases, billings were prepared for 29 cases totaling $70,886 on March 20, 2013, 14 cases totaling $22,588 on April 8, 2013, 11 cases totaling $18,529 on May 20, 2013, 19 cases totaling $41,884 on June 17, 2013, 9 cases totaling $16,688 on July 8, 2013, and 25 cases totaling $42,379 on July 30, 2013. We noted numerous other instances where criminal cost bills were not submitted to the state timely.

Section 221.105, RSMo, allows for the reimbursement of certain costs in criminal cases where the state has been rendered liable, and Section 33.120, RSMo, requires all such claims be submitted to the state within 2 years after reimbursable expenses have been accrued. To ensure timely reimbursement of incarceration costs, procedures should be established to ensure billings are submitted timely to the state.

Recommendations

The Circuit Clerk:

1.1 Segregate accounting duties to the extent possible or ensure an adequate independent or supervisory review of bank and accounting records is performed and documented. In addition, the Circuit Judge and Circuit Clerk should limit user access rights within the JIS to only those necessary for the user to perform job duties.

1.2 Improve controls over mail receipts, restrictively endorse all checks immediately upon receipt, record credit card transactions in the JIS timely, and deposit monies timely.

1.3 Ensure adequate documentation is maintained to support all non-monetary, voided, and adjusting transactions, and ensure an independent review and approval of these transactions is performed and documented. In addition, the Circuit Clerk should periodically generate and review reports of these transactions.

1.4 Review the list of accrued case costs for accuracy and follow up on amounts due at least monthly.

1.5 Establish procedures to review the accuracy and status of liabilities monthly to determine the appropriate disposition of funds held on closed and inactive cases. The Circuit Clerk should record all separate bank account activity in the JIS, and ensure the bank and liability reconciliation process is complete and accounts for all monies held by the court.

1.6 Establish procedures to ensure criminal costs billings are submitted to the state timely.

Auditee's Response

The Circuit Clerk provided the following written responses:

1.1 I have always reviewed the cashier sessions, deposits, and the monthly bank reconciliations, but I had not documented my reviews. I now initial the end of the day financial packet, the daily cashier sessions of the 2 cashier supervisors, and the monthly reports and reconciliations. All checks prepared by the Chief Deputy are now signed by the Circuit Clerk.

Some accesses to the accounting functions were given to staff, including one of the Associate Circuit Judges through the OSCA in 2003, not the Circuit Clerk. The JIS system was not put fully into place in the Circuit Clerk's office until 2005. The OSCA has corrected these access issues. The Associate Circuit Judge and the Secretary to the other Associate Circuit Judge no longer have access to the accounting functions of JIS.

1.2 I am working on a mail log to be implemented. Checks are now restrictively endorsed by the mail clerk upon receipt.

In December 2013, we were unable to take credit card payments in my office because of new software installed by OSCA. Our clients were going directly to the credit card vendor. OSCA resolved the

software issue the following month (January 2014), and credit card payments are now being receipted timely.

I will ensure all checks written to disburse fees from one bank account to another are deposited timely.

1.3 *My office cannot operate without adjustments, non-monetary transactions and voided transactions. I will select adjustments, non-monetary transactions, and voided transactions for review monthly and will initial records as documentation. I have directed staff to note on their daily cashier sessions the reason for the voided transactions.*

1.4 *I have always reviewed accrued case costs on individual cases and will continue to do so. In the future, I will review the accrued case report from OSCA periodically.*

1.5 *The OSCA has developed a new report to assist in identifying liabilities that need to be disposed of, and I am using the new report to ensure liabilities are paid out timely. I will contact OSCA to assist in setting up all bank accounts in the JIS system, and will ensure the reconciliation on JIS is accurate and complete.*

1.6 *Criminal reimbursements will be submitted as recommended.*

Twenty-Sixth Judicial Circuit
Laclede County
Organization and Statistical Information

The Twenty-Sixth Judicial Circuit consists of Laclede County, as well as Camden, Miller, Moniteau, and Morgan Counties.

The Twenty-Sixth Judicial Circuit consists of two circuit judges and seven associate circuit judges. The two circuit judges hear cases in Laclede, Camden, Miller, Moniteau, and Morgan Counties. Two of the seven associate circuit judges are located in Laclede County and preside over the Laclede County Associate Circuit Court. Of the other five associate circuit judges, two are located in Camden County, one is located in Miller County, one is located in Moniteau County, and one is located in Morgan County. Circuit personnel located in Camden, Miller, Moniteau and Morgan counties are not included in the scope of this audit.

Personnel

At December 31, 2013, the judges, Circuit Clerk, and Juvenile Officer of the Twenty-Sixth Judicial Circuit, Laclede County, were as follows:

Title	Name
Circuit Judge, Division 1	Stanley Moore
Circuit Judge, Division 2	Kenneth M. Hayden
Associate Circuit Judge	Steven B. Jackson
Associate Circuit Judge	Larry Winfrey
Circuit Clerk	Wanda Tyre
Juvenile Officer	Tammy Walden

Financial Information

Receipts of the Twenty-Sixth Judicial Circuit, Laclede County, were as follows:

	Year Ended December 31, 2013
Court deposits, fee, bonds, and other	$1,710,989
Interest Income	2,043
Total	$1,713,032

Caseload Information

From the Office of State Courts Administrator Missouri Judicial Reports, case filings of the Twenty-Sixth Judicial Circuit, Laclede County, were as follows:

	Year Ended June 30, 2013
Civil	1,824
Criminal	4,293
Juvenile	127
Probate	191
Total	6,435

Thomas A. Schweich

Missouri State Auditor

Grandview C-4 School District

August 2014

Report No. 2014-062

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Grandview C-4 School District

Bonds	The district needs to improve its handling of bond projects and methods for issuing bonds. The district utilized the federal Qualified Zone Academy (QZA) program to issue some bonds. The federal government assists a school district with the financing costs on these type bonds, resulting in significant savings to the district, but some QZA program requirements are not being met. The district took no action from 2008 to 2013 to ensure it received the contributions committed to by the private business partner. Agreements with the business partner indicated contributions valued at approximately $57,000 per year will be made related to the 3 QZA issuances since 2008, but none have been made to date. In addition, the district used some QZA bond proceeds in a manner not allowed under the QZA specific restrictions or state law that limits the use of bond proceeds by a school district to purchasing land for a school site, erecting or furnishing a school or library, building additions or repairs to existing buildings, and purchasing school buses or other transportation equipment. The district spent $117,000 of these funds on various band and athletic uniforms. The district used the same provider to serve as both financial advisor and bond underwriter for all of its bond issuances and sold these bonds using a negotiated sale rather than a competitive bid process. The district did not prepare and make available to the public specific plans and budgets to document how bond issuance proceeds would be used, and it was unable to provide a summary, including budgeted and actual amounts spent, for the proceeds from the $7 million May 2012 bond issuances.
Bank Reconciliations	The district's bank account did not balance with its general ledger fund for fiscal years 2011 through 2013, and there is an unidentifiable difference of approximately $35,000 in the general ledger as of July 2013. The district should timely investigate and correct bank reconciliation differences.
Procurement Practices	District personnel do not timely issue purchase orders for all goods and services. For 6 of the 30 items tested, the district issued purchase orders after the goods or services were purchased. The district has used the same law firm as the district counsel since June 2009 without soliciting proposals.
Computer Controls	The district does not require passwords be changed periodically, and its computers do not shut down after a certain period of inactivity or lock after a specified number of incorrect logon attempts. The district does not store data backups at a secure off-site location, which increases the risk a disaster impacting the district systems would also adversely impact the backups.
Sunshine Law	Agendas and/or minutes were not available for some monthly audit and facilities improvement team committee meetings.

Capital Assets	The district lacks adequate property procedures and records for capital assets other than tablet computers. Individual assets are not listed, the list is not updated as assets are purchased, and the district does not perform a physical inventory.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Grandview C-4 School District
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THOMAS A. SCHWEICH
Missouri State Auditor

To the Board of Education
Grandview C-4 School District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Grandview C-4 School District. We have audited certain operations of the district in fulfillment of our duties. The district engaged DSWA, Certified Public Accountants, P.C., to audit the district's financial statements for the year ended June 30, 2013. To minimize duplication of effort, we reviewed the CPA firm's audit report. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2013. The objectives of our audit were to:

1. Evaluate the district's internal controls over significant management and financial functions.

2. Evaluate the district's compliance with certain legal provisions.

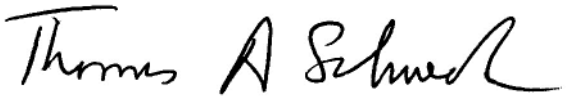
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; site visits; inspection of capital assets; analysis of comparative data obtained from external or internal sources and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in our audit of the district.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Grandview C-4 School District.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Richard Stuck
Audit Staff:	Richard Mosha, MBA
	Andrew Behrens

Grandview C-4 School District
Management Advisory Report
State Auditor's Findings

1. Bonds

Improvement is needed in the handling of bond projects and methods for issuing bonds.

Background

District voters approved a $6 million general obligation (GO) bond issue in April 2007, a $7 million GO bond issue in April 2011, and a $9 million GO bond issue in April 2013. These approved bonds were sold through 7 separate issuances beginning in 2008. Some of the GO bond issuances qualified under the Qualified Zone Academy (QZA) and Qualified School Construction (QSC) bond programs.

Election Date	Bond Type	Issue Date	Amount
April 3, 2007			
	2008 QZA	April 5, 2008	$ 1,500,000
	2008 GO	July 31, 2008	1,500,000
	2010 QSC	June 2, 2010	1,837,413
	2010 QZA	September 1, 2010	1,162,587
			$ 6,000,000
April 4, 2011			
	2012 QZA	May 1, 2012	$ 5,500,000
	2012 GO	May 1, 2012	1,500,000
			$ 7,000,000
April 2, 2013			
	2014 GO	January 8, 2014	$ 5,000,000
	Not yet issued		4,000,000
			$ 9,000,000

Qualified Zone Academy bonds

The QZA program is a federal government program available to school systems that provides the bondholder with a federal tax credit in lieu of a cash interest payment (for 2010 QZA program bond issuances the school systems paid interest to bondholders and received reimbursement from the federal government). A district must have a source of funding available (a voter approved GO bond) before applying with the Missouri Department of Elementary and Secondary Education (DESE) to have its bonds approved for the QZA program. To be eligible for the QZA program, the district must have written commitments from private entities to make qualified contributions valued at no less than 10 percent of the proceeds of the bond issue. Eligible contribution methods include cash, equipment, and technical assistance in developing curriculum or training teachers, as well as internships and field trips that allow students to learn outside the classroom. The QZA program funds are restricted by federal regulations to repairing and renovating existing buildings, acquiring new and more up-to-date equipment, developing educational programs, and training quality teachers, although state law only authorizes bond monies to be spent for the first two of these four areas.

Qualified School Construction bonds

The QSC program is a federal government program that can be used for renovation and rehabilitation projects, equipment purchases, and can also be used for new building construction and land acquisition. Similar to the QZA program, the district must also have available funding for this program and applications to issue bonds using this program must be submitted to the DESE for approval. Once the QSC bonds are issued by the district, bondholders receive a federal tax credit in lieu of a cash interest payment.

The Internal Revenue Service (IRS) is responsible for the administration of both the QZA and QSC programs and may audit accounting records and other program related documentation.

General Obligation Refunding bonds

The district has also refunded bonds on multiple occasions over the past several years.

Refunding Bonds	Issue Date	Amount	Bonds Retired
2008A	June 25, 2008	$ 8,410,000	2003A
2009	February 18, 2009	4,000,000	2003B
2010A	July 14, 2010	6,495,000	2005
2012B	April 12, 2012	9,650,000	2007A, 2008A, 2009
2013	February 28, 2013	3,000,000	2004
		$31,555,000	

GO refunding bonds are similar to GO bonds but proceeds are used to refund previously issued bonds at a lower interest rate. Refunding bonds do not require a public vote.

Our review of the district's procedures for monitoring bond projects and program compliance requirements identified the following concerns.

1.1 QZA bonds partnership and expenditures

The district is not complying with QZA program requirements. The district has issued QZA bonds 3 times since 2008, with a total issuance of approximately $8.2 million.

Partnership

The district has taken no action from 2008 to 2013 to ensure it received the contributions committed to by the private business partner. The district's business partner, a local bank, entered into written agreements in conjunction with the 3 QZA issuances since 2008 to provide a contribution, which as of the third QZA issuance totaled approximately $820,000 (10% of the value of the bonds issued), mainly through providing summer internships to district students. The written agreements detailing the pledges each indicate a specified amount that will be contributed over a certain number of years (typically 12 to 15 years). Currently, the pledges associated with the 3 QZA issuances since 2008 total approximately $57,000 per year. The district has not implemented a student internship program with the

private business partner and the business partner made no contributions of any kind to the district from 2008 to 2013. The applications made to DESE for each of the last 3 QZA issuances (in 2008, 2010, and 2012) all include a certification the business partner commitments were in place, which they were, but district officials knew the contributions had not begun for the 2008 issuance at the time of the second application and both the 2008 and 2010 issuances at the time of the third application. It is questionable whether district officials and the business partner expected the partnership commitments to be fulfilled. District officials indicated the bank has been the district's business partner since at least 2002 and they contacted the bank in late 2013 to inquire about the contributions. Bank representatives informed them the bank was now under new ownership and did not plan to honor the prior agreements with the district.

Enforcing the agreement with the current business partner, or identifying a new partner, will help ensure the compliance requirements and IRS regulations of this program are met, as well as providing a substantial amount of valuable services and/or equipment beneficial to the students of the district.

Expenditures

Some uses of QZA bond proceeds were not allowable under state law or QZA program restrictions. During the 2011-2012 school year, district records show use of approximately $117,000 in QZA bond proceeds for the purchase of various uniforms for athletic programs, the band, and choir. State law and QZA program restrictions do not allow use of bond proceeds for such purposes.

Section 164.121.1, RSMo, states the allowable uses of bond proceeds by a school board and these include, purchasing land for a school site, erecting or furnishing a school or library, building additions or repairs to existing buildings, and purchasing school buses or other transportation equipment.

1.2 Bond financing

The district used the same provider to serve as both financial advisor and bond underwriter for all of its bond issuances, and sold these bonds using a negotiated sale rather than a competitive bid process.

During fiscal years 2008 through 2013, the district sold 5 general refunding bond issues totaling approximately $31.6 million and 6 general obligation bond issues (including the QZA and QSC bond issues) totaling approximately $13 million through negotiated sales. For each sale, the bond underwriter also served as a financial advisor to the district. Using the same provider to act in the dual capacity of underwriter and financial advisor for a bond issue creates an inherent conflict of interest. In addition, the district relied on the advice of the bond underwriter instead of seeking open bids to assure the most competitive rate of return for taxpayers. The district's bond

underwriter, who also acted as the financial advisor received underwriter fees for the 13 bond issues totaling approximately $500,000.

The lack of independent financial advice could result in the district not being adequately informed of bond issuance options or being unable to adequately evaluate bond proposals. The underwriter does not have a fiduciary responsibility to the district.

The State Auditor's office completed a statewide review of general obligations bond sales practices[1] that determined negotiated bond sales historically result in increased interest costs. While Missouri law does not require competitive sales of these types of financing instruments or competition in selecting bond underwriters and financial advisors, competitive sales would likely result in lower interest costs for the district, and competition in selecting bond underwriters and financial advisors is important to ensure services are obtained from the best qualified providers at a fair price.

1.3 Planning and monitoring bond projects

The district did not prepare and make available to the public specific plans and budgets to document how bond issuance proceeds would be used. Ballot language for each bond issue is broad-based allowing usage of the bond proceeds for various potential capital improvement projects at district schools. The district did not prepare a listing of the specific projects or planned uses of the funds, along with cost estimates, related to each bond issuance. In addition, the district has not developed a mechanism for tracking costs related to projects completed using bond proceeds. The district was unable to provide a summary, including budgeted and actual amounts spent, for the projects completed with the proceeds from the $7 million May 2012 bond issuances. District records tracked overall spending of these monies, but not by specific project.

To ensure bond monies are spent for the intended purposes, the district should prepare budgets showing how the proceeds of each bond issuance will be used and develop a system for budgeting and tracking costs related to each project funded from each bond issue. In addition, monitoring of these reports periodically will help identify how projects are progressing and timely identify any funding problems.

Recommendations

The School Board:

1.1 Comply with the private business partnership requirements of the QZA program and ensure all expenditures using QZA bond proceeds are allowable and reasonable.

[1] Report No. 2013-116, *General Obligation Bond Sales Practices*, issued in November 2013.

1.2 Pursue open competition in any future bond sales and discontinue using an underwriter who also acts in a dual capacity as financial advisor.

1.3 Ensure written plans are developed for uses of each bond issue detailing specific projects that will be completed, along with cost estimates. In addition, ensure adequate monitoring of budgeted and actual project costs is performed and documented on future projects.

Auditee's Response

The School Board provided the following written responses:

1.1 The district agrees it should comply with the private business partnership requirements of the QZA program and ensure all expenditures using QZA bond proceeds are allowable and reasonable.

The private business partner provided some internships through the Grandview Education Foundation for bonds issued prior to 2008. District staff continue efforts with both the current and previous owners of the partner to determine whether the requirements will be met. Moving forward, should the district participate in the QZA program, the partnership agreement will be specific in how the contribution will be met, and a tracking mechanism will be established and monitored on an on-going basis.

The district's identification of uniforms as a QZA expenditure was an oversight. When brought to staff's attention, an alternative funding source was identified, releasing the QZA funds for other projects, correcting this error.

1.2 The district agrees that competitive sales of bonds may result in lower interest costs for the district and that competition in selecting bond underwriters and financial advisors will ensure services are obtained from the best qualified providers at a fair price.

The district will consider a competitive sale the next time bonds are issued. Additionally, administration will solicit proposals for underwriters and financial advisors during the current fiscal year.

1.3 The district agrees that specific projects, with budgets, should be identified and made available to the public to document how bond issuance proceeds will be used. Additionally, monitoring of each project funded from each bond issue should be maintained and reported.

The district's Facilities Improvement Team, working in concert with the Superintendent, will recommend specific projects for the next

bond issuance. The listing, with budget estimates for each project, will be presented to the Board of Education.

District staff will prepare a monitoring mechanism to track costs associated with each project funded from each bond issue this fiscal year. The report will be presented to the Board of Education periodically.

2. Bank Reconciliations

The district was unable to reconcile its bank account with its general ledger fund balances for fiscal years 2011 through 2013. In the district's financial statement audit for the year ended June 30, 2011, the district's independent auditor reported the difference between the general ledger fund balance and the fund cash accounts for the year ended June 30, 2011, was approximately $241,000. In February 2012, the district entered into an agreement with its auditor to provide consulting services to identify the reasons for the discrepancy. Approximately $221,000 of the difference was identified. At June 30, 2012, the difference between the general ledger fund balances and the fund cash accounts was reduced to approximately $9,000, which was related to errors in the general ledger balance of the Debt Service Fund. The June 30, 2013, bank reconciliation again indicated a difference of approximately $49,000 between general ledger balances and fund cash balances. In July 2013, the district, after additional consultation services from its auditor, identified the cause of the previous year's difference (approximately $9,000) and approximately $14,000 of the current year's difference, leaving an unidentifiable difference of approximately $35,000 in the general ledger.

Bank reconciliation differences should be investigated and corrected on a timely basis to ensure bank activity and accounting records are in agreement. Accurate general ledger balances should be maintained for each fund to allow for a comparison to reconciled bank balances.

Recommendation

The School Board ensure adequate bank reconciliations are performed and discrepancies are promptly investigated and corrected.

Auditee's Response

The School Board provided the following written response:

The district agrees that adequate bank reconciliations should be performed with any discrepancies promptly investigated and corrected.

District staff has worked diligently to correct the cumulative errors reported in the past and as of June 30, 2014, the accounts reconciled to all general ledger balances.

3. Procurement Practices

District procurement practices need improvement.

3.1 Purchase orders

The district does not ensure purchase orders are issued timely for all goods and services. The district issued purchase orders after the related good or service was purchased for 6 of 30 items tested. District staff purchased 5 of these items using district activity funds for items such as yearbooks and fundraising supplies, with a total cost of approximately $14,000. Some district staff were apparently unaware purchase orders were required for purchases from the activity funds. For 2 of the activity fund purchases tested, the district staff completed the purchase order approximately 1 year after the purchase.

District policy DJF-AP1 requires preparation and approval of purchase orders prior to ordering the applicable goods or services. Purchase orders should be prepared and approved prior to incurring the related expenditures to help ensure expenditures are reasonable and necessary.

3.2 Legal services

The district does not solicit proposals for legal services. The district has used the same law firm as the district's counsel since June 2009 without periodically soliciting proposals for these services. During the year ended June 30, 2013, the district incurred legal services fees totaling approximately $60,000.

While professional services, such as attorneys, are not subject to standard bidding procedures, the district should solicit proposals for legal services to the extent practical. Soliciting proposals and subjecting such services to a competitive selection process does not preclude the district from selecting the vendor or individual best suited to provide the service required. Such practices help provide a range of possible choices and allow the district to make a better-informed decision to ensure necessary services are obtained from the best-qualified vendor at the lowest and best cost.

Recommendations

The School Board:

3.1 Ensure purchase orders are prepared and approved prior to incurring the related expenditure.

3.2 Ensure competitive proposals are solicited for legal services to the extent practicable, and maintain all related documentation, including reasons for the district's decisions.

Auditee's Response

The School Board provided the following written responses:

3.1 The district agrees that, in accordance with Board Policy, purchase orders should be prepared and approved prior to incurring the related expenditure. The Administrative Cabinet periodically reviews policies with the administrative team and addresses policy violations with specific employees and their supervisor, when they occur.

3.2 The district agrees that competitive proposals for legal services will help ensure necessary services are obtained from the best qualified vendor at the lowest and best cost. The district will seek competitive proposals for legal services this fiscal year and will maintain all related documentation, including the reasons for the district's decision.

4. Computer Controls

Controls over district computer systems are not sufficient to prevent unauthorized access. As a result, district records are unprotected and susceptible to damage or theft.

4.1 Password controls

The district has not established adequate password controls to reduce the risk of unauthorized access to computer systems and data. Passwords are required to authenticate access to computer systems. However, passwords are not required to be changed on a periodic basis to help ensure they remain known only to the assigned user and to reduce the risk of a compromised password.

The security of a password system is dependent upon keeping passwords confidential. However, since passwords do not have to be periodically changed, there is less assurance passwords are effectively limiting access to computer systems and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential and changed periodically to reduce the risk of unauthorized access to and use of systems and data.

4.2 Security controls

Security controls are not in place in any of the district offices to shut down a computer after a certain period of inactivity or lock it after a specified number of incorrect logon attempts. Inactivity controls are necessary to reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to programs and data files. Logon attempt controls lock the capability to access a system after a specified number of consecutive invalid logon attempts and are necessary to prevent unauthorized individuals from continually attempting to logon to a system by guessing passwords. Without effective security controls, there is an increased risk of unauthorized access to systems and the unauthorized use, modification, or destruction of data.

4.3 Backup data

Backup data for the district's financial, food service and email systems and all student related information may not be available for restoring systems following a disaster or computer failure. Data backups are performed daily. However, the backups are not stored at a secure off-site location but are stored at the same location as the original data and periodic testing of the data for adequacy is not performed. As a result, there is an increased risk a disaster or other disruption impacting the district systems and original data would also adversely impact the backups. The unavailability of both the original and backup data would be significant and detrimental to the district accomplishing its mission.

Failure to store computer backup data at a secure off-site location results in backup data being susceptible to the same damage as the data on the computer. Preparation of backup data, preferably on a daily or at least weekly basis, periodic testing to ensure the backup process is adequate, and off-site storage would provide increased assurance district data could be recovered if necessary.

Recommendations

The School Board:

4.1 Require a unique password for each employee that is confidential and periodically changed to prevent unauthorized access to district computer systems and data.

4.2 Require each district computer have security controls in place to shut down the computer after a certain period of inactivity and lock it after a specified number of incorrect logon attempts.

4.3 Ensure backup data is stored in a secure off-site location and tested on a regular, predefined basis.

Auditee's Response

The School Board provided the following written responses:

4.1 The district agrees with the need for unique passwords for each employee that are confidential and periodically changed to prevent unauthorized access to district computer systems and data. All employees have a confidential, unique password for the network and data systems. The financial system and student information system currently require users to change their password every 90 days. The network login, which includes email, will move to a 90 day cycle during the first semester of the 2014-2015 school year.

4.2 The district agrees that each district computer should have controls in place to lock the computer after a certain period of inactivity and lock users out after a specified number of incorrect login attempts. The district has already implemented the control to lock the computer after a certain period of inactivity. The district will

implement the control to lock out a user after a specified number of incorrect login attempts this fiscal year.

4.3 The district agrees that back up data should be stored in an off-site location and tested on a regular, predefined basis.

The district's finance records are uploaded to the vendor daily. The vendor maintains off-site storage of all client data. The district's food service system was migrated last year to be a module within the student information system. In July 2013, the district moved the student information system to be web hosted by the vendor. The vendor maintains a data center with off-site back up for all the data the company manages. In the fall of 2013, the district migrated to Gmail, which is a web hosted environment and we are currently utilizing "VAULT" on line storage for the backup of email.

The district's Information Technology Department will periodically review the backup processes to ensure their adequacy.

5. Sunshine Law

Agendas and/or minutes were not available for some of the monthly audit and facilities improvement team (FIT) committee meetings held during the 2012-2013 school year. The district did not have agendas for audit committee meetings for July 2012, January 2013, March 2013, and May 2013, and only had minutes for the August 2012 and September 2012 meetings, which had not been formally approved. The district had agendas for only 4 FIT committee meetings and had no minutes for those meetings.

Minutes serve as the only official permanent record of decisions made by the district and committees appointed by the district. The Sunshine Law, specifically Section 610.020, RSMo, requires a tentative agenda and a meeting notice be posted at least 24 hours prior to all meetings of a public governmental body and minutes be taken of meetings of all public governmental bodies. Section 610.010, RSMo, defines committees appointed by and reporting to public governmental bodies as subject to Sunshine Law requirements. Minutes should be approved and signed to provide an independent attestation that the minutes are an accurate record of the matters discussed and actions taken during the meetings. Furthermore, approval of minutes not only adds assurance to the authenticity of official minutes, but allows a timely review of the contents to ensure the minutes include all important information regarding the meetings held.

Recommendation

The School Board maintain complete and accurate minutes for meetings for all committees as well as tentative agendas.

Auditee's Response

The School Board provided the following written response:

The district agrees that tentative agendas, as well as complete and accurate minutes for the audit and FIT committee meetings need to be maintained and available, in compliance with the Sunshine Law.

In January 2014 the district subscribed to eBOARDsolutions, a software application for web-based management and publication of meetings. This program will be utilized by the audit and FIT committees to ensure all information is available to the public in a timely manner.

6. Capital Assets

The district has not developed adequate property procedures and records for capital assets other than tablet computers. As a result, assets are more susceptible to theft or misuse. Complete and accurate records of capital assets are not maintained and periodic physical inventories of assets are not performed. A general summary listing of assets is maintained for depreciation purposes; however, individual assets are not listed but are grouped together by type of asset, such as computers or vehicles. District personnel indicated this depreciation listing is updated annually at year end, rather than as assets are purchased. At June 30, 2013, the depreciation listing shows district assets had a cost of $42.3 million.

The district needs to perform a physical inventory of all property and maintain adequate capital asset records to secure better internal control over district property and provide a basis for determining proper insurance coverage on district property. Capital asset records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur, and include a detailed description of the assets such as acquisition cost, descriptions, make and model numbers, and asset identification numbers; the physical location of the assets; and the date and method of disposition of the assets.

Recommendation

The School Board ensure complete, accurate, and detailed capital asset records are maintained and annual physical inventories are performed and compared to detailed records.

Auditee's Response

The School Board provided the following written response:

The district agrees that detailed capital asset records and annual physical inventories are needed to secure better internal control over district property and provide a basis for determining proper insurance coverage on district properties.

District staff initiated the database for computer equipment while the auditors were on site. The database is complete and annual inventories will be conducted. For all other capital assets, the district will determine the appropriate threshold to be utilized. Items identified, along with items

highly susceptible to theft, will be tracked and inventories will be conducted on an annual basis and compared to detailed records. District staff is currently evaluating software options for automated tracking and would anticipate implementation this fiscal year.

Grandview C-4 School District
Organization and Statistical Information

The Grandview C-4 School District is located in Jackson County, Missouri and was established in 1914. The district covers 15 square miles and is located southeast of downtown Kansas City.

The district operates one high school (grades 9-12), one middle school (grades 6-8), one combination school (K-8), four elementary schools (K-5), an Early Childhood Center, and the Center for Alternative Instructional Resources. Enrollment was 3,844 for the 2012-2013 school year. The district employed 535 full-time and 77 part-time employees at June 30, 2013.

The Grandview C-4 School District has been classified under the Missouri School Improvement Program as "Accredited" by the Missouri Department of Elementary and Secondary Education.

School Board

An elected board acts as the policy-making body for the district's operations. The board's seven members serve 3-year terms without compensation. Members of the board at June 30, 2013, were:

Cindy Bastian, President
Leonard Greene, Vice-President
Paul Alexander, Treasurer
Barbara Polette, Member
Michelle Shackelford, Member
Wayne Terpstra, Member
Jon Brax, Member

Superintendent

The district's superintendent at June 30, 2013, was Dr. Ralph Teran, and his compensation for the 2012-2013 school year was $179,569, which included a vehicle allowance of $6,000. The district also provided the superintendent with a $200,000 life insurance policy, up to $1,000 per year for professional and community memberships, and up to $1,000 per year for subscriptions and professional literature costs. The Board establishes the superintendent's compensation.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Osage County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Osage County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

August 2014
Report No. 2014-063

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

THE COUNTY OF OSAGE
LINN, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013 AND 2012

THE COUNTY OF OSAGE
LINN, MISSOURI
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FINANCIAL SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Osage, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Osage ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2013, and 2012, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note I of the financial statements, the financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2013, and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the County as of December 31, 2013, and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Osage's basic financial statements. The schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2014, on our consideration of the County of Osage's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Osage's internal control over financial reporting and compliance.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 12, 2014

FINANCIAL STATEMENTS

THE COUNTY OF OSAGE
LINN, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

FUND	CASH AND INVESTMENT BALANCES JANUARY 1, 2013	RECEIPTS 2013	DISBURSEMENTS 2013	CASH AND INVESTMENT BALANCES DECEMBER 31, 2013
General Revenue Fund	$ 87,078.46	$ 1,834,326.21	$ 1,807,803.15	$ 113,601.52
Special Road and Bridge Fund	241,412.59	951,176.18	826,236.11	366,352.66
Assessment Fund	61,358.19	189,764.91	179,534.24	71,588.86
911 Fund	102,355.31	587,120.21	557,111.02	132,364.50
Emergency Management Fund	12,422.60	113,879.22	99,964.98	26,336.84
Law Enforcement Training Fund	7,866.10	1,854.75	4,330.54	5,390.31
Conceal and Carry Fund	6,121.10	6,180.00	9,106.21	3,194.89
Civil Fees Fund	6,081.90	9,262.39	13,342.35	2,001.94
Recorder Technology Fund	16,247.57	9,003.75	15,719.71	9,531.61
Tax Maintenance Fund	12,802.77	12,059.75	16,652.15	8,210.37
Bad Check Fund	26,568.06	9,081.98	9,019.05	26,630.99
Prosecuting Attorney Training Fund	569.87	463.10	-	1,032.97
Domestic Violence Fund	2,745.00	2,758.00	2,500.00	3,003.00
Annex Building Fund	173,296.50	269,636.91	230,400.00	212,533.41
Courthouse Rehabilitation Fund	159,126.09	538,525.79	524,680.09	172,971.79
Roll Back Reserve Fund	350,957.43	12,064.80	-	363,022.23
Election Services Fund	3,992.38	905.22	-	4,897.60
B.R.O. Fund	-	40,406.55	40,406.55	-
Lease Purchase Fund	44,909.75	72.61	10,691.07	34,291.29
Use Tax Fund	14,266.35	224,478.25	120,000.00	118,744.60
Inmate Security Fund	-	1,293.10	-	1,293.10
Extension Services Fund	-	40,680.00	40,680.00	-
Special Services Fund	-	186,715.03	186,715.03	-
H.A.V.A. Fund	-	-	-	-
C.D.B.G. Housing Rehab Fund	-	853,447.35	853,447.35	-
Total	$ 1,330,178.02	$ 5,895,156.06	$ 5,548,339.60	$ 1,676,994.48

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

FUND	CASH AND INVESTMENT BALANCES January 1, 2012	RECEIPTS 2012	DISBURSEMENTS 2012	CASH AND INVESTMENT BALANCES December 31, 2012
General Revenue Fund	$ 29,176.74	$ 1,810,767.42	$ 1,752,865.70	$ 87,078.46
Special Road and Bridge Fund	255,849.35	1,026,963.70	1,041,400.46	241,412.59
Assessment Fund	44,452.80	188,516.43	171,611.04	61,358.19
911 Fund	171,858.30	588,460.22	657,963.21	102,355.31
Emergency Management Fund	33,104.30	155,607.92	176,289.62	12,422.60
Law Enforcement Training Fund	7,026.43	1,729.50	889.83	7,866.10
Conceal and Carry Fund	4,761.10	1,360.00	-	6,121.10
Civil Fees Fund	729.00	8,279.36	2,926.46	6,081.90
Recorder Technology Fund	24,379.29	9,445.00	17,576.72	16,247.57
Tax Maintenance Fund	12,972.72	10,575.09	10,745.04	12,802.77
Bad Check Fund	29,733.98	8,883.10	12,049.02	26,568.06
Prosecuting Attorney Training Fund	136.20	433.67	-	569.87
Domestic Violence Fund	5,297.00	2,448.00	5,000.00	2,745.00
Annex Building Fund	161,707.56	261,188.94	249,600.00	173,296.50
Courthouse Rehabilitation Fund	276,775.22	521,506.42	639,155.55	159,126.09
Roll Back Reserve Fund	337,837.65	13,119.78	-	350,957.43
Election Services Fund	13,564.93	2,627.45	12,200.00	3,992.38
B.R.O. Fund	-	-	-	-
Lease Purchase Fund	51,716.05	114.64	6,920.94	44,909.75
Use Tax Fund	1,083.87	14,182.48	1,000.00	14,266.35
Inmate Security Fund	-	-	-	-
Extension Services Fund	-	41,216.00	41,216.00	-
Special Services Fund	-	179,906.41	179,906.41	-
H.A.V.A. Fund	-	5,875.83	5,875.83	-
C.D.B.G. Housing Rehab Fund	-	3,848.00	3,848.00	-
Total	$ 1,462,162.49	$ 4,857,055.36	$ 4,989,039.83	$ 1,330,178.02

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	GENERAL REVENUE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 115,000.00	$ 85,428.55	$ 271,972.36	$ 115,753.96
Sales Taxes	463,000.00	467,586.39	475,000.00	462,003.82
Intergovernmental	46,560.00	61,170.33	123,371.47	86,008.16
Charges for Services	471,708.91	447,690.65	297,745.24	445,110.92
Interest Income	1,700.00	1,295.34	2,000.00	1,788.95
Other	196,644.20	210,354.95	158,600.00	58,101.61
Transfers In	562,400.00	560,800.00	460,000.00	642,000.00
TOTAL RECEIPTS	1,857,013.11	1,834,326.21	1,788,689.07	1,810,767.42
DISBURSEMENTS				
County Commission	82,060.00	76,493.77	101,512.00	103,260.19
County Clerk	96,582.00	99,517.22	105,591.60	100,279.02
Elections	46,400.00	28,842.23	89,274.65	118,171.98
Buildings and Grounds	68,300.00	76,568.49	84,185.00	72,390.08
Employee Fringe Benefits	151,200.00	150,513.24	40,500.00	114,704.00
County Treasurer	40,015.00	39,214.13	47,458.00	41,531.21
Collector	86,732.00	84,391.33	94,203.00	85,281.86
Recorder of Deeds	46,075.00	46,104.14	53,020.26	47,018.24
Circuit Clerk	8,450.00	10,260.19	16,400.00	15,305.66
Public Administrator	23,520.00	23,733.59	24,836.05	24,351.08
Sheriff	527,837.28	516,483.65	392,084.00	367,766.10
Jail	175,424.00	158,227.81	188,792.00	211,005.36
Prosecuting Attorney	105,691.00	104,617.30	121,433.40	105,150.19
Juvenile Officer	22,900.00	25,754.08	25,000.00	22,841.77
Coroner	18,650.00	16,682.31	21,560.38	18,599.20
Other	114,965.00	128,865.25	108,530.00	118,710.83
Health and Welfare	159,475.00	169,144.42	153,802.96	138,682.93
Transfers Out	47,280.00	43,890.00	47,816.00	47,816.00
Emergency Fund	50,000.00	8,500.00	53,000.00	-
TOTAL DISBURSEMENTS	1,871,556.28	1,807,803.15	1,768,999.30	1,752,865.70
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,543.17)	26,523.06	19,689.77	57,901.72
CASH AND INVESTMENT BALANCES, JANUARY 1	87,078.46	87,078.46	29,176.74	29,176.74
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 72,535.29	$ 113,601.52	$ 48,866.51	$ 87,078.46

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SPECIAL ROAD AND BRIDGE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 362,200.00	$ 361,744.33	$ 358,000.00	$ 347,448.16
Sales Taxes	-	-	-	-
Intergovernmental	544,000.00	554,213.47	1,073,000.00	543,707.38
Charges for Services	2,720.00	2,720.00	2,720.00	2,720.00
Interest Income	2,000.00	996.81	1,500.00	1,248.43
Other	506,830.00	31,501.57	119,283.95	131,839.73
Transfers In	-	-	-	-
TOTAL RECEIPTS	1,417,750.00	951,176.18	1,554,503.95	1,026,963.70
DISBURSEMENTS				
Salaries	380,203.92	354,423.23	389,059.20	366,059.58
Employee Fringe Benefits	62,185.60	62,361.44	97,629.83	69,302.57
Materials and Supplies	291,750.00	229,473.97	305,200.00	272,166.73
Insurance	6,900.00	6,754.09	6,100.00	6,528.33
Road and Bridge Materials	99,000.00	87,476.23	180,000.00	97,213.61
Equipment Purchases	225,000.00	13,269.40	250,000.00	217,438.40
Services and Other	5,050.00	62,477.75	10,650.00	2,691.24
Debt Service	-	-	-	-
Construction	500,000.00	-	533,000.00	-
Transfers Out	10,000.00	10,000.00	10,000.00	10,000.00
TOTAL DISBURSEMENTS	1,580,089.52	826,236.11	1,781,639.03	1,041,400.46
RECEIPTS OVER (UNDER) DISBURSEMENTS	(162,339.52)	124,940.07	(227,135.08)	(14,436.76)
CASH AND INVESTMENT BALANCES, JANUARY 1	241,412.59	241,412.59	255,849.35	255,849.35
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 79,073.07	$ 366,352.66	$ 28,714.27	$ 241,412.59

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ASSESSMENT FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	175,200.00	181,584.54	180,000.00	177,414.62
Charges for Services	2,500.00	1,091.00	2,800.00	2,429.00
Interest Income	200.00	239.00	175.00	240.35
Other	6,600.00	250.37	7,400.00	1,832.46
Transfers In	-	6,600.00	-	6,600.00
TOTAL RECEIPTS	184,500.00	189,764.91	190,375.00	188,516.43
DISBURSEMENTS				
Assessor	171,960.00	149,342.24	164,760.00	166,611.04
Transfers Out	-	30,192.00	-	5,000.00
TOTAL DISBURSEMENTS	171,960.00	179,534.24	164,760.00	171,611.04
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,540.00	10,230.67	25,615.00	16,905.39
CASH AND INVESTMENT BALANCES, JANUARY 1	61,358.19	61,358.19	44,452.80	44,452.80
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 73,898.19	$ 71,588.86	$ 70,067.80	$ 61,358.19

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	911 FUND				EMERGENCY MANAGEMENT FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	520,000.00	538,495.17	500,000.00	521,524.55	-	-	-	-
Intergovernmental	-	-	-		-	-	-	-
Charges for Services	38,192.00	2,927.89	8,000.00	1,472.35	-	-	-	-
Other Income	-	31,991.24	-	65,261.27	106,665.00	83,625.00	95,500.00	150,551.67
Interest Income	-	233.00	-	202.05	50.00	62.22	125.00	56.25
Transfers In	-	13,472.91	-	-	-	30,192.00	30,192.00	5,000.00
TOTAL RECEIPTS	558,192.00	587,120.21	508,000.00	588,460.22	106,715.00	113,879.22	125,817.00	155,607.92
DISBURSEMENTS								
Salaries	400,892.00	356,942.96	301,108.00	348,666.34	-	30,357.45	60,384.00	88,502.98
Supplies	27,960.00	27,062.19	30,620.00	35,239.59	30,188.11	29,457.51	32,302.00	25,692.76
Equipment	63,968.00	81,476.76	65,317.00	112,241.52	16,339.00	18,365.43	47,280.00	49,935.54
Training	5,837.00	6,977.05	8,937.00	5,543.13	5,200.00	3,321.03	4,600.00	6,773.34
Office - Other	4,200.00	3,852.06	184,692.00	6,272.63	4,745.00	4,990.65	590.00	5,385.00
Transfers Out	80,800.00	80,800.00	-	150,000.00	30,192.00	13,472.91	-	-
TOTAL DISBURSEMENTS	583,657.00	557,111.02	590,674.00	657,963.21	86,664.11	99,964.98	145,156.00	176,289.62
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,465.00)	30,009.19	(82,674.00)	(69,502.99)	20,050.89	13,914.24	(19,339.00)	(20,681.70)
CASH AND INVESTMENT BALANCES, JANUARY 1	102,355.31	102,355.31	171,858.30	171,858.30	12,422.60	12,422.60	33,104.30	33,104.30
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 76,890.31	$ 132,364.50	$ 89,184.30	$ 102,355.31	$ 32,473.49	$ 26,336.84	$ 13,765.30	$ 12,422.60

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	LAW ENFORCEMENT TRAINING FUND				CONCEAL AND CARRY FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	1,500.00	-	1,500.00	1,360.00
Charges for Services	1,250.00	1,854.75	1,250.00	1,729.50	-	6,180.00	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	1,250.00	1,854.75	1,250.00	1,729.50	1,500.00	6,180.00	1,500.00	1,360.00
DISBURSEMENTS								
Law Enforcement	1,250.00	4,330.54	1,700.00	889.83	6,600.00	9,106.21	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	1,250.00	4,330.54	1,700.00	889.83	6,600.00	9,106.21	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(2,475.79)	(450.00)	839.67	(5,100.00)	(2,926.21)	1,500.00	1,360.00
CASH AND INVESTMENT BALANCES, JANUARY 1	7,866.10	7,866.10	7,026.43	7,026.43	6,121.10	6,121.10	4,761.10	4,761.10
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 7,866.10	$ 5,390.31	$ 6,576.43	$ 7,866.10	$ 1,021.10	$ 3,194.89	$ 6,261.10	$ 6,121.10

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	CIVIL FEES FUND				RECORDER TECHNOLOGY FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	8,000.00	9,262.39	8,000.00	8,279.36	9,445.00	9,003.75	8,000.00	9,445.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	8,000.00	9,262.39	8,000.00	8,279.36	9,445.00	9,003.75	8,000.00	9,445.00
DISBURSEMENTS								
Civil Fees	8,000.00	13,342.35	8,500.00	2,926.46	-	-	-	-
Recorder	-	-	-	-	16,400.00	15,719.71	15,400.00	17,576.72
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	8,000.00	13,342.35	8,500.00	2,926.46	16,400.00	15,719.71	15,400.00	17,576.72
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(4,079.96)	(500.00)	5,352.90	(6,955.00)	(6,715.96)	(7,400.00)	(8,131.72)
CASH AND INVESTMENT BALANCES, JANUARY 1	6,081.90	6,081.90	729.00	729.00	16,247.57	16,247.57	24,379.29	24,379.29
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 6,081.90	$ 2,001.94	$ 229.00	$ 6,081.90	$ 9,292.57	$ 9,531.61	$ 16,979.29	$ 16,247.57

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	TAX MAINTENANCE FUND				BAD CHECK FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	10,535.00	10,918.94	8,030.00	10,575.09	12,000.00	9,081.98	12,000.00	8,883.10
Intergovernmental	-	1,110.78	-	-	-	-	-	-
Interest Income	-	30.03	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	10,535.00	12,059.75	8,030.00	10,575.09	12,000.00	9,081.98	12,000.00	8,883.10
DISBURSEMENTS								
Tax Maintenance	7,325.00	16,652.15	8,660.00	10,745.04	-	-	-	-
Bad Check	-	-	-	-	17,600.00	9,019.05	17,800.00	12,049.02
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	7,325.00	16,652.15	8,660.00	10,745.04	17,600.00	9,019.05	17,800.00	12,049.02
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,210.00	(4,592.40)	(630.00)	(169.95)	(5,600.00)	62.93	(5,800.00)	(3,165.92)
CASH AND INVESTMENT BALANCES, JANUARY 1	12,802.77	12,802.77	12,972.72	12,972.72	26,568.06	26,568.06	29,733.98	29,733.98
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 16,012.77	$ 8,210.37	$ 12,342.72	$ 12,802.77	$ 20,968.06	$ 26,630.99	$ 23,933.98	$ 26,568.06

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	PROSECUTING ATTORNEY TRAINING FUND				DOMESTIC VIOLENCE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	500.00	463.10	750.00	433.67	2,448.00	2,758.00	1,670.00	2,448.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	500.00	463.10	750.00	433.67	2,448.00	2,758.00	1,670.00	2,448.00
DISBURSEMENTS								
Training	500.00	-	750.00	-	-	-	-	-
Domestic Violence	-	-	-	-	2,500.00	2,500.00	920.00	5,000.00
TOTAL DISBURSEMENTS	500.00	-	750.00	-	2,500.00	2,500.00	920.00	5,000.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	463.10	-	433.67	(52.00)	258.00	750.00	(2,552.00)
CASH AND INVESTMENT BALANCES, JANUARY 1	569.87	569.87	136.20	136.20	2,745.00	2,745.00	5,297.00	5,297.00
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 569.87	$ 1,032.97	$ 136.20	$ 569.87	$ 2,693.00	$ 3,003.00	$ 6,047.00	$ 2,745.00

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ANNEX BUILDING FUND				COURTHOUSE REHABILITATION FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	261,000.00	269,262.62	263,000.00	260,752.11	522,000.00	538,525.79	528,000.00	521,506.42
Interest Income	475.00	374.29	350.00	436.83	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	261,475.00	269,636.91	263,350.00	261,188.94	522,000.00	538,525.79	528,000.00	521,506.42
DISBURSEMENTS								
Courthouse Rehabilitation	-	-	-	-	10,000.00	10,000.00	10,000.00	10,000.00
Debt Payments	230,400.00	230,400.00	230,400.00	249,600.00	162,000.00	164,680.09	162,000.00	159,155.55
Transfers Out	-	-	-	-	350,000.00	350,000.00	300,000.00	470,000.00
TOTAL DISBURSEMENTS	230,400.00	230,400.00	230,400.00	249,600.00	522,000.00	524,680.09	472,000.00	639,155.55
RECEIPTS OVER (UNDER) DISBURSEMENTS	31,075.00	39,236.91	32,950.00	11,588.94	-	13,845.70	56,000.00	(117,649.13)
CASH AND INVESTMENT BALANCES, JANUARY 1	173,296.50	173,296.50	161,707.56	161,707.56	159,126.09	159,126.09	276,775.22	276,775.22
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 204,371.50	$ 212,533.41	$ 194,657.56	$ 173,296.50	$ 159,126.09	$ 172,971.79	$ 332,775.22	$ 159,126.09

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ROLL BACK RESERVE FUND				ELECTION SERVICES FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	10,000.00	10,000.00	10,000.00	10,000.00	-	-	-	-
Interest Income	1,500.00	2,064.80	250.00	3,119.78	-	-	-	-
Transfers In	-	-	-	-	750.00	905.22	4,500.00	2,627.45
TOTAL RECEIPTS	11,500.00	12,064.80	10,250.00	13,119.78	750.00	905.22	4,500.00	2,627.45
DISBURSEMENTS								
Election Expenses	-	-	-	-	2,700.00	-	12,200.00	1,200.00
Transfers Out	-	-	-	-	-	-	-	11,000.00
TOTAL DISBURSEMENTS	-	-	-	-	2,700.00	-	12,200.00	12,200.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	11,500.00	12,064.80	10,250.00	13,119.78	(1,950.00)	905.22	(7,700.00)	(9,572.55)
CASH AND INVESTMENT BALANCES, JANUARY 1	350,957.43	350,957.43	337,837.65	337,837.65	3,992.38	3,992.38	13,564.93	13,564.93
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 362,457.43	$ 363,022.23	$ 348,087.65	$ 350,957.43	$ 2,042.38	$ 4,897.60	$ 5,864.93	$ 3,992.38

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	B.R.O. FUND				LEASE PURCHASE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	40,406.55	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	100.00	72.61	140.00	114.64
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	-	40,406.55	-	-	100.00	72.61	140.00	114.64
DISBURSEMENTS								
Highways and Roads	-	40,406.55	-	-	-	-	-	-
Capital Projects	-	-	-	-	20,000.00	10,691.07	5,000.00	6,920.94
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	40,406.55	-	-	20,000.00	10,691.07	5,000.00	6,920.94
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	(19,900.00)	(10,618.46)	(4,860.00)	(6,806.30)
CASH AND INVESTMENT BALANCES, JANUARY 1	-	-	-	-	44,909.75	44,909.75	51,716.05	51,716.05
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ -	$ -	$ -	$ -	$ 25,009.75	$ 34,291.29	$ 46,856.05	$ 44,909.75

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	USE TAX FUND				INMATE SECURITY FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	125,000.00	224,392.96	-	14,182.48	-	-	-	-
Intergovernmental	-	-	-	-	-	1,293.10	-	-
Interest Income	-	85.29	2.50	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	125,000.00	224,478.25	2.50	14,182.48	-	1,293.10	-	-
DISBURSEMENTS								
Transfers Out	120,000.00	120,000.00	-	1,000.00	-	-	-	-
TOTAL DISBURSEMENTS	120,000.00	120,000.00	-	1,000.00	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,000.00	104,478.25	2.50	13,182.48	-	1,293.10	-	-
CASH AND INVESTMENT BALANCES, JANUARY 1	14,266.35	14,266.35	1,083.87	1,083.87	-	-	-	-
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 19,266.35	$ 118,744.60	$ 1,086.37	$ 14,266.35	$ -	$ 1,293.10	$ -	$ -

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	EXTENSION SERVICES FUND				SPECIAL SERVICES FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ 188,636.00	$ 186,715.03	$ 184,282.00	$ 179,906.41
Other	-	3,390.00	-	-	-	-	-	-
Transfers In	40,680.00	37,290.00	41,216.00	41,216.00	-	-	-	-
TOTAL RECEIPTS	40,680.00	40,680.00	41,216.00	41,216.00	188,636.00	186,715.03	184,282.00	179,906.41
DISBURSEMENTS								
Salaries	31,092.00	29,000.00	29,600.00	29,600.00	-	-	-	-
Office Expenses	4,206.00	4,690.00	4,434.00	4,434.00	-	-	-	-
Mileage and Training	3,082.00	3,890.00	3,082.00	3,082.00	-	-	-	-
Equipment Expense	1,700.00	2,500.00	3,500.00	3,500.00	-	-	-	-
Other Expense	600.00	600.00	600.00	600.00	-	-	-	-
Tax Distribution	-	-	-	-	188,636.00	185,809.81	184,282.00	177,278.96
Transfers Out	-	-	-	-	-	905.22	-	2,627.45
TOTAL DISBURSEMENTS	40,680.00	40,680.00	41,216.00	41,216.00	188,636.00	186,715.03	184,282.00	179,906.41
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	-	-	-	-
CASH AND INVESTMENT BALANCES, JANUARY 1	-	-	-	-	-	-	-	-
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	H.A.V.A. FUND				C.D.B.G. HOUSING REHAB FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	Actual	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	9,263.70	-	1,500.00	5,875.83	951,544.00	853,447.35	-	3,848.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	9,263.70	-	1,500.00	5,875.83	951,544.00	853,447.35	-	3,848.00
DISBURSEMENTS								
Equipment	9,263.70	-	1,500.00	5,875.83	-	-	-	-
Meremec Community Enhancement	-	-	-	-	951,544.00	853,447.35	-	3,848.00
TOTAL DISBURSEMENTS	9,263.70	-	1,500.00	5,875.83	951,544.00	853,447.35	-	3,848.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	-	-	-	-
CASH AND INVESTMENT BALANCES, JANUARY 1	-	-	-	-	-	-	-	-
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2013

	M-6 ROADS	OZARK AMBULANCE	SPECIAL ELECTIONS	RETIREMENT	PROSECUTOR TAX COLLECT	FINANCIAL INSTITUTION
ASSETS						
Cash and Cash Equivalents	$ -	$ 0.03	$ 5.00	$ 78.33	$ -	$ -
Investments	-	-	-	-	-	-
TOTAL ASSETS	-	0.03	5.00	78.33	-	-
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	-	0.03	5.00	78.33	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 0.03	$ 5.00	$ 78.33	$ -	$ -

	LAKE DRAINAGE	FAMILY ACCESS	LEVEE FUND	BLAND FIRE DISTRICT	DRUG COURT	COLE COUNTY FIRE
ASSETS						
Cash and Cash Equivalents	$ 104.16	$ 121.00	$ 1,168.70	$ -	$ -	$ 0.35
Investments	-	-	-	-	-	-
TOTAL ASSETS	104.16	121.00	1,168.70	-	-	0.35
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	104.16	121.00	1,168.70	-	-	0.35
TOTAL LIABILITIES AND FUND BALANCES	$ 104.16	$ 121.00	$ 1,168.70	$ -	$ -	$ 0.35

	REVOLVING FUND	COMMON SCHOOL	UNCLAIMED FEES	SURPLUS MONIES	COLLECTOR'S FUNDS	RECORDER'S FUNDS
ASSETS						
Cash and Cash Equivalents	$ 792.00	$ 6,446.94	$ 4,885.46	$ 4,886.83	$ 4,624,889.51	$ 7,470.81
Investments	-	-	-	-	-	-
TOTAL ASSETS	792.00	6,446.94	4,885.46	4,886.83	4,624,889.51	7,470.81
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	792.00	6,446.94	4,885.46	4,886.83	4,624,889.51	7,470.81
TOTAL LIABILITIES AND FUND BALANCES	$ 792.00	$ 6,446.94	$ 4,885.46	$ 4,886.83	$ 4,624,889.51	$ 7,470.81

	SHERIFF'S FUNDS	PROSECUTING ATTORNEY'S FUNDS	TOTAL AGENCY FUNDS
ASSETS			
Cash and Cash Equivalents	$ -	$ -	$ 4,650,849.12
Investments	-	-	-
TOTAL ASSETS	-	-	4,650,849.12
LIABILITIES AND FUND BALANCES			
TOTAL LIABILITIES	-	-	-
UNRESERVED FUND BALANCES	-	-	4,650,849.12
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ -	$ 4,650,849.12

The accompanying notes to the financial statements are an integral part of this financial statement.

THE COUNTY OF OSAGE
LINN, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2012

	M-6 ROADS	OZARK AMBULANCE	SPECIAL ELECTIONS	RETIREMENT	PROSECUTOR TAX COLLECT	FINANCIAL INSTITUTION
ASSETS						
Cash and Cash Equivalents	$ -	$ -	$ 5.00	$ 78.33	$ 1,604.70	$ 1.29
Investments	-	-	-	-	-	-
TOTAL ASSETS	-	-	5.00	78.33	1,604.70	1.29
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	-	-	5.00	78.33	1,604.70	1.29
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ -	$ 5.00	$ 78.33	$ 1,604.70	$ 1.29

	LAKE DRAINAGE	FAMILY ACCESS	LEVEE FUND	BLAND FIRE DISTRICT	DRUG COURT	COLE COUNTY FIRE
ASSETS						
Cash and Cash Equivalents	$ -	$ 121.00	$ -	$ -	$ -	$ -
Investments	-	-	-	-	-	-
TOTAL ASSETS	-	121.00	-	-	-	-
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	-	121.00	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 121.00	$ -	$ -	$ -	$ -

	REVOLVING FUND	COMMON SCHOOL	UNCLAIMED FEES	SURPLUS MONIES	COLLECTOR'S FUNDS	RECORDER'S FUNDS
ASSETS						
Cash and Cash Equivalents	$ -	$ 5,456.59	$ 4,876.00	$ 4,877.37	$ 4,423,639.31	$ 11,858.36
Investments	-	-	-	-	-	-
TOTAL ASSETS	-	5,456.59	4,876.00	4,877.37	4,423,639.31	11,858.36
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	-	5,456.59	4,876.00	4,877.37	4,423,639.31	11,858.36
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 5,456.59	$ 4,876.00	$ 4,877.37	$ 4,423,639.31	$ 11,858.36

	SHERIFF'S FUNDS	PROSECUTING ATTORNEY'S FUNDS	TOTAL AGENCY FUNDS
ASSETS			
Cash and Cash Equivalents	$ -	$ -	$ 4,452,517.95
Investments	-	-	-
TOTAL ASSETS	-	-	4,452,517.95
LIABILITIES AND FUND BALANCES			
TOTAL LIABILITIES	-	-	-
UNRESERVED FUND BALANCES	-	-	4,452,517.95
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ -	$ 4,452,517.95

The accompanying notes to the financial statements are an integral part of this financial statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Osage, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1841 by an Act of the Missouri Territory. In addition to the three Commissioners, there are ten elected Constitutional Officers: Assessor, County Clerk, Treasurer, Collector, Sheriff, Coroner, Surveyor, Public Administrator, Recorder and Prosecuting Attorney.

As discussed further in Note I, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present the County's financial accountability.

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, transportation, economic development, and social and recreation services.

The financial statements referred to above include only the primary government of the County of Osage, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri law, which include a Statement of Receipts, Disbursements and Changes in Cash and Investment Balances – All Governmental Funds, a Comparative Statement of Receipts and Disbursements – Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following fund types are used by the County:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similar to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other officeholders.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

As a result of useing this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.

2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets.

4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.

6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

   Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

7. Budgets are prepared and adopted on the cash basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

E. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2013 and 2012, for purposes of taxation, was:

	2013	2012
Real Estate	$ 121,841,620	$ 121,409,400
Personal Property	42,880,737	39,252,687
Railroad and Utilities	29,061,761	27,973,667
	$ 193,784,118	$ 188,635,754

During 2013 and 2012, the County Commission approved a $0.2863 and $0.2604, respectively, tax levy per $100 of assessed valuation of tangible taxable property for the calendar year 2013 and 2012, for purposes of County taxation, as follows:

	2013	2012
General Revenue Fund	$ 0.0713	$ 0.0454
Special Road and Bridge Fund	0.2150	0.2150
	$ 0.2863	$ 0.2604

F. Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash and investments applicable to a particular fund are readily identifiable. Some County offices also hold cash and investments in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are eliminated due to reporting the financial statements on the regulatory basis of accounting.

Legally required transfers are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

II. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and Investments" under each fund's caption. Deposits with maturities greater than three months are considered investments. In addition, cash and investments are separately held by several of the County's funds. Investments of the County consist of certificates of deposit with local banking institutions.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013, and 2012, the carrying amount of the County's deposits was $1,676,994.48 and $1,330,178.02, and the bank balance was $1,823,852.68 and $1,461,657.87, respectively. The total bank balances as of December 31, 2013, and 2012 were insured through the Federal Deposit Insurance Corporation and securities set by the County's financial institutions.

SUMMARY OF CARRYING VALUES

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2013, as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances -		
Deposits	$	1,120,532.56
Investments		556,461.92
Total Deposits and Investments as of December 31, 2013	$	1,676,994.48

The carrying values of deposits and investments at December 31, 2012, are as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances -		
Deposits	$	785,716.10
Investments		544,461.92
Total Deposits and Investments as of December 31, 2012	$	1,330,178.02

II. CASH AND INVESTMENTS (concluded)

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013, and 2012.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments. All investments, evidenced by individual securities, are registered in the name of the County or of a type not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's investments were not exposed to concentration of investment credit risk for the years ended December 31, 2013, and 2012.

III. LONG-TERM DEBT

The County was involved in the following debt instruments during the 2013 and 2012 years.

	Balance as of 12/31/2013	Balance as of 12/31/2012
Certificate of Participation Series 2009		
On October 1, 2009, Osage County entered into a Certificate of Participation with First Bank of Missouri. The County issued Certificate of Participation Series 2009 in the amount of $1,910,000 with a maturity date of October 1, 2027. The Certificate of Participation agreement calls for 18 payments. The proceeds of the Certificates were used for the renovation of the County Courthouse. Principal is payable on October 1, while interest is payable on October 1 and April 1. Interest rates are variable from 3.5% to 5.125%.	$ 1,590,000.00	$ 1,675,000.00
Total Certificates of Participation	$ 1,590,000.00	$ 1,675,000.00
Capital Leases		
On June 6, 2013, Osage County entered into an annually renewable lease purchase agreement with Legends Bank. The lease purchase is for $134,332.29 with a maturity date of June 2017. The lease purchase agreement calls for 48 monthly payments of $2,990.00. The proceeds of the lease purchase were used to purchase 6 police vehicles. Interest rate is 3.25%.	$ 115,537.55	$ -
On January 25, 2012, Osage County entered into an annually renewable lease purchase agreement with Legends Bank. The lease purchase is for $44,425.00 with a maturity date of January 2014. The lease purchase agreement calls for 24 monthly payments of $1,911.31. The proceeds of the lease purchase were used for network wiring at the county courthouse. Interest rate is 3.25%. This was paid in full in 2013.	-	24,372.03
On February 25, 2009, Osage County entered into an annually renewable lease purchase agreement with Legends Bank. The lease purchase is for $1,665,000.00 with a maturity date of January 2018. The lease purchase agreement calls for 107 monthly payments of $19,200.00. The proceeds of the lease purchase were used to renovate the county courthouse. Interest rate is 5%.	845,580.47	1,029,292.33
Total Capital Leases	$ 961,118.02	$ 1,053,664.36

III. LONG-TERM DEBT (continued)

As of December 31, 2013, the unpaid principal balances of the Certificate of Participation and capital leases were as follows:

Description	Account Balance 12/31/2012	Current year Additions	Current year Refunding & Payments	Account Balance 12/31/2013	Interest paid Fiscal Year 2013
Certificate of Participation	$ 1,675,000.00	$ -	$ 85,000.00	$ 1,590,000.00	$ 75,161.26
2013 Lease Purchase	-	134,332.29	18,794.74	115,537.55	2,135.26
2012 Lease Purchase	24,372.03	-	24,372.03	-	465.31
2009 Lease Purchase	1,029,292.33	-	183,711.86	845,580.47	46,688.14
Total	$ 2,728,664.36	$ 134,332.29	$ 311,878.63	$ 2,551,118.02	$ 124,449.97

The future payments for the Certificate of Participation agreement are as follows:

Year Ending December 31,	Principal	Interest	Total
2014	$ 85,000.00	$ 72,186.26	$ 157,186.26
2015	90,000.00	69,211.26	159,211.26
2016	90,000.00	66,106.26	156,106.26
2017	95,000.00	62,776.26	157,776.26
2018	100,000.00	59,023.76	159,023.76
2019-2023	570,000.00	226,358.80	796,358.80
2024-2027	560,000.00	73,543.76	633,543.76
	$ 1,590,000.00	$ 629,206.36	$ 2,219,206.36

The future payments for the capital lease agreements are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	$ 225,100.43	$ 41,179.57	$ 266,280.00
2015	236,024.40	30,255.60	266,280.00
2016	247,487.71	18,792.29	266,280.00
2017	238,026.01	6,940.84	244,966.85
2018	14,479.47	60.33	14,539.80
	$ 961,118.02	$ 97,233.95	$ 1,058,346.65

III. LONG-TERM DEBT (concluded)

As of December 31, 2012, the unpaid principal balances of the loan and capital leases were as follows:

Description	Account Balance 12/31/2011	Current year Additions	Current year Refunding & Payments	Account Balance 12/31/2012	Interest paid Fiscal Year 2012
Certificate of Participation	$ 1,755,000.00	$ -	$ 80,000.00	$ 1,675,000.00	$ 77,961.26
2012 Lease Purchase	-	44,424.97	20,052.94	24,372.03	971.47
2009 Lease Purchase	1,219,951.88	-	190,659.55	1,029,292.33	58,940.45
Total	$ 2,974,951.88	$ 44,424.97	$ 290,712.49	$ 2,728,664.36	$ 137,873.18

The future payments for the Certificate of Participation agreement are as follows:

Year Ending December 31,	Principal	Interest	Total
2013	$ 85,000.00	$ 75,161.26	$ 160,161.26
2014	85,000.00	72,186.26	157,186.26
2015	90,000.00	69,211.26	159,211.26
2016	90,000.00	66,106.26	156,106.26
2017	95,000.00	62,776.26	157,776.26
2018-2022	545,000.00	250,276.30	795,276.30
2023-2027	685,000.00	108,650.02	793,650.02
	$ 1,675,000.00	$ 704,367.62	$ 2,379,367.62

The future payments for the capital lease agreements are as follows:

Year Ended December 31,	Principal	Interest	Total
2013	$ 206,182.27	$ 47,153.45	$ 253,335.72
2014	194,394.14	37,912.80	232,306.94
2015	202,340.81	28,059.19	230,400.00
2016	212,692.95	17,707.05	230,400.00
2017	223,574.72	6,825.28	230,400.00
2018	14,479.47	60.33	14,539.80
	$ 1,053,664.36	$ 137,718.10	$ 1,191,382.46

IV. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2013, and 2012, are as follows:

	2013		2012	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	$ 560,800.00	$ 43,890.00	$ 642,000.00	$ 47,816.00
Special Road and Bridge Fund	-	10,000.00	-	10,000.00
Assessment Fund	6,600.00	30,192.00	6,600.00	5,000.00
911 Fund	13,472.91	80,800.00	-	150,000.00
Emergency Management Fund	30,192.00	13,472.91	5,000.00	-
Courthouse Rehabilitation Fund	-	350,000.00	-	470,000.00
Election Services Fund	905.22	-	2,627.45	11,000.00
Use Tax Fund	-	120,000.00	-	1,000.00
Extension Services Fund	37,290.00	-	41,216.00	-
Special Services Fund	-	905.22	-	2,627.45
TOTAL	$ 649,260.13	$ 649,260.13	$ 697,443.45	$ 697,443.45

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Revenue Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of 11 members, 9 of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any City not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system.

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (Concluded)

A. Plan Description (Concluded)

CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Total contributions remitted to CERF for the years ended December 31, 2013, and 2012, were $190,809.12 and $205,920.32, respectively.

VI. POST-EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. The County had one COBRA participant at December 31, 2013 and one participant at December 31, 2012, and those participants paid $3,037.21 and $552.22, respectively.

VII. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed $2,244 and $2,431, respectively, for the years ended December 31, 2013, and 2012.

VIII. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is involved in pending litigation as of the report date. The financial impact to the County is considered immaterial, if any.

B. Compensated Absences

The County provides employees with up to 24 days of paid vacation based upon the number of years of continuous service. Vacation days do carry forward if they are unused. Upon termination, an employee is reimbursed for any unused vacation days. Employees accrue eight hours of sick leave per month for a total of twelve days for the year. The County allows employees to carry forward any and all unused sick leave up to 720 hours. However, upon termination, employees do not get reimbursed for sick leave. These have not been subjected to auditing procedures.

C. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

IX. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. Insurance is obtained from commercial insurance companies. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

X. SUBSEQUENT EVENTS

There are no subsequent events to report up to the date of the audit report.

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

SCHEDULE OF STATE FINDINGS

A. For the year ended December 31, 2013, expenditures exceeded those budgeted for the following: Assessment Fund, Emergency Management Fund, Law Enforcement Training Fund, Conceal and Carry Fund, Civil Fees Fund, Tax Maintenance Fund, and the Courthouse Rehabilitation Fund.

B. For the year ended December 31, 2012, expenditures exceeded those budgeted for the following: Assessment Fund, 911 Fund, Emergency Management Fund, Recorder Technology Fund, Tax Maintenance Fund, Domestic Violence Fund, Annex Building Fund, Courthouse Rehabilitation Fund, Lease Purchase Fund, Use Tax Fund, and the H.A.V.A. Fund.

C. For the year ended December 31, 2013, a budget was not prepared for the B.R.O. Fund and Inmate Security Fund.

D. For the year ended December 31, 2012, a budget was not prepared for the C.D.B.G. Housing Rehab Fund.

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FEDERAL COMPLIANCE SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the County Commission
The County of Osage, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Osage ("County") as of and for the years ended December 31, 2013, and 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. [FS 13/12-01, FS 13/12-02 and FS 13/12-03]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 12, 2014

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

To The County Commission
The County of Osage, Missouri

Report on Compliance for Each Major Federal Program

We have audited the County of Osage's ("County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the years ended December 31, 2013, and 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

3510 JEFFCO BOULEVARD • SUITE 200 • ARNOLD, MISSOURI 63010-3999 • 636-464-1330 • FAX 636-464-3076

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2013, and 2012.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items SA 13/12-01 and SA 13/12-02. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items SA 13/12-01 and SA 13/12-02 that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 12, 2014

THE COUNTY OF OSAGE
LINN, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	CFDA Number	PASS-THROUGH ENTITY NUMBER	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2013	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2012
US DEPARTMENT OF AGRICULTURE				
PASSED THROUGH THE STATE				
Department of Health and Senior Services:				
Special Supplemental Nutrition Program for				
Women, Infants and Children	10.557	ERS04512300	$ -	$ 17,061.71
		ERS04513300	24,657.64	5,694.48
		ERS04514300	5,248.37	-
Child and Adult Care Food Program	10.558	N/A	-	1,200.00
Summer Food Service Program for Children	10.559	ERS219-12076	-	90.00
		ERS219-1375I	90.00	-
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
PASSED THROUGH THE STATE				
Department of Economic Development:				
Community Development Block Grant	14.228	2008-DI-42	853,447.35	3,848.00
DEPARTMENT OF INTERIOR				
DIRECT PROGRAM				
PILT - Payment in Lieu of Taxes	15.226	N/A	701.00	718.00
DEPARTMENT OF TRANSPORTATION				
PASSED THROUGH STATE				
Highway and Transportation Commission:				
Highway Planning and	20.205	BRO-076(12)	21,344.94	-
Construction		BRO-076(13)	19,061.61	-
Office of Homeland Security Grants and Training:				
Mapping System	20.615	N/A	-	3,500.00
DEPARTMENT OF HEALTH & HUMAN SERVICES				
PASSED THROUGH THE STATE				
Child Care Health Consultation	93.xxx	DH120007083	-	2,215.50
	93.xxx	DH130002094	3,213.00	351.75
	93.xxx	DH140004009	493.50	-
Public Health Emergency Preparedness	93.069	N/A	21,016.56	12,588.53
Child Care and Development Block Grant	93.575	ERS220-14067	1,060.00	-
		ERS220-11076	1,630.00	3,340.00
Maternal and Child Health Serviced Block Grant	93.994	N/A	17,296.73	17,305.23
US DEPARTMENT OF HOMELAND SECURITY				
PASSED THROUGH STATE				
State Department of Public Safety:				
Presidentially Declared Disasters	97.036	FEMA-4130-DR-MO	56,428.66	-
Emergency Management Performance Grant	97.042	EMW-2013-EP-00028-081-5591	38,795.89	-
		EMW-2012-EP-00018-S01	-	38,114.54
		EMW-2011-EP-00004	1,800.00	-
EMPG 2012 Supplemental	97.042	N/A	15,000.00	-
Total Expenditures of Federal Awards			**$ 1,081,285.25**	**$ 106,027.74**

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each major program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Osage County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistanc*e means assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and, if applicable, noncash awards.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

NOTE 2 – SUB-RECIPIENTS

The County provided federal awards to sub-recipients during the years ended December 31, 2013, and 2012. The sub-recipients are as follows:

Program Title	Subrecipient	Federal CFDA Number		Amount Provided to Subrecipient
Community Development	Meramec Community		2012	$ 3,848.00
Block Grant	Enhancement Corporation	14.228	2013	853,447.35
	Total Provided to Subrecipients			$ 857,295.35

THE COUNTY OF OSAGE
LINN, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified – Regulatory Basis

2. Internal control over financial reporting:

a. Material weakness(es) identified?	2013 ___ Yes	X No	
	2012 ___ Yes	X No	
b. Significant deficiencies identified?	2013 X Yes	___ None Reported	
	2012 X Yes	___ None Reported	

3. Noncompliance material to financial statements noted?

2013 ___ Yes	X No	
2012 ___ Yes	X No	

B. Federal Awards

1. Internal control over major programs:

a. Material weakness(es) identified?	2013 ___ Yes	X No	
	2012 ___ Yes	X No	
b. Significant deficiencies identified?	2013 X Yes	___ None Reported	
	2012 X Yes	___ None Reported	

2. Type of auditor's report issued on compliance for major programs:

2013 - Unmodified

2012 - Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of *Circular A-133*?

2013 X Yes	___ No	
2012 X Yes	___ No	

I. SUMMARY OF AUDITOR'S RESULTS (concluded)

B. Federal Awards (concluded)

4. Identification of major programs:

Year	CFDA Number(s)	Name of Federal Program or Cluster
2013/2012	14.228	Community Development Block Grant

5. Dollar threshold used to distinguish between type A and type B programs: $ 300,000

6. Auditee qualified as low-risk auditee? 2013 ___ Yes X No

2012 ___ Yes X No

II. FINANCIAL STATEMENT FINDINGS

FS 13/12-01 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During walkthroughs, the County informed us that internal control documentation had not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of Responsible Officials and Planned Corrective Actions: The County will begin the process of internal control documentation in 2014 with the direction from the County Commission. The County Clerk's (Patrick Steele) office phone number is (573) 897-2139.

II. FINANCIAL STATEMENT FINDINGS (continued)

FS 13/12-02 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During the County's walkthroughs, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of Responsible Officials and Planned Corrective Actions: The County will begin the process of fraud risk assessment documentation in 2014 with the direction from the County Commission. The County Clerk's (Patrick Steele) office phone number is (573) 897-2139.

FS 13/12-03 Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit*: An Amendment to SAS No. 55.

Condition: Lack of sufficient segregation of duties within the office of the Collector and Treasurer.

Context: During the engagement, we noted that an individual is allowed to receive, record, deposit, as well as write, approve, sign and reconcile expenditures and receipts to the bank statement.

Effect: The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within each of the corresponding departments.

II. FINANCIAL STATEMENT FINDINGS (concluded)

FS 13/12-03 Recommendation: These areas should be reviewed periodically and consideration should be given to improving the segregation of duties.

Views of responsible officials and planned corrective actions: The County Collector's (Doris Keilholz) office and the County Treasurer's (Tim Neuner) has informed us that the County will look into making proper segregation of duties within their offices. The Collector's office phone number is 573-897-3706 and the Treasurer's office phone number is 573-897-3095.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012

The following findings, recommendations, and questioned costs are the results of the single audit of Osage County, Missouri for the fiscal years ended December 31, 2013, and 2012. Each finding is referenced with a two-digit number representing the fiscal years audited, an "SA" to indicate that it is a single audit finding, and a sequential number. The findings are presented by federal program and are classified according to federal and state department, type of compliance requirement, category of internal control weakness, and category of noncompliance.

A. Category of Internal Control Weakness

If the finding represents a weakness in internal control, one of the following designations will appear:

1. Significant Deficiency: A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

2. Material Weakness: A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

B. Category of Noncompliance Findings

If the finding represents an instance of noncompliance, one of the following designations will appear:

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012 (continued)

B. Category of Noncompliance Findings (concluded)

1. Material Noncompliance: A material noncompliance finding is a finding related to a major federal program which discusses conditions representing noncompliance with federal laws, regulations, contracts, or grants, the effects of which have a material effect in relation to a type of compliance requirement or audit objective identified in OMB Circular A-133 *Compliance Supplement*.

2. Questioned Cost Finding: A questioned cost finding is a finding which discusses known or likely questioned costs that are greater than $10,000 for a type of compliance requirement, unless the conditions giving rise to the questioned costs are otherwise reported as a material noncompliance finding.

C. Federal Award Findings and Questioned Costs

SA 13/12-01	Federal Grantor:	U.S. Department of Housing and Urban Development
Other Information	Pass-Through Grantor:	Missouri Department of Economic Development
Significant Deficiency	Federal CFDA Number:	14.228
	Program Title:	Community Development Block Grant

Information on the federal program: The County was non-compliant with the sub-recipient monitoring requirement set forth by OMB Circular A-133.

Criteria: OMB Circular A-133 requires that pass-through entities monitor the activities of sub-recipients to ensure compliance with laws, regulations and the provisions of contracts or grant agreements.

Condition: During our testing of CDBG funds, we noted that the County did not monitor the sub-recipient's activities performed for the requirements of the Davis-Bacon Act and procurement and suspension and debarment.

Questioned Costs: Not applicable

Context: During our testing of compliance, we noted that the County did not monitor the sub-recipient's activities relating to the requirements of the Davis-Bacon Act and procurement and suspension and debarment.

Effect: The County was non-compliant with the sub-recipient monitoring requirement.

Cause: County personnel were not aware of monitoring responsibilities beyond obtaining and approving invoices.

Recommendation: The County should review the activities of the sub-recipient to ensure that the Davis-Bacon Act is being followed and that entities being used are not on the suspension and debarment list.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012 (continued)

SA 13/12-01 *Views of responsible officials and planned corrective actions:* Going forward the County Clerk's (Patrick Steele) office will require clarification of monitoring processes, procedures and reimbursement. His phone number is (573) 897-2139.

SA 13/12-02

	Federal Grantor:	U.S. Department of Agriculture, U.S. Department of Interior, U.S. Department of Transportation, U.S. Department of Health and Human Services, and U.S. Department of Homeland Security
Other Information	Pass-Through Grantor:	Department of Health and Senior Services, Office of Homeland Security Grants and Training, Missouri Department of Public Safety, and Highway and Transportation Commission
Significant Deficiency	Federal CFDA Number:	All programs except 14.228
	Program Title:	All programs except CDBG

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

Context: During the audit of federal programs, we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements.

Views of responsible officials and planned corrective actions: The County Clerk's (Patrick Steele) office will focus more attention on defining sources of funds going forward. His phone number is (573) 897-2139.

THE COUNTY OF OSAGE
LINN, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

There were no financial statement findings in the prior year since the County's last audit was for the 2009/2008 year end.

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal awarding findings or questions costs in the prior year since the County's last audit was for the 2009/2008 year end.

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

June 12, 2014

To the Board of Commissioners
County of Osage

In planning and performing our audit of the regulatory based financial statements of the County of Osage (the "County") as of and for the years ended December 31, 2013, and December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in County's internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the County's internal control to be significant deficiencies as noted in section I:

Our comments concerning internal control and other significant matters are presented as follows:

I. Deficiencies Considered to be Significant
II. Information Required by Professional Standards

The County's management has provided written responses to the findings in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the County Commission, County Office Holders, the Missouri State Auditor and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 13/12-01

Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification,* considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During walkthroughs, the County informed us that internal control documentation had not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of Responsible Officials and Planned Corrective Actions: The County will begin the process of internal control documentation in 2014 with the direction from the County Commission. The County Clerk's (Patrick Steele) office phone number is (573) 897-2139.

FS 13/12-02

Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During the County walkthroughs, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (Continued)

FS 13/12-02 Views of Responsible Officials and Planned Corrective Actions: The County will begin the process of fraud risk assessment documentation in 2014 with the direction from the County Commission. The County Clerk's (Patrick Steele) office phone number is (573) 897-2139.

FS 13/12-03 Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit*: An Amendment to SAS No. 55.

Condition: Lack of sufficient segregation of duties within the office of the Collector and Treasurer.

Context: During the engagement, we noted that an individual is allowed to receive, record, deposit, as well as write, approve, sign and reconcile expenditures and receipts to the bank statement.

Effect: The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within each of the corresponding departments.

Recommendation: These areas should be reviewed periodically and consideration should be given to improving the segregation of duties.

Views of responsible officials and planned corrective actions: The County Collector's (Doris Keilholz) office and the County Treasurer's (Tim Neuner) has informed us that the County will look into making proper segregation of duties within their offices. The Collector's office phone number is 573-897-3706 and the Treasurer's office phone number is 573-897-3095.

SA 13/12-01	Federal Grantor:	U.S. Department of Housing and Urban Development
Other Information	Pass-Through Grantor:	Missouri Department of Economic Development
Significant Deficiency	Federal CFDA Number:	14.228
	Program Title:	Community Development Block Grant

Information on the federal program: The County was non-compliant with the sub-recipient monitoring requirement set forth by OMB Circular A-133.

Criteria: OMB Circular A-133 requires that pass-through entities monitor the activities of sub-recipients to ensure compliance with laws, regulations and the provisions of contracts or grant agreements.

Condition: During our testing of CDBG funds, we noted that the County did not monitor the sub-recipient's activities performed for the requirements of the Davis-Bacon Act and procurement and suspension and debarment.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (Continued)

SA 13/12-01 *Questioned Costs:* Not applicable

Context: During our testing of compliance, we noted that the County did not monitor the sub-recipient's activities relating to the requirements of the Davis-Bacon Act and procurement and suspension and debarment.

Effect: The County was non-compliant with the sub-recipient monitoring requirement.

Cause: County personnel were not aware of monitoring responsibilities beyond obtaining and approving invoices.

Recommendation: The County should review the activities of the sub-recipient to ensure that the Davis-Bacon Act is being followed and that entities being used are not on the suspension and debarment list.

Views of responsible officials and planned corrective actions: Going forward the County Clerk's (Patrick Steele) office will require clarification of monitoring processes, procedures and reimbursement. His phone number is (573) 897-2139.

SA 13/12-02	Federal Grantor:	U.S. Department of Agriculture, U.S. Department of Interior, U.S. Department of Transportation, U.S. Department of Health and Human Services, and U.S. Department of Homeland Security
Other Information	Pass-Through Grantor:	Department of Health and Senior Services, Office of Homeland Security Grants and Training, Missouri Department of Public Safety, and Highway and Transportation Commission
Significant Deficiency	Federal CFDA Number:	All programs except 14.228
	Program Title:	All programs except CDBG

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

Context: During the audit of federal programs, we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (Concluded)

SA 13/12-02 *Views of responsible officials and planned corrective actions:* The County Clerk's (Patrick Steele) office will focus more attention on defining sources of funds going forward. His phone number is (573) 897-2139.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 31, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2013-2012 fiscal years. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the County applying the regulatory basis of accounting, no estimates are made during the preparation of financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 12, 2014.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Concluded)

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the schedule of expenditures of federal awards which accompany the financial statements but are not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Scott County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Scott County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

August 2014
Report No. 2014-064

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

THE COUNTY OF SCOTT
BENTON, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013 AND 2012

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BENTON, MISSOURI
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FINANCIAL SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Scott, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Scott ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2013, and 2012, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note I of the financial statements, the financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2013, and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the County as of December 31, 2013, and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Scott's basic financial statements. The schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of the County of Scott's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Scott's internal control over financial reporting and compliance.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 27, 2014

FINANCIAL STATEMENTS

THE COUNTY OF SCOTT
BENTON, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

FUND	CASH BALANCES JANUARY 1, 2013	RECEIPTS 2013	DISBURSEMENTS 2013	CASH BALANCES DECEMBER 31, 2013
General Revenue Fund	$ 1,329,542.42	$ 4,680,745.70	$ 5,297,238.77	$ 713,049.35
Special Road and Bridge Fund	288,035.57	1,785,588.44	1,845,267.36	228,356.65
Assessment Fund	151,569.60	354,314.90	455,224.72	50,659.78
Law Enforcement Training Fund	1,824.46	3,840.91	3,259.51	2,405.86
Law Enforcement Fund	-	2,570,028.56	2,570,028.56	-
Sheriff's Revolving Fund	13,042.36	73,325.43	75,733.73	10,634.06
Prosecuting Attorney's Training Fund	1,499.69	981.44	90.00	2,391.13
Election Services Fund	13,062.35	7,440.83	4,450.02	16,053.16
Housing and County Development Fund	293,774.83	600.18	3,230.00	291,145.01
Prosecuting Attorney Bad Check Fund	10,183.62	21,240.74	22,627.58	8,796.78
Landfill Fund	26,421.61	118.41	6,642.00	19,898.02
Johnson Grass Fund	19,595.01	43,609.26	40,160.50	23,043.77
Recorder User Fund	64,605.40	23,983.00	30,499.04	58,089.36
HAVA Fund	-	16,130.00	16,130.00	-
911 Communications Center Fund	-	514,732.67	514,732.67	-
Domestic Violence Fund	-	7,725.23	7,725.23	-
Sheriff's POST Fund	3,801.05	1,965.46	1,525.44	4,241.07
Sheriff's Special Fund	17,648.22	50,000.00	62,777.75	4,870.47
Law Enforcement Restitution Fund	82,501.64	13,353.40	68,946.84	26,908.20
TIF Special Allocation Fund	-	41,994.00	41,994.00	-
Federal Seizure Fund	-	-	-	-
Sheriff's Emergency Response Team Fund	154.49	2,475.00	1,627.29	1,002.20
Inmate Security Fund	3,427.58	8,401.15	5,479.03	6,349.70
Collector's Maintenance Fund	50,539.56	50,561.99	51,352.28	49,749.27
Prosecuting Attorney's Delinquent Tax Fund	11,493.95	4,859.97	3,909.24	12,444.68
Truancy Fund	138,462.73	8,062.40	36,636.25	109,888.88
Senate Bill 40 Fund	267,583.30	183,075.99	253,789.40	196,869.89
Reserve Fund	367,385.00	232,615.00	-	600,000.00
D.A.R.E. Fund	240.90	-	-	240.90
TOTAL	$ 3,156,395.34	$ 10,701,770.06	$ 11,421,077.21	$ 2,437,088.19

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

FUND	CASH BALANCES JANUARY 1, 2012	RECEIPTS 2012	DISBURSEMENTS 2012	CASH BALANCES DECEMBER 31, 2012
General Revenue Fund	$ 1,371,800.47	$ 4,654,174.04	$ 4,696,432.09	$ 1,329,542.42
Special Road and Bridge Fund	543,642.00	1,374,679.20	1,630,285.63	288,035.57
Assessment Fund	146,955.70	470,818.08	466,204.18	151,569.60
Law Enforcement Training Fund	2,450.18	4,397.59	5,023.31	1,824.46
Law Enforcement Fund	-	2,679,429.48	2,679,429.48	-
Sheriff's Revolving Fund	17,401.04	34,254.69	38,613.37	13,042.36
Prosecuting Attorney's Training Fund	1,616.47	1,106.81	1,223.59	1,499.69
Election Services Fund	6,645.24	11,788.66	5,371.55	13,062.35
Housing and County Development Fund	542,764.97	1,025.22	250,015.36	293,774.83
Prosecuting Attorney Bad Check Fund	11,846.49	21,852.05	23,514.92	10,183.62
Landfill Fund	37,468.22	129.22	11,175.83	26,421.61
Johnson Grass Fund	15,492.65	42,761.76	38,659.40	19,595.01
Recorder User Fund	68,004.54	22,094.93	25,494.07	64,605.40
HAVA Fund	-	3,678.53	3,678.53	-
911 Communications Center Fund	-	419,895.45	419,895.45	-
Domestic Violence Fund	-	8,615.67	8,615.67	-
Sheriff's POST Fund	7.98	3,793.07	-	3,801.05
Sheriff's Special Fund	8,002.95	50,000.00	40,354.73	17,648.22
Law Enforcement Restitution Fund	49,378.38	33,123.26	-	82,501.64
TIF Special Allocation Fund	-	41,929.75	41,929.75	-
Federal Seizure Fund	26.09	-	26.09	-
Sheriff's Emergency Response Team Fund	753.55	0.94	600.00	154.49
Inmate Security Fund	9,247.49	4,180.09	10,000.00	3,427.58
Collector's Maintenance Fund	68,760.30	49,200.58	67,421.32	50,539.56
Prosecuting Attorney's Delinquent Tax Fund	5,514.27	15,100.09	9,120.41	11,493.95
Truancy Fund	132,471.43	37,850.27	31,858.97	138,462.73
Senate Bill 40 Fund	362,809.19	180,506.59	275,732.48	267,583.30
Reserve Fund	217,385.00	150,000.00	-	367,385.00
D.A.R.E. Fund	462.84	0.54	222.48	240.90
TOTAL	$ 3,620,907.44	$ 10,316,386.56	$ 10,780,898.66	$ 3,156,395.34

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	GENERAL REVENUE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 23,396.00	$ 23,394.36	$ 24,800.00	$ 24,133.95
Sales Taxes	3,601,917.00	3,601,917.33	3,563,300.00	3,563,287.66
Intergovernmental	361,118.00	328,960.37	449,234.00	321,688.25
Charges for Services	612,600.00	582,208.58	624,755.00	585,690.23
Interest	4,325.00	4,317.77	6,000.00	5,833.74
Other	127,973.00	109,947.29	119,575.00	103,540.21
Transfers In	30,000.00	30,000.00	50,000.00	50,000.00
TOTAL RECEIPTS	4,761,329.00	4,680,745.70	4,837,664.00	4,654,174.04
DISBURSEMENTS				
County Commission	115,169.00	113,360.44	113,015.00	112,806.07
County Clerk	89,312.00	89,110.78	87,856.00	86,329.57
Elections	112,492.00	111,553.67	175,701.00	148,012.88
Buildings and Grounds	838,252.50	783,441.95	577,083.00	357,964.38
Employee Fringe Benefits	400,000.00	316,000.56	500,000.00	329,023.00
County Treasurer	81,617.00	79,043.80	80,135.00	77,967.68
Collector	135,131.00	131,018.56	133,636.00	130,047.01
Recorder of Deeds	97,636.00	95,840.60	96,767.00	94,608.35
Circuit Clerk	31,500.00	29,383.88	35,000.00	34,532.93
Court Administration	5,200.00	2,046.70	4,950.00	2,082.35
Public Administrator	116,044.00	114,654.03	120,266.00	115,235.53
Sheriff	-	-	-	-
Jail	-	-	-	-
Prosecuting Attorney	344,050.40	332,563.60	341,315.18	325,985.84
Juvenile Officer	130,000.00	103,580.59	130,000.00	90,584.36
County Coroner	46,313.00	46,262.41	41,301.00	38,977.37
Emergency Management	40,378.00	30,747.06	75,599.75	60,200.10
PA Child Support	49,028.00	38,518.38	47,230.00	41,233.59
Reimbursable Grants	156,776.00	136,980.54	248,776.00	152,325.65
General County	431,540.00	306,293.44	546,640.00	333,572.72
Health and Welfare	10,000.00	944.67	10,000.00	1,908.74
Other	-	41,994.00	-	41,929.75
Transfers Out	2,458,177.50	2,393,899.11	2,214,843.00	2,121,104.22
Emergency Fund	150,000.00	-	150,000.00	-
TOTAL DISBURSEMENTS	5,838,616.40	5,297,238.77	5,730,113.93	4,696,432.09
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,077,287.40)	(616,493.07)	(892,449.93)	(42,258.05)
CASH BALANCES, JANUARY 1	1,329,542.42	1,329,542.42	1,371,800.47	1,371,800.47
CASH BALANCES, DECEMBER 31	$ 252,255.02	$ 713,049.35	$ 479,350.54	$ 1,329,542.42

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SPECIAL ROAD AND BRIDGE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 606,600.00	$ 605,098.14	$ 608,711.00	$ 608,679.13
Intergovernmental	1,068,240.00	1,006,311.15	788,966.00	685,589.31
Charges for Services	101,320.00	101,319.14	37,000.00	37,000.00
Interest	1,050.00	1,033.02	2,500.00	1,500.70
Other	67,500.00	71,826.99	42,025.00	41,910.06
TOTAL RECEIPTS	1,844,710.00	1,785,588.44	1,479,202.00	1,374,679.20
DISBURSEMENTS				
Salaries	355,000.00	318,012.66	302,000.00	298,036.61
Employee Fringe Benefits	150,000.00	118,787.39	123,000.00	121,437.30
Supplies	156,900.00	135,473.40	160,900.00	147,955.04
Insurance	45,000.00	26,972.00	85,000.00	29,937.00
Road & Bridge Materials	701,175.00	708,278.23	726,500.00	700,663.86
Equipment Repairs	30,000.00	39,541.04	40,000.00	31,483.95
Rentals	500.00	-	1,000.00	132.16
Equipment Purchases	25,000.00	26,425.59	240,650.00	245,127.41
Road and Bridge Construction	513,590.00	447,551.82	80,000.00	34,253.00
Other Expenditures	28,500.00	14,225.23	25,750.00	11,259.30
Operating Transfers	10,000.00	10,000.00	10,000.00	10,000.00
TOTAL DISBURSEMENTS	2,015,665.00	1,845,267.36	1,794,800.00	1,630,285.63
RECEIPTS OVER (UNDER) DISBURSEMENTS	(170,955.00)	(59,678.92)	(315,598.00)	(255,606.43)
CASH BALANCES, JANUARY 1	288,035.57	288,035.57	543,642.00	543,642.00
CASH BALANCES, DECEMBER 31	$ 117,080.57	$ 228,356.65	$ 228,044.00	$ 288,035.57

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ASSESSMENT FUND				LAW ENFORCEMENT TRAINING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 377,454.00	$ 335,259.54	$ 446,482.00	$ 446,478.07	$ 1,925.00	$ 1,396.00	$ 1,620.00	$ 1,570.00
Charges for Services	8,700.00	6,404.55	7,875.00	7,825.75	3,000.00	2,444.91	2,900.00	2,717.31
Interest	500.00	462.73	800.00	777.30	5.00	-	5.00	2.29
Other	5,000.00	1,905.58	5,414.00	5,412.96	-	-	150.00	107.99
Transfers In	10,282.50	10,282.50	10,324.00	10,324.00	-	-	-	-
TOTAL RECEIPTS	401,936.50	354,314.90	470,895.00	470,818.08	4,930.00	3,840.91	4,675.00	4,397.59
DISBURSEMENTS								
Assessor	518,577.00	455,224.72	527,087.00	466,204.18	-	-	-	-
Expenses	-	-	-	-	6,750.00	3,259.51	7,125.00	5,023.31
TOTAL DISBURSEMENTS	518,577.00	455,224.72	527,087.00	466,204.18	6,750.00	3,259.51	7,125.00	5,023.31
RECEIPTS OVER (UNDER) DISBURSEMENTS	(116,640.50)	(100,909.82)	(56,192.00)	4,613.90	(1,820.00)	581.40	(2,450.00)	(625.72)
CASH BALANCES, JANUARY 1	151,569.60	151,569.60	146,955.70	146,955.70	1,824.46	1,824.46	2,450.18	2,450.18
CASH BALANCES, DECEMBER 31	$ 34,929.10	$ 50,659.78	$ 90,763.70	$ 151,569.60	$ 4.46	$ 2,405.86	$ 0.18	$ 1,824.46

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	LAW ENFORCEMENT FUND				SHERIFF'S REVOLVING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	$ 930.00	$ 929.71	$ 750.00	$ 724.06	$ -	$ -	$ -	$ -
Intergovernmental	733,896.00	659,746.68	885,766.00	850,928.95	6,536.00	6,536.45	-	-
Charges for Services	85,345.00	81,071.88	91,500.00	83,673.77	68,000.00	66,590.00	33,500.00	34,181.46
Interest	2.00	1.94	-	-	75.00	64.98	80.00	73.23
Other	39,256.00	38,993.25	18,350.00	17,772.34	-	134.00	-	-
Transfers In	1,750,240.00	1,789,285.10	1,770,679.00	1,726,330.36	-	-	-	-
TOTAL RECEIPTS	2,609,669.00	2,570,028.56	2,767,045.00	2,679,429.48	74,611.00	73,325.43	33,580.00	34,254.69
DISBURSEMENTS								
Sheriff	748,170.00	742,039.83	781,988.00	760,575.76	87,653.00	75,733.73	50,981.00	38,613.37
Jail	642,336.00	662,538.12	695,969.00	682,810.08	-	-	-	-
Vehicles	314,913.00	290,179.09	356,847.00	340,281.51	-	-	-	-
Buildings & Other	470,750.00	460,610.94	500,500.00	459,530.70	-	-	-	-
Fringes	433,500.00	414,660.58	431,741.00	436,231.43	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	2,609,669.00	2,570,028.56	2,767,045.00	2,679,429.48	87,653.00	75,733.73	50,981.00	38,613.37
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	(13,042.00)	(2,408.30)	(17,401.00)	(4,358.68)
CASH BALANCES, JANUARY 1	-	-	-	-	13,042.36	13,042.36	17,401.04	17,401.04
CASH BALANCES, DECEMBER 31	$ -	$ -	$ -	$ -	$ 0.36	$ 10,634.06	$ 0.04	$ 13,042.36

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	PROSECUTING ATTORNEY'S TRAINING FUND				ELECTION SERVICES FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 525.00	$ 349.77	$ 335.00	$ 394.00	$ -	$ -	$ 8,000.00	$ 4,002.00
Charges for Services	750.00	631.67	800.00	708.27	15,000.00	7,411.83	8,000.00	7,766.73
Interest	-	-	4.00	4.54	3,000.00	29.00	50.00	19.93
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	1,275.00	981.44	1,139.00	1,106.81	18,000.00	7,440.83	16,050.00	11,788.66
DISBURSEMENTS								
Election Services	-	-	-	-	31,000.00	4,450.02	22,695.00	5,371.55
Training	2,774.00	90.00	2,755.00	1,223.59	-	-	-	-
TOTAL DISBURSEMENTS	2,774.00	90.00	2,755.00	1,223.59	31,000.00	4,450.02	22,695.00	5,371.55
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,499.00)	891.44	(1,616.00)	(116.78)	(13,000.00)	2,990.81	(6,645.00)	6,417.11
CASH BALANCES, JANUARY 1	1,499.69	1,499.69	1,616.47	1,616.47	13,062.35	13,062.35	6,645.24	6,645.24
CASH BALANCES, DECEMBER 31	$ 0.69	$ 2,391.13	$ 0.47	$ 1,499.69	$ 62.35	$ 16,053.16	$ 0.24	$ 13,062.35

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	HOUSING AND COUNTY DEVELOPMENT FUND				PROSECUTING ATTORNEY BAD CHECK FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	-	-	-	-	22,700.00	20,503.92	28,900.00	20,355.78
Interest	1,000.00	600.18	3,000.00	1,025.22	15.00	14.70	20.00	29.02
Other	-	-	-	-	1,000.00	722.12	500.00	1,467.25
TOTAL RECEIPTS	1,000.00	600.18	3,000.00	1,025.22	23,715.00	21,240.74	29,420.00	21,852.05
DISBURSEMENTS								
Housing and County Development	294,500.00	3,230.00	265,000.00	250,015.36	-	-	-	-
Prosecuting Attorney	-	-	-	-	33,198.00	22,627.58	41,266.00	23,514.92
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	294,500.00	3,230.00	265,000.00	250,015.36	33,198.00	22,627.58	41,266.00	23,514.92
RECEIPTS OVER (UNDER) DISBURSEMENTS	(293,500.00)	(2,629.82)	(262,000.00)	(248,990.14)	(9,483.00)	(1,386.84)	(11,846.00)	(1,662.87)
CASH BALANCES, JANUARY 1	293,774.83	293,774.83	542,764.97	542,764.97	10,183.62	10,183.62	11,846.49	11,846.49
CASH BALANCES, DECEMBER 31	$ 274.83	$ 291,145.01	$ 280,764.97	$ 293,774.83	$ 700.62	$ 8,796.78	$ 0.49	$ 10,183.62

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	LANDFILL FUND				JOHNSON GRASS FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ 45,000.00	$ 42,403.41	$ 42,650.00	$ 42,639.69
Sales Taxes	25.00	56.63	75.00	51.15	-	-	-	-
Intergovernmental	-	12.45	-	-	-	-	-	-
Interest	100.00	49.33	300.00	78.07	100.00	105.85	150.00	122.07
Other	-	-	-	-	-	1,100.00	-	-
TOTAL RECEIPTS	125.00	118.41	375.00	129.22	45,100.00	43,609.26	42,800.00	42,761.76
DISBURSEMENTS								
Landfill	26,540.00	6,642.00	37,815.00	11,175.83	-	-	-	-
Johnson Grass	-	-	-	-	42,050.00	40,160.50	42,050.00	38,659.40
TOTAL DISBURSEMENTS	26,540.00	6,642.00	37,815.00	11,175.83	42,050.00	40,160.50	42,050.00	38,659.40
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,415.00)	(6,523.59)	(37,440.00)	(11,046.61)	3,050.00	3,448.76	750.00	4,102.36
CASH BALANCES, JANUARY 1	26,421.61	26,421.61	37,468.22	37,468.22	19,595.01	19,595.01	15,492.65	15,492.65
CASH BALANCES, DECEMBER 31	$ 6.61	$ 19,898.02	$ 28.22	$ 26,421.61	$ 22,645.01	$ 23,043.77	$ 16,242.65	$ 19,595.01

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	RECORDER USER FUND				HAVA FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ -	$ -	$ -	$ -	$ 35,000.00	$ 16,130.00	$ 35,000.00	$ 3,678.53
Charges for Services	25,000.00	23,818.75	21,948.00	21,921.75	-	-	-	-
Interest	150.00	135.54	250.00	173.18	-	-	-	-
Other	-	28.71	-	-	-	-	-	-
TOTAL RECEIPTS	25,150.00	23,983.00	22,198.00	22,094.93	35,000.00	16,130.00	35,000.00	3,678.53
DISBURSEMENTS								
Recorder	65,000.00	30,499.04	68,000.00	25,494.07	-	-	-	-
HAVA Expenses	-	-	-	-	35,000.00	16,130.00	35,000.00	3,678.53
TOTAL DISBURSEMENTS	65,000.00	30,499.04	68,000.00	25,494.07	35,000.00	16,130.00	35,000.00	3,678.53
RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,850.00)	(6,516.04)	(45,802.00)	(3,399.14)	-	-	-	-
CASH BALANCES, JANUARY 1	64,605.40	64,605.40	68,004.54	68,004.54	-	-	-	-
CASH BALANCES, DECEMBER 31	$ 24,755.40	$ 58,089.36	$ 22,202.54	$ 64,605.40	$ -	$ -	$ -	$ -

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	911 COMMUNICATIONS CENTER FUND				DOMESTIC VIOLENCE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	11,000.00	1,394.00	10,050.00	1,564.00
Charges for Services	2,500.00	2,500.00	2,500.00	2,500.00	-	6,331.23	-	7,048.95
Interest	-	-	-	-	25.00	-	25.00	2.72
Other	150,716.00	150,516.16	183,500.00	172,945.59	-	-	-	-
Transfers In	364,040.00	361,716.51	242,840.00	244,449.86	-	-	-	-
TOTAL RECEIPTS	517,256.00	514,732.67	428,840.00	419,895.45	11,025.00	7,725.23	10,075.00	8,615.67
DISBURSEMENTS								
911	517,256.00	514,732.67	428,800.00	419,895.45	-	-	-	-
Domestic Violence	-	-	-	-	11,025.00	7,725.23	10,075.00	8,615.67
TOTAL DISBURSEMENTS	517,256.00	514,732.67	428,800.00	419,895.45	11,025.00	7,725.23	10,075.00	8,615.67
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	40.00	-	-	-	-	-
CASH BALANCES, JANUARY 1	-	-	-	-	-	-	-	-
CASH BALANCES, DECEMBER 31	$ -	$ -	$ 40.00	$ -	$ -	$ -	$ -	$ -

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SHERIFF'S POST FUND				SHERIFF'S SPECIAL FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	2,000.00	1,965.46	3,793.00	3,793.07	49,975.00	49,978.27	49,900.00	49,960.23
Interest	-	-	2.00	-	25.00	21.73	100.00	39.77
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	2,000.00	1,965.46	3,795.00	3,793.07	50,000.00	50,000.00	50,000.00	50,000.00
DISBURSEMENTS								
Sheriff	5,800.00	1,525.44	3,802.00	-	67,648.00	62,777.75	58,000.00	40,354.73
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	5,800.00	1,525.44	3,802.00	-	67,648.00	62,777.75	58,000.00	40,354.73
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,800.00)	440.02	(7.00)	3,793.07	(17,648.00)	(12,777.75)	(8,000.00)	9,645.27
CASH BALANCES, JANUARY 1	3,801.05	3,801.05	7.98	7.98	17,648.22	17,648.22	8,002.95	8,002.95
CASH BALANCES, DECEMBER 31	$ 1.05	$ 4,241.07	$ 0.98	$ 3,801.05	$ 0.22	$ 4,870.47	$ 2.95	$ 17,648.22

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THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	LAW ENFORCEMENT RESTITUTION FUND				TIF SPECIAL ALLOCATION FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	51,000.00	41,994.00	51,000.00	41,929.75
Charges for Services	45,000.00	13,250.33	45,000.00	32,946.38	-	-	-	-
Interest	200.00	103.07	300.00	176.88	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	45,200.00	13,353.40	45,300.00	33,123.26	51,000.00	41,994.00	51,000.00	41,929.75
DISBURSEMENTS								
Law Enforcement	127,701.00	68,946.84	94,678.00	-	-	-	-	-
TIF Special Allocation	-	-	-	-	51,000.00	41,994.00	51,000.00	41,929.75
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	127,701.00	68,946.84	94,678.00	-	51,000.00	41,994.00	51,000.00	41,929.75
RECEIPTS OVER (UNDER) DISBURSEMENTS	(82,501.00)	(55,593.44)	(49,378.00)	33,123.26	-	-	-	-
CASH BALANCES, JANUARY 1	82,501.64	82,501.64	49,378.38	49,378.38	-	-	-	-
CASH BALANCES, DECEMBER 31	$ 0.64	$ 26,908.20	$ 0.38	$ 82,501.64	$ -	$ -	$ -	$ -

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	FEDERAL SEIZURE FUND				SHERIFF'S EMERGENCY RESPONSE TEAM FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-	-
Interest	-	-	-	-	2.00	-	2.00	0.94
Other	-	-	-	-	3,000.00	2,475.00	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	-	-	-	-	3,002.00	2,475.00	2.00	0.94
DISBURSEMENTS								
Federal Seizure	-	-	26.09	26.09	-	-	-	-
Sheriff	-	-	-	-	3,156.00	1,627.29	755.00	600.00
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	-	26.09	26.09	3,156.00	1,627.29	755.00	600.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	(26.09)	(26.09)	(154.00)	847.71	(753.00)	(599.06)
CASH BALANCES, JANUARY 1	-	-	26.09	26.09	154.49	154.49	753.55	753.55
CASH BALANCES, DECEMBER 31	$ -	$ -	$ -	$ -	$ 0.49	$ 1,002.20	$ 0.55	$ 154.49

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THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	INMATE SECURITY FUND				COLLECTOR'S MAINTENANCE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 2,000.00	$ 2,408.00	$ 1,600.00	$ 1,556.00	$ -	$ -	$ -	$ -
Charges for Services	6,425.00	5,991.79	2,700.00	2,594.31	-	-	-	-
Interest	15.00	1.36	30.00	29.78	150.00	134.87	300.00	221.23
Other	-	-	-	-	51,000.00	50,427.12	50,000.00	48,979.35
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	8,440.00	8,401.15	4,330.00	4,180.09	51,150.00	50,561.99	50,300.00	49,200.58
DISBURSEMENTS								
Inmate Security	11,867.00	5,479.03	13,577.00	-	-	-	-	-
Collector's Maintenance	-	-	-	-	80,540.00	31,352.28	79,060.00	27,421.32
Transfers Out	-	-	-	10,000.00	20,000.00	20,000.00	40,000.00	40,000.00
TOTAL DISBURSEMENTS	11,867.00	5,479.03	13,577.00	10,000.00	100,540.00	51,352.28	119,060.00	67,421.32
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,427.00)	2,922.12	(9,247.00)	(5,819.91)	(49,390.00)	(790.29)	(68,760.00)	(18,220.74)
CASH BALANCES, JANUARY 1	3,427.58	3,427.58	9,247.49	9,247.49	50,539.56	50,539.56	68,760.30	68,760.30
CASH BALANCES, DECEMBER 31	$ 0.58	$ 6,349.70	$ 0.49	$ 3,427.58	$ 1,149.56	$ 49,749.27	$ 0.30	$ 50,539.56

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THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	PROSECUTING ATTORNEY'S DELINQUENT TAX FUND				TRUANCY FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	20,000.00	4,833.08	15,000.00	15,077.69	-	-	-	-
Charges for Services	-	-	-	-	37,500.00	7,500.00	37,500.00	37,500.00
Interest	25.00	26.89	25.00	22.40	300.00	262.40	500.00	350.27
Other	-	-	-	-	-	300.00	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	20,025.00	4,859.97	15,025.00	15,100.09	37,800.00	8,062.40	38,000.00	37,850.27
DISBURSEMENTS								
Prosecuting Attorney	31,518.00	3,909.24	20,539.00	9,120.41	-	-	-	-
Truancy Expenses	-	-	-	-	100,000.00	36,636.25	100,000.00	31,858.97
Other	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	31,518.00	3,909.24	20,539.00	9,120.41	100,000.00	36,636.25	100,000.00	31,858.97
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,493.00)	950.73	(5,514.00)	5,979.68	(62,200.00)	(28,573.85)	(62,000.00)	5,991.30
CASH BALANCES, JANUARY 1	11,493.95	11,493.95	5,514.27	5,514.27	138,462.73	138,462.73	132,471.43	132,471.43
CASH BALANCES, DECEMBER 31	$ 0.95	$ 12,444.68	$ 0.27	$ 11,493.95	$ 76,262.73	$ 109,888.88	$ 70,471.43	$ 138,462.73

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THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SENATE BILL 40 FUND				RESERVE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ 182,500.00	$ 175,676.17	$ 171,500.00	$ 177,630.49	$ -	$ -	$ -	$ -
Intergovernmental	-	-	800.00	43.85	-	-	-	-
Interest	1,200.00	1,639.74	2,000.00	1,161.05	-	-	-	-
Other	1,803.00	5,760.08	5,005.00	1,671.20	-	-	-	-
Transfers In	-	-	-	-	232,615.00	232,615.00	150,000.00	150,000.00
TOTAL RECEIPTS	185,503.00	183,075.99	179,305.00	180,506.59	232,615.00	232,615.00	150,000.00	150,000.00
DISBURSEMENTS								
Funds Distributed-Contracts	172,921.60	123,807.90	167,750.00	130,498.79	-	-	-	-
Funds Distributed-Other Projects	141,047.00	127,519.08	39,300.00	135,166.14	-	-	-	-
Other	13,250.00	2,462.42	5,250.00	10,067.55	600,000.00	-	367,385.00	-
TOTAL DISBURSEMENTS	327,218.60	253,789.40	212,300.00	275,732.48	600,000.00	-	367,385.00	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(141,715.60)	(70,713.41)	(32,995.00)	(95,225.89)	(367,385.00)	232,615.00	(217,385.00)	150,000.00
CASH BALANCES, JANUARY 1	267,583.30	267,583.30	362,809.19	362,809.19	367,385.00	367,385.00	217,385.00	217,385.00
CASH BALANCES, DECEMBER 31	$ 125,867.70	$ 196,869.89	$ 329,814.19	$ 267,583.30	$ -	$ 600,000.00	$ -	$ 367,385.00

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	D.A.R.E. FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Interest	2.00	-	2.00	0.54
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	2.00	-	2.00	0.54
DISBURSEMENTS				
D.A.R.E. Expenses	242.00	-	464.00	222.48
Other	-	-	-	-
TOTAL DISBURSEMENTS	242.00	-	464.00	222.48
RECEIPTS OVER (UNDER) DISBURSEMENTS	(240.00)	-	(462.00)	(221.94)
CASH BALANCES, JANUARY 1	240.90	240.90	462.84	462.84
CASH BALANCES, DECEMBER 31	$ 0.90	$ 240.90	$ 0.84	$ 240.90

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2013

	School Fines	Fees and Dues	Overplus Fund	Consolidate D#1	Intangible Tax
ASSETS					
Cash and Cash Equivalents	$ 77,503.90	$ 478.72	$ 12,175.76	$ 89,691.30	$ 156,145.61
Total Assets	77,503.90	478.72	12,175.76	89,691.30	156,145.61
LIABILITIES AND FUND BALANCES					
TOTAL LIABILITIES	-	-	-	-	-
UNRESERVED FUND BALANCES	77,503.90	478.72	12,175.76	89,691.30	156,145.61
TOTAL LIABILITIES AND FUND BALANCES	$ 77,503.90	$ 478.72	$ 12,175.76	$ 89,691.30	$ 156,145.61

	Levee Dist. #2	Oran Fire	Collector	Recorder Deeds	Prosecuting Attorney
ASSETS					
Cash and Cash Equivalents	$ 101,239.41	$ -	$ 6,799,828.54	$ 250.00	$ 30,678.52
Total Assets	101,239.41	-	6,799,828.54	250.00	30,678.52
LIABILITIES AND FUND BALANCES					
TOTAL LIABILITIES	-	-	-	-	-
UNRESERVED FUND BALANCES	101,239.41	-	6,799,828.54	250.00	30,678.52
TOTAL LIABILITIES AND FUND BALANCES	$ 101,239.41	$ -	$ 6,799,828.54	$ 250.00	$ 30,678.52

	Sheriff	Grand Total Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 42,835.57	$ 7,310,827.33
Total Assets	42,835.57	7,310,827.33
LIABILITIES AND FUND BALANCES		
TOTAL LIABILITIES	-	-
UNRESERVED FUND BALANCES	42,835.57	7,310,827.33
TOTAL LIABILITIES AND FUND BALANCES	$ 42,835.57	$ 7,310,827.33

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SCOTT
BENTON, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2012

	School Fines	Fees and Dues	Overplus Fund	Consolidate D#1	Intangible Tax
ASSETS					
Cash and Cash Equivalents	$ 70,300.16	$ 49.55	$ 9,537.07	$ 112,932.00	$ -
Total Assets	70,300.16	49.55	9,537.07	112,932.00	-
LIABILITIES AND FUND BALANCES					
TOTAL LIABILITIES	-	-	-	-	-
UNRESERVED FUND BALANCES	70,300.16	49.55	9,537.07	112,932.00	-
TOTAL LIABILITIES AND FUND BALANCES	$ 70,300.16	$ 49.55	$ 9,537.07	$ 112,932.00	$ -

	Levee Dist. #2	Oran Fire	Collector	Recorder Deeds	Prosecuting Attorney
ASSETS					
Cash and Cash Equivalents	$ 101,895.62	$ 140,901.83	$ 6,384,882.51	$ 23,718.00	$ 34,420.37
Total Assets	101,895.62	140,901.83	6,384,882.51	23,718.00	34,420.37
LIABILITIES AND FUND BALANCES					
TOTAL LIABILITIES	-	-	-	-	-
UNRESERVED FUND BALANCES	101,895.62	140,901.83	6,384,882.51	23,718.00	34,420.37
TOTAL LIABILITIES AND FUND BALANCES	$ 101,895.62	$ 140,901.83	$ 6,384,882.51	$ 23,718.00	$ 34,420.37

	Sheriff	Grand Total Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 37,451.72	$ 6,916,088.83
Total Assets	37,451.72	6,916,088.83
LIABILITIES AND FUND BALANCES		
TOTAL LIABILITIES	-	-
UNRESERVED FUND BALANCES	37,451.72	6,916,088.83
TOTAL LIABILITIES AND FUND BALANCES	$ 37,451.72	$ 6,916,088.83

The accompanying notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Scott, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1821 by an Act of the Missouri Territory. In addition to the three Commissioners, there are ten elected Constitutional Officers: County Clerk, Treasurer, Collector of Revenue, Circuit Clerk, Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

As discussed further in Note I, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of the County.

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, transportation, economic development, and social and recreation services.

The financial statements referred to above include only the County of Scott, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri law, which include a Statement of Receipts, Disbursements and Changes in Cash Balances – All Governmental Funds, a Comparative Statement of Receipts and Disbursements – Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following fund types are used by the County:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similar to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other officeholders.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.

2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

   State law requires that budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets.

4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.

6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

   Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations that were adopted.

7. Budgets are prepared and adopted on the cash basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

E. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2013 and 2012, for purposes of taxation, was:

	2013	2012
Real Estate	$ 266,530,960	$ 265,103,890
Personal Property	124,679,480	117,708,550
Railroad and Utilities	43,441,974	41,200,376
	$ 434,652,414	$ 424,012,816

During 2013 and 2012, the County Commission approved a $0.3536 and $0.3536, respectively, tax levy per $100 of assessed valuation of tangible taxable property for the calendar year 2013 and 2012, for purposes of County taxation, as follows:

	2013	2012
General Revenue Fund	$ 0.0000	$ 0.0000
Special Road and Bridge Fund	0.3036	0.3036
Johnson Grass Fund	0.0100	0.0100
Senate Bill 40 Fund	0.0400	0.0400
Total	0.3536	0.3536

F. Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash and investments applicable to a particular fund are readily identifiable. Some County offices also hold cash and investments in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are eliminated due to reporting the financial statements on the regulatory basis of accounting.

Legally required transfers are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

II. CASH AND INVESTMENTS

The County maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and Cash Equivalents" under each fund's caption. Deposits with maturities greater than three months are considered investments. In addition, cash and investments are separately held by several of the County's funds.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013 and 2012, the carrying amounts of the County's deposits were $2,437,088.19 and $3,156,395.34, and the bank balances were $12,814,276.93 and $9,765,704.87, respectively. The total bank balances as of December 31, 2013, were insured through the Federal Deposit Insurance Corporation and securities set by the County's financial institutions. The bank balances were under-pledged by $29,264.16 for the year ended December 31, 2012.

SUMMARY OF CARRYING VALUES

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2013, as follows:

Included in the following fund financial statement captions:		
Statements of Receipts, Disbursements and Changes in Cash Balances– Governmental Funds:		
Deposits	$	2,437,088.19
Total Governmental Funds		2,437,088.19
Statement of Assets and Liabilities Arising From Cash Transactions – Agency Funds:		
Deposits		7,310,827.33
Total Agency Funds		7,310,827.33
Total Deposits and Investments as of December 31, 2013	$	9,747,915.52

The carrying values of deposits and investments at December 31, 2012, are as follows:

Included in the following fund financial statement captions:		
Statements of Receipts, Disbursements and Changes in Cash Balances– Governmental Funds:		
Deposits	$	3,156,395.34
Total Governmental Funds		3,156,395.34
Statement of Assets and Liabilities Arising From Cash Transactions – Agency Funds:		
Deposits		6,916,088.83
Total Agency Funds		6,916,088.83
Total Deposits and Investments as of December 31, 2012	$	10,072,484.17

II. CASH AND INVESTMENTS (concluded)

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the year ended December 31, 2013. The County's deposits, however, were exposed to custodial credit risk for the year ended December 31, 2012 in the amount of $29,264.16.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments. All investments, evidenced by individual securities, are registered in the name of the County or of a type not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's investments were not exposed to concentration of investment credit risk for the years ended December 31, 2013, and 2012.

III. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2013, and 2012 are as follows:

	2013		2012	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	$ 30,000.00	$ 2,393,899.11	$ 50,000.00	$ 2,121,104.22
Special Road and Bridge Fund	-	10,000.00	-	10,000.00
Assessment Fund	10,282.50	-	10,324.00	-
Law Enforcement Fund	1,789,285.10	-	1,726,330.36	-
911 Communications Center Fund	361,716.51	-	244,449.86	-
Inmate Security Fund	-	-	-	10,000.00
Collector's Maintenance Fund	-	20,000.00	-	40,000.00
Reserve Fund	232,615.00	-	150,000.00	-
TOTAL	$ 2,423,899.11	$ 2,423,899.11	$ 2,181,104.22	$ 2,181,104.22

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Revenue Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

IV. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system.

IV. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (concluded)

A. Plan Description (concluded)

CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Total contributions remitted to CERF for the years ended December 31, 2013, and 2012 were $85,994.09 and $82,701.72, respectively.

V. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

A. Plan Description

Scott County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and governed by statute section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

V. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

A. Plan Description (concluded)

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Status

Full-time employees of Scott County do not contribute to the pension plan. The June 30th statutorily required contribution rates are 9.1% (General) and 11.6% (Police) for 2013 and 9.2% (General) and 10.6% (Police) for 2012, of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current years 2013 and 2012, were as follows:

2013

Annual required contribution	$	267,922
Interest on net pension obligation		4,287
Adjustment to annual required contribution		(5,056)
Annual pension cost		267,153
Actual contributions		267,654
Increase (decrease) in NPO		(501)
NPO beginning of year		59,137
NPO end of year	$	58,636

The annual required contribution (ARC) was determined as part of the February 28, 2011, and February 29, 2012, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011, was 10 years for the General division and 30 years for

V. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

the Police division. The amortization period as of February 29, 2012, was 30 years for the General division and 16 years for the Police division.

THREE-YEAR TREND INFORMATION

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$271,900	89.0%	$52,792
2012	266,674	97.6	59,137
2013	267,153	100.2	58,636

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
2/28/2011	$4,835,429	$4,999,711	$164,282	97%	$2,771,326	6%
2/29/2012	4,805,389	4,953,665	148,276	97	2,811,145	5
2/28/2013	5,497,314	5,386,657	(110,657)	102	2,787,603	

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

V. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

2012

Annual required contribution	$	266,458
Interest on net pension obligation		3,827
Adjustment to annual required contribution		(3,611)
Annual pension cost		266,674
Actual contributions		260,329
Increase (decrease) in NPO		6,345
NPO beginning of year		52,792
NPO end of year	$	59,137

The annual required contribution (ARC) was determined as part of the February 28, 2010, and February 28, 2011, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010, was 30 years for the General division and 30 years for the Police division. The amortization period as of February 28, 2011, was 10 years for the General division and 30 years for the Police division.

THREE-YEAR TREND INFORMATION

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$232,200	90.1%	$22,988
2011	271,900	89.0	52,792
2012	266,674	97.6	59,137

V. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (concluded)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (concluded)

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
2/28/2010	$4,336,285	$4,440,978	$104,693	98%	$2,627,563	4%
2/28/2011	4,835,429	4,999,711	164,282	97	2,771,326	6
2/29/2012	4,805,389	4,953,665	148,276	97	2,811,145	5

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

VI. POST-EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. The County had four COBRA participants at December 31, 2013, and the County had three COBRA participants at December 31, 2012.

VII. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed $2,244 and $2,244, respectively, for the years ended December 31, 2013 and 2012.

VIII. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is not involved in pending litigation as of the audit report date.

B. Compensated Absences

The County provides employees with up to four weeks of paid vacation based upon the number of years of continuous service. Employees receive one week of vacation after the first year of service, two weeks of vacation per year after two years of employment, three weeks of vacation per year after twelve years of employment, and four weeks of vacation per year after twenty years of employment. Vacation days do not carry forward if they are unused. Upon termination, an employee is reimbursed for any unused vacation days. Employees accrue four hours of sick leave per month for a total of six days for the year. The County allows employees to carry forward any and all unused sick leave up to 560 hours. However, upon termination, employees do not get reimbursed for sick leave. These have not been subjected to auditing procedures.

C. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in refunding grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

IX. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. Insurance is obtained from commercial insurance companies. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

IX. RISK MANAGEMENT (concluded)

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

X. SUBSEQUENT EVENTS

On March 6, 2014, Scott County purchased a 2014 John Deere 6115M Cub Tractor in the amount of $72,751.00. The County entered into a one year lease purchase agreement with First State Bank and Trust Company, Inc. to finance $41,194.75 of the purchase. The lease purchase agreement calls for one annual payment of $42,865.43. The lease purchase agreement carries an interest rate of 4.245%.

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

SCHEDULE OF STATE FINDINGS

A. For the year ended December 31, 2012, expenditures exceeded those budgeted for the Senate Bill 40 Fund.

FEDERAL COMPLIANCE SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the County Commission
The County of Scott, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Scott ("County") as of and for the years ended December 31, 2013, and 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. [FS 13/12-01]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The County's Response to Findings

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 27, 2014

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

To The County Commission
The County of Scott, Missouri

Report on Compliance for Each Major Federal Program

We have audited the County of Scott's ("County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the years ended December 31, 2013, and 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

3510 JEFFCO BOULEVARD • SUITE 200 • ARNOLD, MISSOURI 63010-3999 • 636-464-1330 • FAX 636-464-3076

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2013, and 2012.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 27, 2014

THE COUNTY OF SCOTT
BENTON, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY NUMBER	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2013	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2012
U.S. DEPARTMENT OF AGRICULTURE				
PASSED THROUGH STATE:				
COMMUNITY FACILITIES LOANS AND GRANTS	10.766	RURAL DEVELOPMENT	-	28,137.00
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
PASSED THROUGH STATE:				
DEPARTMENT OF ECONOMIC DEVELOPMENT				
COMMUNITY DEVELOPMENT BLOCK GRANTS	14.228	99 EM 903	-	1,700.00
COMMUNITY DEVELOPMENT BLOCK GRANTS	14.228	2004-ND-614	11,325.00	-
			11,325.00	1,700.00
DEPARTMENT OF SOCIAL SERVICES				
EMERGENCY SHELTER GRANTS PROGRAM	14.231	DAEOC	-	38,883.04
EMERGENCY SHELTER GRANTS PROGRAM	14.231	HOUSE OF REFUGE	-	7,847.00
			-	46,730.04
U.S. DEPARTMENT OF JUSTICE				
PASSED THROUGH STATE:				
CRIME VICTIM ASSISTANCE	16.575		22,661.51	8,047.73
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		-	15,202.45
U.S. DEPARTMENT OF TRANSPORTATION				
PASSED THROUGH STATE:				
HIGHWAY AND TRANSPORTATION COMMISSION				
HIGHWAY PLANNING AND CONSTRUCTION	20.205	BRO-B100(14)	243,790.10	33,053.00
HIGHWAY PLANNING AND CONSTRUCTION	20.205	BRO-B100(15)	246,771.32	-
			490,561.42	33,053.00
HMV ENFORCEMENT	20.600		-	2,879.53
DWI ENFORCEMENT	20.601		-	2,995.29
GENERAL SERVICES ADMINISTRATION				
PASSED THROUGH STATE OFFICE OF ADMINISTRATION:				
OFFICE OF SECRETARY OF STATE				
ELECTION REFORM PAYMENTS	39.011		-	3,889.00
ELECTION ASSISTANCE COMMISSION:				
PASSED THROUGH:				
OFFICE OF SECRETARY OF STATE				
HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS	90.401		10,383.00	5,536.53
EXECUTIVE OFFICE OF THE PRESIDENT				
DIRECT PROGRAM				
HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM	95.001		51,730.80	32,798.77
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
PASSED THROUGH STATE:				
DEPARTMENT OF SOCIAL SERVICES				
CHILD SUPPORT ENFORCEMENT	93.563		62,698.52	75,602.25
U.S. DEPARTMENT OF HOMELAND SECURITY				
PASSED THROUGH STATE:				
DEPARTMENT OF PUBLIC SAFETY				
DISASTER GRANTS - PUBLIC ASSISTANCE GRANTS	97.036	FEMA-1980-DR-MO	-	55,386.56
DEPARTMENT OF PUBLIC SAFETY				
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042		23,442.35	-
DIRECT PROGRAM:				
IMMIGRATION AND CUSTOMS ENFORCEMENT (ICE)	97.XXX		59,812.35	162,949.04
	Total		**732,614.95**	**474,907.19**

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each major program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Scott County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistanc*e means assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and, if applicable, noncash awards.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

NOTE 2 – SUB-RECIPIENTS

The County provided federal awards to the following sub-recipients during the year ended December 31, 2012.

Sub-Recipient	CFDA No.	Year	Amount
DAEOC	14.231	2012	$ 38,883.04
House of Refuge	14.231	2012	7,847.00
			$ 46,730.04

THE COUNTY OF SCOTT
BENTON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified – Regulatory Basis

2. Internal control over financial reporting:

a. Material weakness(es) identified?	2013 ___	Yes	X No
	2012 ___	Yes	X No
b. Significant deficiencies identified?	2013 ___	Yes	X None Reported
	2012 X	Yes	___ None Reported

3. Noncompliance material to financial statements noted?

	2013 ___	Yes	X No
	2012 ___	Yes	X No

B. Federal Awards

1. Internal control over major programs:

a. Material weakness(es) identified?	2013 ___	Yes	X No
	2012 ___	Yes	X No
b. Significant deficiencies identified?	2013 ___	Yes	X None Reported
	2012 ___	Yes	X None Reported

2. Type of auditor's report issued on compliance for major programs:

2013 - Unmodified

2012 - Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of *Circular A-133*?

	2013 ___	Yes	X No
	2012 ___	Yes	X No

I. SUMMARY OF AUDITOR'S RESULTS (concluded)

B. Federal Awards (concluded)

4. Identification of major programs:

Year	CFDA Number(s)	Name of Federal Program or Cluster
2013/2012	20.205	Department of Transportation – Highway Planning and Construction
2013/2012	93.563	Child Support Enforcement

5. Dollar threshold used to distinguish between type A and type B programs: $ 300,000

6. Auditee qualified as low-risk auditee? 2013 ___ Yes X No

2012 ___ Yes X No

II. FINANCIAL STATEMENT FINDINGS

FS 13/12-01 Criteria: All cash and investments held by financial institutions must be secured through the Federal Deposit Insurance (FDIC) or securities pledged by the financial institution.

Condition: During our testing of cash and pledged securities, it was noted that the County's accounts were under-pledged for the year ended December 31, 2012.

Context: The County bank accounts with a financial institution were under collateralized by $29,264.16 at December 31, 2012.

Effect: There is a risk that the County's under collateralized balance may not be returned to the County because the balance is not covered under FDIC or other pledged securities.

Cause: Adequate oversight was not in place to ensure all bank account balances were secured through FDIC or other pledged securities.

Recommendation: We recommend that the County periodically review all account balances to ensure they are fully secured.

Views of responsible officials and planned corrective actions: The County will review account balances with the financial institution to ensure that they are collateralized on a regular basis. This problem was corrected in the 2013 fiscal year. The Treasurer is Glenda Enderle and her office phone number is (573)545-3543.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013, AND 2012

There were no findings related to federal awards for the years ended December 31, 2013, and 2012.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 11/10-01

Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During walkthroughs, the County informed us that internal control documentation had not been prepared.

Effect: SAS 115 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of Responsible Officials and Planned Corrective Actions: The County is in the process of preparing the needed documentation to document its internal control structure in conformity with the COSO framework.

Status: The County has resolved this finding in the current year.

FS 11/10-02

Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During the walkthroughs of the County, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (concluded)

FS 11/10-02 Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of Responsible Officials and Planned Corrective Actions: The County is in the process of preparing the needed documentation to document its internal control structure in conformity with the COSO framework.

Status: The County has resolved this finding in the current year.

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

We noted no federal award findings or questioned costs during the County's audit of the years ending December 31, 2011, and 2010.

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

June 27, 2014

To the Board of Commissioners
County of Scott

In planning and performing our audit of the regulatory based financial statements of the County of Scott (the "County") as of and for the years ended December 31, 2013, and December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in County's internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the County's internal control to be a significant deficiency as noted in section I:

Our comments concerning internal control and other significant matters are presented as follows:

I. Deficiency Considered to be Significant
II. Information Required by Professional Standards

The County's management has provided a written response to the finding in this report that was identified in our audit. This response has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the County Commission, County Office Holders, the Missouri State Auditor and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

I. DEFICIENCY CONSIDERED TO BE SIGNIFICANT

FS 13/12-01 Criteria: All cash and investments held by financial institutions must be secured through the Federal Deposit Insurance (FDIC) or securities pledged by the financial institution.

Condition: During our testing of cash and pledged securities, it was noted that the County's accounts were under-pledged for the year ended December 31, 2012.

Context: The County bank accounts with a financial institution were under collateralized by $29,264.16 at December 31, 2012.

Effect: There is a risk that the County's under collateralized balance may not be returned to the County because the balance is not covered under FDIC or other pledged securities.

Cause: Adequate oversight was not in place to ensure all bank account balances were secured through FDIC or other pledged securities.

Recommendation: We recommend that the County periodically review all account balances to ensure they are fully secured.

Views of responsible officials and planned corrective actions: The County will review account balances with the financial institution to ensure that they are collateralized on a regular basis. This problem was corrected in the 2013 fiscal year. The Treasurer is Glenda Enderle and her office phone number is (573)545-3543.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 27, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2013-2012 fiscal years. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the County applying the regulatory basis of accounting, no estimates are made during the preparation of financial statements.

The financial statement disclosures are neutral, consistent, and clear.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 27, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the schedule of expenditures of federal awards which accompany the financial statements but are not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We noted during our audit certain matters that were not considered to be significant deficiencies or material weaknesses. The County's accounting software has limited capabilities of providing an audit trail for transaction corrections. The County Clerk appears to have mitigating controls in place to lower these risks to an acceptable level but the commission does need to be aware of these risks and offices need to remain vigilant in deterring the potential for erroneous or fraudulent activity.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Washington County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Washington County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

August 2014
Report No. 2014-065

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013 AND 2012

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
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SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

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FINANCIAL SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Washington, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Washington ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2013, and 2012, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note I of the financial statements, the financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2013, and 2012, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the County as of December 31, 2013, and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Washington's basic financial statements. The schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2014, on our consideration of the County of Washington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Washington's internal control over financial reporting and compliance.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 13, 2014

FINANCIAL STATEMENTS

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

FUND	CASH AND INVESTMENT BALANCES JANUARY 1, 2013	RECEIPTS 2013	DISBURSEMENTS 2013	CASH AND INVESTMENT BALANCES DECEMBER 31, 2013
General Revenue Fund	$ 209,543.77	$ 2,974,006.25	$ 3,170,958.68	$ 12,591.34
Special Road and Bridge Fund	313,771.75	2,630,334.23	2,610,232.56	333,873.42
Assessment Fund	25,791.32	325,051.32	273,085.96	77,756.68
Sheriff L.E.F. Fund	33,681.78	1,326,462.48	1,315,646.21	44,498.05
L.E.F. Fund	5,091.53	3,092.92	5,284.06	2,900.39
Prosecuting Attorney Delinquent Fund	13,165.42	3,812.12	1,216.23	15,761.31
Prosecuting Attorney Training Fund	7,576.50	488.93	300.00	7,765.43
Prosecuting Attorney Bad Check Fund	75,990.41	11,490.36	12,637.14	74,843.63
Sheriff's Civil Fund	-	51,995.54	50,000.00	1,995.54
Recorder User Fund	67,846.09	9,143.02	1,200.00	75,789.11
Airport Fund	10,541.64	28,877.17	38,331.30	1,087.51
Revolving Loan Fund	605,271.05	13,227.68	20.00	618,478.73
D.A.R.E. Fund	8.76	-	-	8.76
Election Service Fund	6,541.69	4,772.93	-	11,314.62
Recorder Technology Fund	20,964.71	6,379.92	10,137.77	17,206.86
Shelter Fund	1,090.47	2,398.77	2,136.79	1,352.45
Economic Development Fund	3,405,752.85	748,507.76	364,391.58	3,789,869.03
Building Fund	137,403.34	250,191.88	-	387,595.22
Sheriff Revolving Fund	24,911.51	45,905.11	36,306.44	34,510.18
Assessor Technology Fund	31,521.89	56,631.67	88,153.56	-
Sur Tax Fund	5,585.12	234,440.89	236,524.04	3,501.97
Senior Citizen Services Fund	77,650.82	115,624.90	122,962.50	70,313.22
Senate Bill 40 Fund	767,776.22	562,956.09	447,813.91	882,918.40
Sheriff Salary Supplement Fund	-	16,303.15	15,005.00	1,298.15
Emergency Fund	74,696.24	25,312.67	-	100,008.91
Sheriff's Inmate Security Fund	2,817.02	3,316.53	1,620.00	4,513.55
L.E.F. Restitution Fund	25,873.48	54,470.52	61,877.07	18,466.93
Help America Vote Act Fund	2,540.84	4,968.23	-	7,509.07
No Interest Fund	-	162,308.00	162,308.00	-
Tax Maintenance Fund	84,511.98	38,598.35	58,988.17	64,122.16
Total	$ 6,037,918.20	$ 9,711,069.39	$ 9,087,136.97	$ 6,661,850.62

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

FUND	CASH AND INVESTMENT BALANCES January 1, 2012	RECEIPTS 2012	DISBURSEMENTS 2012	CASH AND INVESTMENT BALANCES December 31, 2012
General Revenue Fund	$ 8,038.34	$ 2,610,322.06	$ 2,408,816.63	$ 209,543.77
Special Road and Bridge Fund	518,233.00	2,555,292.36	2,759,753.61	313,771.75
Assessment Fund	428.52	327,594.61	302,231.81	25,791.32
Sheriff L.E.F. Fund	35,020.89	1,245,236.01	1,246,575.12	33,681.78
L.E.F. Fund	5,606.85	2,869.49	3,384.81	5,091.53
Prosecuting Attorney Delinquent Fund	9,830.89	13,165.42	9,830.89	13,165.42
Prosecuting Attorney Training Fund	7,644.00	8,151.50	8,219.00	7,576.50
Prosecuting Attorney Bad Check Fund	75,939.24	87,967.05	87,915.88	75,990.41
Sheriff's Civil Fund	640.04	57,785.07	58,425.11	-
Recorder User Fund	63,919.37	73,368.07	69,441.35	67,846.09
Airport Fund	6,068.98	22,833.99	18,361.33	10,541.64
Revolving Loan Fund	591,220.37	24,050.68	10,000.00	605,271.05
D.A.R.E. Fund	8.76	-	-	8.76
Election Service Fund	4,346.15	6,940.31	4,744.77	6,541.69
Recorder Technology Fund	35,186.70	6,421.05	20,643.04	20,964.71
Shelter Fund	1,202.28	3,491.10	3,602.91	1,090.47
Economic Development Fund	3,427,946.02	723,461.87	745,655.04	3,405,752.85
Building Fund	145,001.37	151,965.84	159,563.87	137,403.34
Sheriff Revolving Fund	7,952.95	30,597.76	13,639.20	24,911.51
Assessor Technology Fund	40,020.86	105,665.86	114,164.83	31,521.89
Sur Tax Fund	50,717.28	289,205.80	334,337.96	5,585.12
Senior Citizen Services Fund	110,957.52	120,006.80	153,313.50	77,650.82
Senate Bill 40 Fund	700,568.53	600,725.73	533,518.04	767,776.22
Sheriff Salary Supplement Fund	-	17,273.39	17,273.39	-
Emergency Fund	66,614.00	8,082.24	-	74,696.24
Sheriff's Inmate Security Fund	1,728.48	4,667.74	3,579.20	2,817.02
L.E.F. Restitution Fund	6,885.66	48,502.96	29,515.14	25,873.48
Help America Vote Act Fund	-	2,540.84	-	2,540.84
No Interest Fund	-	382,105.59	382,105.59	-
Tax Maintenance Fund	84,732.70	43,811.63	44,032.35	84,511.98
Total	$ 6,006,459.75	$ 9,574,102.82	$ 9,542,644.37	$ 6,037,918.20

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	GENERAL REVENUE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 493,000.00	$ 529,833.08	$ 443,000.00	$ 478,718.69
Sales Taxes	915,000.00	1,027,229.72	915,000.00	1,011,781.34
Intergovernmental	674,213.72	468,657.53	892,808.13	271,301.84
Charges for Services	342,586.00	366,253.54	279,000.00	290,498.43
Interest Income	100.00	537.51	100.00	473.70
Other	326,658.85	471,464.86	317,980.00	412,234.38
Transfers In	261,304.00	110,030.01	294,442.39	145,313.68
TOTAL RECEIPTS	3,012,862.57	2,974,006.25	3,142,330.52	2,610,322.06
DISBURSEMENTS				
County Commission	131,184.00	129,781.63	129,930.00	127,508.32
County Clerk	171,796.00	169,377.05	139,785.00	136,083.67
Elections	106,645.00	90,184.73	200,736.00	194,911.87
Buildings and grounds	693,169.00	529,160.56	760,328.50	185,066.33
Employee fringe benefits	-	-	-	-
County Treasurer	69,213.00	65,917.27	68,140.00	66,750.47
Collector	165,713.00	163,064.91	156,125.00	153,349.39
Recorder of Deeds	119,823.00	118,446.26	93,412.00	94,040.18
Circuit Clerk	91,232.00	88,773.99	89,730.36	83,588.19
Associate Circuit Court	-	-	-	-
Court Administration	27,631.00	17,319.17	13,330.00	9,358.27
Public Administrator	108,475.00	108,323.82	60,583.00	55,626.72
Sheriff	281,283.00	215,972.31	79,101.13	83,888.56
Jail	-	-	-	-
Prosecuting Attorney	346,463.00	310,546.21	323,727.00	285,114.31
Juvenile Officer	91,333.00	91,332.52	91,333.00	91,332.52
Coroner	63,158.50	52,065.46	42,228.00	41,648.58
Sheriff's Auxilary	-	-	-	-
Landfill	41,044.00	40,854.75	39,953.70	40,085.57
Juvenile Detention Services	-	-	-	-
Other	390,312.07	396,290.80	377,170.00	348,574.24
Debt Service	43,750.00	43,750.00	158,352.00	110,295.44
Transfers Out	280,181.00	539,797.24	327,794.00	301,594.00
Emergency Fund	-	-	-	-
TOTAL DISBURSEMENTS	3,222,405.57	3,170,958.68	3,151,758.69	2,408,816.63
RECEIPTS OVER (UNDER) DISBURSEMENTS	(209,543.00)	(196,952.43)	(9,428.17)	201,505.43
CASH AND INVESTMENT BALANCES, JANUARY 1	209,543.77	209,543.77	8,038.34	8,038.34
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 0.77	$ 12,591.34	$ (1,389.83)	$ 209,543.77

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SPECIAL ROAD AND BRIDGE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 570,000.00	$ 618,436.69	$ 577,500.00	$ 631,778.43
Sales Taxes	715,000.00	744,688.60	715,000.00	716,422.36
Intergovernmental	691,438.00	746,962.56	811,461.63	1,085,954.00
Charges for Services	-	-	-	-
Interest Income	-	563.20	500.00	762.95
Other	1,111,140.33	519,683.18	1,231,292.83	120,374.62
Transfers In	-	-	-	-
TOTAL RECEIPTS	3,087,578.33	2,630,334.23	3,335,754.46	2,555,292.36
DISBURSEMENTS				
Salaries	805,368.00	756,155.40	852,097.00	808,554.74
Employee Fringe Benefits	278,944.00	257,106.70	265,643.00	229,251.66
Materials and Supplies	273,950.00	293,730.36	316,985.35	324,347.74
Insurance	40,556.00	41,661.00	39,551.00	39,551.00
Road and Bridge Materials	503,868.61	380,805.09	608,311.28	608,587.39
Equipment Repairs	152,649.12	125,813.86	130,000.00	130,701.36
Equipment Rental	1,000.00	-	1,000.00	27.59
Equipment Purchases	97,595.00	188,856.75	268,322.00	251,326.91
Services and Other	35,800.60	27,068.39	32,909.00	22,809.05
Debt Service	94,177.00	-	103,616.00	39,176.56
Construction	1,025,986.00	447,580.01	1,139,792.83	209,659.61
Transfers Out	91,455.00	91,455.00	95,760.00	95,760.00
TOTAL DISBURSEMENTS	3,401,349.33	2,610,232.56	3,853,987.46	2,759,753.61
RECEIPTS OVER (UNDER) DISBURSEMENTS	(313,771.00)	20,101.67	(518,233.00)	(204,461.25)
CASH AND INVESTMENT BALANCES, JANUARY 1	313,771.75	313,771.75	518,233.00	518,233.00
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 0.75	$ 333,873.42	$ -	$ 313,771.75

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ASSESSMENT FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	205,260.00	231,212.38	220,000.00	215,140.03
Charges for Services	6,000.00	4,332.20	6,000.00	10,726.85
Interest Income	100.00	80.18	100.00	34.97
Other	-	67,153.56	-	73,102.76
Transfers In	73,741.00	22,273.00	131,017.00	28,590.00
TOTAL RECEIPTS	285,101.00	325,051.32	357,117.00	327,594.61
DISBURSEMENTS				
Assessor	285,101.00	273,085.96	357,117.00	302,231.81
TOTAL DISBURSEMENTS	285,101.00	273,085.96	357,117.00	302,231.81
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	51,965.36	-	25,362.80
CASH AND INVESTMENT BALANCES, JANUARY 1	25,791.32	25,791.32	428.52	428.52
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 25,791.32	$ 77,756.68	$ 428.52	$ 25,791.32

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SHERIFF L.E.F. FUND				L.E.F. FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	728,514.49	744,694.56	715,000.00	716,429.35	-	-	-	-
Intergovernmental	218,400.00	240,464.85	230,399.40	191,231.40	-	-	-	-
Charges for Services	1,300.00	1,350.00	5,500.00	1,757.00	2,600.00	3,088.87	2,900.00	2,863.20
Other	43,637.40	47,622.83	9,800.00	27,595.60	-	-	-	-
Interest Income	-	24.24	-	18.66	-	4.05	4.00	6.29
Transfers In	327,281.69	292,306.00	341,204.00	308,204.00	-	-	-	-
TOTAL RECEIPTS	1,319,133.58	1,326,462.48	1,301,903.40	1,245,236.01	2,600.00	3,092.92	2,904.00	2,869.49
DISBURSEMENTS								
Salaries	1,058,232.02	1,045,142.54	667,666.00	911,391.36	-	-	-	-
Supplies	27,748.65	38,016.67	2,000.00	30,733.05	-	-	-	-
Equipment	2,965.10	5,023.10	53,600.00	66,304.27	-	-	-	-
Other Expenses	230,368.71	207,765.33	117,000.00	193,348.00	5,000.00	5,284.06	8,000.00	3,384.81
Grants	33,500.00	19,698.57	83,999.40	44,798.44	-	-	-	-
Jail - personnel	-	-	244,687.00	-	-	-	-	-
Jail - other	-	-	73,000.00	-	-	-	-	-
Office - personnel	-	-	50,482.00	-	-	-	-	-
Office - other	-	-	44,650.00	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	1,352,814.48	1,315,646.21	1,337,084.40	1,246,575.12	5,000.00	5,284.06	8,000.00	3,384.81
RECEIPTS OVER (UNDER) DISBURSEMENTS	(33,680.90)	10,816.27	(35,181.00)	(1,339.11)	(2,400.00)	(2,191.14)	(5,096.00)	(515.32)
CASH AND INVESTMENT BALANCES, JANUARY 1	33,681.78	33,681.78	35,020.89	35,020.89	5,091.53	5,091.53	5,606.85	5,606.85
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 0.88	$ 44,498.05	$ (160.11)	$ 33,681.78	$ 2,691.53	$ 2,900.39	$ 510.85	$ 5,091.53

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	PROSECUTING ATTORNEY DELINQUENT FUND				PROSECUTING ATTORNEY TRAINING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	3,000.00	3,795.31	750.00	3,320.14	-	-	-	-
Charges for Services	-	-	-	-	450.00	479.52	550.00	-
Interest Income	-	16.81	10.00	14.39	-	9.41	-	9.03
Other	-	-	-	9,830.89	-	-	-	8,142.47
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	3,000.00	3,812.12	760.00	13,165.42	450.00	488.93	550.00	8,151.50
DISBURSEMENTS								
Prosecuting Attorney	1,500.00	1,216.23	-	9,830.89	-	300.00	-	575.00
Transfers Out	-	-	-	-	-	-	-	7,644.00
TOTAL DISBURSEMENTS	1,500.00	1,216.23	-	9,830.89	-	300.00	-	8,219.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,500.00	2,595.89	760.00	3,334.53	450.00	188.93	550.00	(67.50)
CASH AND INVESTMENT BALANCES, JANUARY 1	13,165.42	13,165.42	9,830.89	9,830.89	7,576.50	7,576.50	7,644.00	7,644.00
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 14,665.42	$ 15,761.31	$ 10,590.89	$ 13,165.42	$ 8,026.50	$ 7,765.43	$ 8,194.00	$ 7,576.50

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	PROSECUTING ATTORNEY BAD CHECK FUND				SHERIFF'S CIVIL FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	10,400.00	11,396.75	10,000.00	87,872.89	50,000.00	51,977.12	55,200.00	57,754.32
Interest Income	80.00	93.61	-	94.16	-	18.42	7.00	30.75
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	10,480.00	11,490.36	10,000.00	87,967.05	50,000.00	51,995.54	55,207.00	57,785.07
DISBURSEMENTS								
Salaries	16,500.00	12,637.14	13,000.00	87,915.88	-	-	-	-
Other	-	-	-	-	-	-	-	640.04
Transfers Out	-	-	-	-	50,000.00	50,000.00	50,000.00	57,785.07
TOTAL DISBURSEMENTS	16,500.00	12,637.14	13,000.00	87,915.88	50,000.00	50,000.00	50,000.00	58,425.11
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,020.00)	(1,146.78)	(3,000.00)	51.17	-	1,995.54	5,207.00	(640.04)
CASH AND INVESTMENT BALANCES, JANUARY 1	75,990.41	75,990.41	75,939.24	75,939.24	-	-	640.04	640.04
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 69,970.41	$ 74,843.63	$ 72,939.24	$ 75,990.41	$ -	$ 1,995.54	$ 5,847.04	$ -

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	RECORDER USER FUND				AIRPORT FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	8,500.00	9,054.00	8,560.00	7,530.00	-	-	-	-
Interest Income	80.00	89.02	25.00	82.70	15.00	30.83	20.00	23.65
Other	-	-	-	65,755.37	40,000.00	28,846.34	21,000.00	22,810.34
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	8,580.00	9,143.02	8,585.00	73,368.07	40,015.00	28,877.17	21,020.00	22,833.99
DISBURSEMENTS								
Airport Expense	-	-	-	-	41,400.00	38,331.30	19,000.00	18,361.33
Records Preservation	23,000.00	1,200.00	40,000.00	69,441.35	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	23,000.00	1,200.00	40,000.00	69,441.35	41,400.00	38,331.30	19,000.00	18,361.33
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,420.00)	7,943.02	(31,415.00)	3,926.72	(1,385.00)	(9,454.13)	2,020.00	4,472.66
CASH AND INVESTMENT BALANCES, JANUARY 1	67,846.09	67,846.09	63,919.37	63,919.37	10,541.64	10,541.64	6,068.98	6,068.98
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 53,426.09	$ 75,789.11	$ 32,504.37	$ 67,846.09	$ 9,156.64	$ 1,087.51	$ 8,088.98	$ 10,541.64

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	REVOLVING LOAN FUND				D.A.R.E. FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest Income	2,000.00	1,520.82	3,000.00	2,292.86	-	-	-	-
Other	10,000.00	11,706.86	-	21,757.82	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	12,000.00	13,227.68	3,000.00	24,050.68	-	-	-	-
DISBURSEMENTS								
Revolving Loan Expenses	10,000.00	20.00	-	10,000.00	-	-	-	-
Engineering Fees	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	10,000.00	20.00	-	10,000.00	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,000.00	13,207.68	3,000.00	14,050.68	-	-	-	-
CASH AND INVESTMENT BALANCES, JANUARY 1	605,271.05	605,271.05	591,220.37	591,220.37	8.76	8.76	8.76	8.76
CASH AND INVESTMENT BALANCES, DECEMBER 31	$607,271.05	$618,478.73	$594,220.37	$605,271.05	$ 8.76	$ 8.76	$ 8.76	$ 8.76

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ELECTION SERVICE FUND				RECORDER TECHNOLOGY FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	2,500.00	4,761.59	3,000.00	6,933.16	-	-	-	-
Charges for Services	-	-	-	-	4,800.00	6,357.34	5,000.00	4,985.00
Interest Income	-	11.34	5.00	7.15	28.00	22.58	-	28.55
Other	-	-	-	-	-	-	-	1,407.50
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	2,500.00	4,772.93	3,005.00	6,940.31	4,828.00	6,379.92	5,000.00	6,421.05
DISBURSEMENTS								
Supplies	8,000.00	-	500.00	4,744.77	-	-	-	-
Records Preservation	-	-	-	-	18,000.00	10,137.77	10,000.53	20,643.04
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	8,000.00	-	500.00	4,744.77	18,000.00	10,137.77	10,000.53	20,643.04
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,500.00)	4,772.93	2,505.00	2,195.54	(13,172.00)	(3,757.85)	(5,000.53)	(14,221.99)
CASH AND INVESTMENT BALANCES, JANUARY 1	6,541.69	6,541.69	4,346.15	4,346.15	20,964.71	20,964.71	35,186.70	35,186.70
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 1,041.69	$ 11,314.62	$ 6,851.15	$ 6,541.69	$ 7,792.71	$ 17,206.86	$ 30,186.17	$ 20,964.71

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THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SHELTER FUND				ECONOMIC DEVELOPMENT FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	715,000.00	744,687.48	715,000.00	716,421.94
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	2,250.00	2,398.00	1,750.00	2,288.00	-	-	-	-
Interest Income	-	0.77	0.35	0.82	3,000.00	3,748.28	3,000.00	3,641.93
Other	-	-	-	1,202.28	-	72.00	-	3,398.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	2,250.00	2,398.77	1,750.35	3,491.10	718,000.00	748,507.76	718,000.00	723,461.87
DISBURSEMENTS								
Operational Expenses	2,250.00	2,136.79	1,700.00	3,602.91	226,827.00	170,526.12	281,540.00	170,794.70
Economic Development	-	-	-	-	250,000.00	193,865.46	300,000.00	574,860.34
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	2,250.00	2,136.79	1,700.00	3,602.91	476,827.00	364,391.58	581,540.00	745,655.04
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	261.98	50.35	(111.81)	241,173.00	384,116.18	136,460.00	(22,193.17)
CASH AND INVESTMENT BALANCES, JANUARY 1	1,090.47	1,090.47	1,202.28	1,202.28	3,405,752.85	3,405,752.85	3,427,946.02	3,427,946.02
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 1,090.47	$ 1,352.45	$ 1,252.63	$ 1,090.47	$ 3,646,925.85	$ 3,789,869.03	$ 3,564,406.02	$ 3,405,752.85

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THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	BUILDING FUND				SHERIFF REVOLVING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	43,090.00	45,866.00	14,000.00	22,622.00
Interest Income	150.00	191.88	-	164.47	5.00	39.11	6.00	22.81
Other	-	-	-	145,001.37	-	-	-	7,952.95
Transfers In	-	250,000.00	47,000.00	6,800.00	-	-	-	-
TOTAL RECEIPTS	150.00	250,191.88	47,000.00	151,965.84	43,095.00	45,905.11	14,006.00	30,597.76
DISBURSEMENTS								
Sheriff Revolving Expenses	-	-	-	-	44,590.00	36,306.44	20,000.00	13,639.20
Capital Projects	-	-	11,000.00	145,001.37	-	-	-	-
Transfers Out	-	-	30,000.00	14,562.50	-	-	-	-
TOTAL DISBURSEMENTS	-	-	41,000.00	159,563.87	44,590.00	36,306.44	20,000.00	13,639.20
RECEIPTS OVER (UNDER) DISBURSEMENTS	150.00	250,191.88	6,000.00	(7,598.03)	(1,495.00)	9,598.67	(5,994.00)	16,958.56
CASH AND INVESTMENT BALANCES, JANUARY 1	137,403.34	137,403.34	145,001.37	145,001.37	24,911.51	24,911.51	7,952.95	7,952.95
CASH AND INVESTMENT BALANCES, DECEMBER 31	$137,553.34	$387,595.22	$151,001.37	$137,403.34	$23,416.51	$34,510.18	$ 1,958.95	$ 24,911.51

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THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ASSESSOR TECHNOLOGY FUND				SUR TAX FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ 60,000.00	$ 56,586.85	$ 45,000.00	$ 64,876.92	$ 220,000.00	$ 234,304.08	$ 213,000.00	$ 238,374.07
Sales Taxes	-	44.82	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest Income	100.00	-	-	88.08	100.00	136.81	130.00	114.45
Other	-	-	-	40,700.86	-	-	-	50,717.28
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	60,100.00	56,631.67	45,000.00	105,665.86	220,100.00	234,440.89	213,130.00	289,205.80
DISBURSEMENTS								
Salaries	71,468.00	88,153.56	75,000.00	114,164.83	-	-	-	-
Surtax Distribution	-	-	-	-	225,600.00	236,524.04	170,130.00	334,337.96
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	71,468.00	88,153.56	75,000.00	114,164.83	225,600.00	236,524.04	170,130.00	334,337.96
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,368.00)	(31,521.89)	(30,000.00)	(8,498.97)	(5,500.00)	(2,083.15)	43,000.00	(45,132.16)
CASH AND INVESTMENT BALANCES, JANUARY 1	31,521.89	31,521.89	40,020.86	40,020.86	5,585.12	5,585.12	50,717.28	50,717.28
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 20,153.89	$ -	$ 10,020.86	$ 31,521.89	$ 85.12	$ 3,501.97	$ 93,717.28	$ 5,585.12

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THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SENIOR CITIZEN SERVICES FUND				SENATE BILL 40 FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ 115,141.14	$ 110,414.65	$ 105,500.00	$ 112,886.41	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	7,255.00	5,055.85	6,210.00	6,988.19	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest Income	175.00	154.40	220.00	132.20	-	-	-	-
Other	-	-	-	-	866,838.75	562,956.09	844,519.86	600,725.73
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	122,571.14	115,624.90	111,930.00	120,006.80	866,838.75	562,956.09	844,519.86	600,725.73
DISBURSEMENTS								
Senior Citizens Fund Expenses	124,931.50	122,962.50	118,815.00	153,313.50	-	-	-	-
SB40 Expenses	-	-	-	-	973,614.18	447,813.91	818,264.48	533,518.04
Training Expenses	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	124,931.50	122,962.50	118,815.00	153,313.50	973,614.18	447,813.91	818,264.48	533,518.04
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,360.36)	(7,337.60)	(6,885.00)	(33,306.70)	(106,775.43)	115,142.18	26,255.38	67,207.69
CASH AND INVESTMENT BALANCES, JANUARY 1	77,650.82	77,650.82	110,957.52	110,957.52	767,776.22	767,776.22	700,568.53	700,568.53
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 75,290.46	$ 70,313.22	$ 104,072.52	$ 77,650.82	$ 661,000.79	$ 882,918.40	$ 726,823.91	$ 767,776.22

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THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
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	SHERIFF SALARY SUPPLEMENT FUND				EMERGENCY FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	Actual	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	17,000.00	16,303.15	16,000.00	17,273.39	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	85.00	94.43	-	82.24
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	15,602.00	25,218.24	9,000.00	8,000.00
TOTAL RECEIPTS	17,000.00	16,303.15	16,000.00	17,273.39	15,687.00	25,312.67	9,000.00	8,082.24
DISBURSEMENTS								
Fees to State	17,000.00	15,005.00	16,000.00	17,273.39	-	-	-	-
Intangible Tax	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	17,000.00	15,005.00	16,000.00	17,273.39	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	1,298.15	-	-	15,687.00	25,312.67	9,000.00	8,082.24
CASH AND INVESTMENT BALANCES, JANUARY 1	-	-	-	-	74,696.24	74,696.24	66,614.00	66,614.00
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ -	$ 1,298.15	$ -	$ -	$ 90,383.24	$ 100,008.91	$ 75,614.00	$ 74,696.24

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THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
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YEARS ENDED DECEMBER 31, 2013 AND 2012

	SHERIFF'S INMATE SECURITY FUND				L.E.F. RESTITUTION FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	Actual	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	2,700.00	3,312.26	1,700.00	2,936.00	-	-	-	-
Charges for Services	-	-	-	-	39,000.00	47,793.76	22,000.00	41,596.00
Interest Income	3.00	4.27	0.35	3.26	15.00	32.76	2.00	21.30
Other	-	-	-	1,728.48	-	6,644.00	-	6,885.66
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	2,703.00	3,316.53	1,700.35	4,667.74	39,015.00	54,470.52	22,002.00	48,502.96
DISBURSEMENTS								
Sheriff Expenses	2,700.00	1,620.00	2,000.00	3,579.20	61,000.00	61,877.07	15,000.00	21,593.79
Transfers Out	-	-	-	-	-	-	-	7,921.35
TOTAL DISBURSEMENTS	2,700.00	1,620.00	2,000.00	3,579.20	61,000.00	61,877.07	15,000.00	29,515.14
RECEIPTS OVER (UNDER) DISBURSEMENTS	3.00	1,696.53	(299.65)	1,088.54	(21,985.00)	(7,406.55)	7,002.00	18,987.82
CASH AND INVESTMENT BALANCES, JANUARY 1	2,817.02	2,817.02	1,728.48	1,728.48	25,873.48	25,873.48	6,885.66	6,885.66
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 2,820.02	$ 4,513.55	$ 1,428.83	$ 2,817.02	$ 3,888.48	$ 18,466.93	$ 13,887.66	$ 25,873.48

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YEARS ENDED DECEMBER 31, 2013 AND 2012

	HELP AMERICA VOTE ACT FUND				NO INTEREST FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	518,756.41	162,308.00	382,105.59	382,105.59
Charges for Services	2,500.00	4,961.57	-	2,538.44	-	-	-	-
Interest Income	-	6.66	-	2.40	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	2,500.00	4,968.23	-	2,540.84	518,756.41	162,308.00	382,105.59	382,105.59
DISBURSEMENTS								
Elections	5,000.00	-	-	-	-	-	-	-
Grant Expenditures	-	-	-	-	518,756.41	162,308.00	382,105.59	382,105.59
TOTAL DISBURSEMENTS	5,000.00	-	-	-	518,756.41	162,308.00	382,105.59	382,105.59
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,500.00)	4,968.23	-	2,540.84	-	-	-	-
CASH AND INVESTMENT BALANCES, JANUARY 1	2,540.84	2,540.84	-	-	-	-	-	-
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 40.84	$ 7,509.07	$ -	$ 2,540.84	$ -	$ -	$ -	$ -

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BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
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	TAX MAINTENANCE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Charges for Services	$ 43,000.00	$ 38,257.30	$ 41,500.00	$ 43,627.91
Interest Income	80.00	89.51	-	183.72
Other	-	251.54	-	-
TOTAL RECEIPTS	43,080.00	38,598.35	41,500.00	43,811.63
DISBURSEMENTS				
Equipment	50,000.00	28,381.75	20,000.00	14,282.44
Office Supplies	4,000.00	3,730.65	4,000.00	2,419.19
Utilities	1,120.00	720.00	1,320.00	760.00
Computer Services	5,000.00	1,777.61	6,000.00	2,318.40
Professional Services	30,000.00	-	30,000.00	10,706.00
Miscellaneous	12,000.00	5,803.15	12,000.00	1,905.56
Transfers Out	7,500.00	18,575.01	-	11,640.76
TOTAL DISBURSEMENTS	109,620.00	58,988.17	73,320.00	44,032.35
RECEIPTS OVER (UNDER) DISBURSEMENTS	(66,540.00)	(20,389.82)	(31,820.00)	(220.72)
CASH AND INVESTMENT BALANCES, JANUARY 1	84,511.98	84,511.98	84,732.70	84,732.70
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 17,971.98	$ 64,122.16	$ 52,912.70	$ 84,511.98

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2013

	DRUG COURT PROGRAM	FINE MONEY	OVERPLUS	FIRE DISTRICTS	HEALTH CENTER	HOSPITAL
ASSETS						
Cash and Cash Equivalents	$ 48,187.19	$ 44,520.79	$ 132,207.76	$ -	$ -	$ -
Investments	-	-	-	-	-	-
TOTAL ASSETS	48,187.19	44,520.79	132,207.76	-	-	-
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	48,187.19	44,520.79	132,207.76	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 48,187.19	$ 44,520.79	$ 132,207.76	$ -	$ -	$ -

	UNEMPLOYMENT	COLLECTOR	SHERIFF	AMBULANCE DISTRICT	HANDICAPPED	RAILROAD & UTILITIES
ASSETS						
Cash and Cash Equivalents	$ 21.96	$ 10,333,301.92	$ 4,182.21	$ -	$ -	$ 0.01
Investments	-	-	-	-	-	-
TOTAL ASSETS	21.96	10,333,301.92	4,182.21	-	-	0.01
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	21.96	10,333,301.92	4,182.21	-	-	0.01
TOTAL LIABILITIES AND FUND BALANCES	$ 21.96	$ 10,333,301.92	$ 4,182.21	$ -	$ -	$ 0.01

	UNCLAIMED FEES	CITIES	SHERIFF EVIDENCE ACCT	TOTAL AGENCY FUNDS
ASSETS				
Cash and Cash Equivalents	$ 676.73	$ -	$ 29,635.74	$ 10,592,734.31
Investments	-	-	-	-
TOTAL ASSETS	676.73	-	29,635.74	10,592,734.31
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	676.73	-	29,635.74	10,592,734.31
TOTAL LIABILITIES AND FUND BALANCES	$ 676.73	$ -	$ 29,635.74	$ 10,592,734.31

The accompanying notes to the financial statements are an integral part of this financial statement.

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2012

	DRUG COURT PROGRAM	FINE MONEY	OVERPLUS	FIRE DISTRICTS	HEALTH CENTER	HOSPITAL
ASSETS						
Cash and Cash Equivalents	$ 48,732.99	$ 52,229.04	$ 192,377.28	$ 0.19	$ -	$ -
Investments	-	-	-	-	-	-
TOTAL ASSETS	48,732.99	52,229.04	192,377.28	0.19	-	-
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	48,732.99	52,229.04	192,377.28	0.19	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 48,732.99	$ 52,229.04	$ 192,377.28	$ 0.19	$ -	$ -

	UNEMPLOYMENT	COLLECTOR	SHERIFF	AMBULANCE DISTRICT	HANDICAPPED	RAILROAD & UTILITIES
ASSETS						
Cash and Cash Equivalents	$ 21.96	$ 10,047,800.71	$ 3,385.08	$ -	$ -	$ -
Investments	-	-	-	-	-	-
TOTAL ASSETS	21.96	10,047,800.71	3,385.08	-	-	-
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	21.96	10,047,800.71	3,385.08	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 21.96	$ 10,047,800.71	$ 3,385.08	$ -	$ -	$ -

	UNCLAIMED FEES	CITIES	SHERIFF EVIDENCE ACCT	TOTAL AGENCY FUNDS
ASSETS				
Cash and Cash Equivalents	$ 676.73	$ 0.02	$ 29,932.74	$ 10,375,156.74
Investments	-	-	-	-
TOTAL ASSETS	676.73	0.02	29,932.74	10,375,156.74
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	676.73	0.02	29,932.74	10,375,156.74
TOTAL LIABILITIES AND FUND BALANCES	$ 676.73	$ 0.02	$ 29,932.74	$ 10,375,156.74

The accompanying notes to the financial statements are an integral part of this financial statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Washington, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1835 by an Act of the Missouri Territory. In addition to the three Commissioners, there are eleven elected Constitutional Officers: Assessor, County Clerk, Treasurer, Collector, Circuit Clerk, Sheriff, Coroner, Surveyor, Public Administrator, Recorder and Prosecuting Attorney.

As discussed further in Note I, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present the County's financial accountability.

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, transportation, economic development, and social and recreation services.

The financial statements referred to above include only the primary government of Washington County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri law, which include a Statement of Receipts, Disbursements and Changes in Cash and Investment Balances – All Governmental Funds, a Comparative Statement of Receipts and Disbursements – Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following fund types are used by the County:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similar to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other officeholders.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

As a result of using this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.

2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets.

4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.

6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

   Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

7. Budgets are prepared and adopted on the cash basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2013 and 2012, for purposes of taxation was:

	2013	2012
Real Estate	$ 122,288,720	$ 121,621,730
Personal Property	44,913,002	44,634,569
Railroad and Utilities	70,278,681	66,041,578
	$ 237,480,403	$ 232,297,877

The County Commission approved a $0.7132 and $0.7101, respectively, tax levy per $100 of assessed valuation of tangible taxable property for the calendar year 2013 and 2012, for purposes of County taxation, as follows:

	2013	2012
General Revenue Fund	$ 0.2178	$ 0.2147
Special Road and Bridge Fund	0.2591	0.2591
Senior Citizen Services Fund	0.0472	0.0472
Senate Bill 40 Fund	0.1891	0.1891
	$ 0.7132	$ 0.7101

F. Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash and investments applicable to a particular fund are readily identifiable. Some County offices also hold cash and investments in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are eliminated due to reporting the financial statements on the regulatory basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

G. Interfund Transactions (Concluded)

Legally required transfers are reported as “transfers in” by the recipient fund and as “transfers out” by the disbursing fund.

II. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and Investments" under each fund's caption. Deposits with maturities greater than three months are considered investments. In addition, cash and investments are separately held by several of the County’s funds. Investments of the County consist of certificates of deposit with local banking institutions.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013, and 2012, the carrying amount of the County's deposits was $6,661,850.62 and $6,037,918.20, and the bank balance was $13,355,610.22 and $11,452,555.76, respectively. The total bank balances as of December 31, 2013, and 2012 were not insured through the Federal Deposit Insurance Corporation and securities set by the County’s financial institutions by $460,175.84 and $335,515.29, respectively.

SUMMARY OF CARRYING VALUES

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2013, as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances -		
Deposits	$	6,151,704.94
Investments		510,145.68
Total Deposits and Investments as of December 31, 2013	$	6,661,850.62

The carrying values of deposits and investments at December 31, 2012, are as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances -		
Deposits	$	5,479,793.42
Investments		558,124.78
Total Deposits and Investments as of December 31, 2012	$	6,037,918.20

II. CASH AND INVESTMENTS (concluded)

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does not include custodial credit risk requirements. The County's deposits were exposed to custodial credit risk for the years ended December 31, 2013, and 2012 by $460,175.84 and $335,515.29, respectively.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments. All investments, evidenced by individual securities, are registered in the name of the County or of a type not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's investments were not exposed to concentration of investment credit risk for the years ended December 31, 2013, and 2012.

III. LONG-TERM DEBT

The County was involved in the following debt instruments during the 2013 and 2012 years.

	Balance as of 12/31/2013	Balance as of 12/31/2012
Loan		
The County entered into a line of credit in 2013 and had $70,025.00 in draw downs with an interest rate of 3.00%. The purpose of the line of credit is to support the general operation of the County. The County did not make any payments during the audit period.	$ 70,025.00	$ -
The County entered into a loan in the amount of $350,000 on June 2, 2009, with an interest rate of 3.25%. The purpose of the loan was to support the County's general operation. The loan is due on an annual basis and the terms can be renegotiated. The County made interest payments during 2012 of $1,875.49 and paid the loan off in full.	-	-
Total Loan	$ 70,025.00	$ -

As of December 31, 2013, the unpaid principal balances of the loan were as follows:

Description	Account Balance 12/31/2012	Current year Additions	Current year Refunding & Payments	Account Balance 12/31/2013	Interest paid Fiscal Year 2013
Loans	$ -	$ 70,025.00	$ -	$ 70,025.00	$ -
Total	$ -	$ 70,025.00	$ -	$ 70,025.00	$ -

The future payments for the loan agreement as of December 31, 2013 were as follows:

Year Ending December 31,	Principal	Interest	Total
2014	$ 34,795.61	$ 1,864.64	$ 36,660.25
2015	35,229.39	1,056.88	36,286.27
	$ 70,025.00	$ 2,921.52	$ 72,946.52

III. LONG-TERM DEBT (concluded)

As of December 31, 2012, the unpaid principal balances of the loan were as follows:

Description	Account Balance 12/31/2011	Current year Additions	Current year Refunding & Payments	Account Balance 12/31/2012	Interest paid Fiscal Year 2012
Loans	$ 108,602.00	$ -	$ 108,602.00	$ -	$ 1,875.49
Total	$ 108,602.00	$ -	$ 108,602.00	$ -	$ 1,875.49

IV. CAPITAL LEASES

Capital Leases

Road and Bridge District #1

The County entered into a capital lease on June 17, 2010, for a 2010 John Deere Skid Steer Loader in the amount of $39,500 with an interest rate of 9.950%. The balance will be repaid through four annual payments. The County made interest payments during 2013 and 2012 in the amount of $2,151.35 and 3,091.00.	$ 11,323.17	$ 21,621.63
The County entered into a capital lease on February 22, 2010, for a 2010 Ford Pickup in the amount of $48,650 with an interest rate of 9.40%. The balance will be repaid through three annual payments. The County made interest payments during 2013 and 2012 in the amounts of $1,130.75 and 2,818.87, and paid the lease off in full.	-	19,025.25
The County entered into a capital lease on October 15, 2007, for two John Deere tractors, two 2007 Freightliner Trucks and 2 Tiger mowers in the amount of $327,113.58 with an interest rate of 7.357%. The balance will be repaid through sixty monthly payments. The County made interest payments during 2012 in the amounts of $3,067.36 and paid the lease off in full.	-	-
The County entered into a capital lease on October 21, 2011, for a 1999 International dump truck in the amount of $25,213.50 with an interest rate of 3.5%. The balance will be repaid through one payment. The County made interest payments during 2012 in the amount of $245.13 and paid the lease off in full.	-	-

IV. CAPITAL LEASES (continued)

The County entered into a capital lease on September 24, 2009, for two 2009 John Deere graders in the amount of $103,707.45 with an interest rate of 8.318%. The balance will be repaid through five monthly payments and four additional annual payments. The County made interest payments during 2013 and 2012 in the amounts of $2,052.41 and $3,947.22 and paid the lease off in full.	-	24,674.34
Road and Bridge District #2		
The County entered into a capital lease on July 31, 2009, for a 1998 GMC Truck in the amount of $16,000.00 with an interest rate of 11.277%. The balance will be repaid through three annual payments. The County made interest payments during 2012 in the amount of $666.74 and paid the lease off in full.	-	-
The County entered into a capital lease on December 22, 2008, for a 2010 Freightliner Truck, 2009 John Deere grader, spreader and snow plow in the amount of $252,129.00 with an interest rate of 8.016%. The balance will be repaid through five annual payments. The County made interest payments during 2013 and 2012 in the amounts of $9,515.83 and $13,733.04.	59,491.14	114,414.31
The County entered into a capital lease on October 21, 2011, for a 2011 John Deere grader in the amount of $186,720.00 with an interest rate of 3.50%. The balance will be repaid through four annual payments. The County made interest payments during 2013 and 2012 in the amounts of $4,858.63 and $1,718.85.	93,297.48	138,438.85
Sheriff's Office		
The County entered into a capital lease on March 15, 2010, for a 2010 Ford Explorer in the amount of $26,565 with an interest rate of 6.90%. The balance will be repaid through 36 monthly payments. The County made interest payments during 2013 and 2012 in the amounts of $4.51 and $409.49, and paid the lease off in full.	-	809.84
The County entered into a capital lease on March 8, 2012, for two 2011 Ford Crown Victoria's in the amount of $52,575.00 with an interest rate of 3.25%. The balance will be repaid through 3 annual payments. The County made interest payments during 2013 and 2012 in the amounts of $1,157.24 and $1,708.69.	18,088.39	35,607.42
The County entered into a capital lease on March 8, 2012, for four 2012 Chevy Tahoes in the amount of $127,395.00 with an interest rate of 3.25%. The balance will be repaid through 4 annual payments. The County made interest payments during 2013 and 2012 in the amounts of $3,535.94 and $79.40.	84,317.00	108,798.13

IV. CAPITAL LEASES (continued)

Prosecuting Attorney's Office

The County entered into a capital lease on July 21, 2008, for a 2008 Ford Focus in the amount of $16,305.00 with an interest rate of 7.25%. The balance will be repaid through 48 monthly payments. The County made interest payments during 2012 in the amount of $48.62 and paid the lease off in full.	-	-
Total Capital Leases	$ 266,517.18	$ 463,389.77

As of December 31, 2013, the unpaid principal balances of the capital leases were as follows:

Description	Account Balance 12/31/2012	Current year Additions	Current year Refunding & Payments	Account Balance 12/31/2013	Interest paid Fiscal Year 2013
Capital Leases	$ 463,389.77	$ -	$ 196,872.59	$ 266,517.18	$ 24,406.66
Total	$ 463,389.77	$ -	$ 196,872.59	$ 266,517.18	$ 24,406.66

The future payments for the capital lease agreements as of December 31, 2013 are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	$ 172,943.74	$ 11,945.07	$ 184,888.81
2015	93,573.44	3,203.90	96,777.34
	$ 266,517.18	$ 15,148.97	$ 281,666.15

As of December 31, 2012, the unpaid principal balances of the capital leases were as follows:

Description	Account Balance 12/31/2011	Current year Additions	Current year Refunding & Payments	Account Balance 12/31/2012	Interest paid Fiscal Year 2012
Capital Leases	$ 586,347.17	$ 179,970.00	$ 302,927.40	$ 463,389.77	$ 31,534.41
Total	$ 586,347.17	$ 179,970.00	$ 302,927.40	$ 463,389.77	$ 31,534.41

IV. CAPITAL LEASES (continued)

The future payments for the capital lease agreements as of December 31, 2012 were as follows:

Year Ended December 31,	Principal	Interest	Total
2013	$ 196,872.59	$ 24,406.66	$ 221,279.25
2014	172,943.74	11,945.07	184,888.81
2015	93,573.44	3,203.90	96,777.34
	$ 463,389.77	$ 39,555.63	$ 502,945.40

V. OPERATING LEASES

The County entered into an operating lease through Cannon Financial Services for copier equipment for the Surveyor's office as of January 26, 2009. The lease is effective for 48 months with monthly payments of $89.50. During the 2013 and 2012 year, the County made payments totaling $89.50 and $1,074.00.

The County entered into an operating lease through Xerox for copier equipment for the County Clerk's office as of September 3, 2008. The lease is effective for 60 months with monthly payments of $182.02 which changed later to $195.99 and yet again to $202.54. During the 2013 and 2012 year, the County made payments totaling $1,822.86 and $2,351.01.

The County entered into an operating lease through Xerox for copier equipment for the Recorder's office as of May 14, 2007. The lease is effective for 76 months with monthly payments of $266.56 which later changed to $275.96. During the 2013 and 2012 year, the County made payments totaling $1,379.80 and $2,684.40.

The County entered into an operating lease through Xerox for copier equipment for the Prosecuting Attorney's office as of August 7, 2008. The lease is effective for 60 months with monthly payments of $246.40 which changed later to $260.37 and yet again to $266.92. During the 2013 and 2012 year, the County made payments totaling $2,135.36 and $3,130.12.

The County entered into an operating lease through GFI Digital Inc. for copier equipment for the County Sheriff's office as of June 26, 2009. The lease is effective for 48 months with monthly payments of $195.00. During the 2013 and 2012 year, the County made payments totaling $585.00 and $2,340.00.

The County entered into an operating lease through Xerox for copier equipment for the Circuit Clerk's office as of March 3, 2011. The lease is effective for 60 months with monthly payments of $224.32 which changed later to $225.32. During the 2013 and 2012 year, the County made payments totaling $2,921.16 and $2,467.52.

The County entered into an operating lease through Ricoh for copier equipment for the Prosecuting Attorney's office as of July 3, 2013. The lease is effective for 49 months with monthly payments of $117.63. During the 2013 year, the County made payments totaling $588.15.

V. OPERATING LEASES (Concluded)

The County entered into an operating lease through Ricoh for copier equipment for the Assessor's office as of October 24, 2010. The lease is effective for 60 months with monthly payments of $87.08. During the 2013 and 2012 year, the County made payments totaling $783.72 and $1,044.96.

The County entered into an operating lease through Pitney Bowes for a postage meter for the Clerk's office as of March 26, 2012. The lease is effective for 60 months with monthly payments of $1,655.00. During the 2012 year, the County made payments totaling $3,310.00, this lease was replaced with another after the first two payments.

The County entered into an operating lease through Xerox for copier equipment for the Recorder's office as of March 28, 2013. The lease is effective for 48 months with monthly payments of $128.63. During the 2013 year, the County made payments totaling $1,029.04.

The County entered into an operating lease through Total Image Management for copier equipment for the Sheriff's office as of March 14, 2013. The lease is effective for 60 months with monthly payments of $248.47. During the 2013 year, the County made payments totaling $2,236.23.

The County entered into an operating lease through Pitney Bowes for a postage meter for the Clerk's office as of June 26, 2012. The lease is effective for 48 months with quarterly payments of $252.00. During the 2013 and 2012 year, the County made payments totaling $1,008.00 and $252.00.

2013 Future Minimum Payments for Operating Leases:

Year Ending December 31,	Total Minimum Payments
2014	$ 12,032.92
2015	11,961.08
2016	8,362.84
2017	6,652.05
2018	2,346.13
	$ 41,355.02

2012 Future Minimum Payments for Operating Leases:

Year Ending December 31,	Total Minimum Payments
2013	$ 14,796.06
2014	12,032.92
2015	11,961.08
2016	8,362.84
2017	6,652.05
2018	2,346.13
	$ 56,151.08

VI. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2013 and 2012 are as follows:

	2013		2012	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	$ 110,030.01	$ 539,797.24	$ 145,313.68	$ 301,594.00
Special Road and Bridge Fund	-	91,455.00	-	95,760.00
Assessment Fund	22,273.00	-	28,590.00	-
Sheriff L.E.F. Fund	292,306.00	-	308,204.00	-
Prosecuting Attorney Training Fund	-	-	-	7,644.00
Sheriff's Civil Fund	-	50,000.00	-	57,785.07
Building Fund	250,000.00	-	6,800.00	14,562.50
Emergency Fund	25,218.24	-	8,000.00	-
L.E.F. Restitution Fund	-	-	-	7,921.35
Tax Maintenance Fund	-	18,575.01	-	11,640.76
TOTAL	$ 699,827.25	$ 699,827.25	$ 496,907.68	$ 496,907.68

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Revenue Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VII. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of 11 members, 9 of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the city of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system.

VII. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (concluded)

A. Plan Description (concluded)

CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Total contributions remitted to CERF for the years ended December 31, 2013, and 2012 were $12,911.88 and $14,378.31, respectively.

VIII. POST-EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. The County did not have any COBRA participants at December 31, 2013, and December 31, 2012.

IX. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed $7,752 and $7,752, respectively, for the years ended December 31, 2013, and 2012.

X. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is involved in pending litigation as of the audit report date. The financial impact to the County is considered immaterial, if any.

B. Compensated Absences

The County provides employees with annual leave. Each employee earns leave based upon his or her term of service with the County earning 72 hours after the first year, 120 hours per year for 2-5 years of service, 144 hours per year for 6-10 years of service, 168 hours per year for 11-15 years of service, 192 hours per year for 16-20 years of service, 216 hours per year for 21-25 years of service, and 240 hours per year after 26 years of service. Annual leave must be used in the year it is earned. Any unused leave time will be forfeited at the end of the calendar year. Any employee with benefits, who has worked for one full year, leaving the County service due to resignation, death or termination, shall be compensated for vacation credit unused to the date of termination.

Employees in the County earn 8 days of sick leave per year and this can be accrued to an unlimited number. It is not paid to the employee upon separation of employment of the County.

C. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

XI. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. Insurance is obtained from commercial insurance companies. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

XI. RISK MANAGEMENT (concluded)

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

XII. SUBSEQUENT EVENTS

There are no subsequent events to report up to the date of the audit report.

XIII. CHANGE IN REPORTING

The beginning fund balance at January 1, 2012, has increased by $84,732.70 due to the inclusion of the Tax Maintenance Fund. In prior audit periods, this fund was included with the Collector accounts as an agency fund.

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

SCHEDULE OF STATE FINDINGS

A. For the year ended December 31, 2013, expenditures exceeded those budgeted for the following: L.E.F. Fund, Prosecuting Attorney Training Fund, Assessor Technology Fund, Sur Tax Fund and L.E.F. Restitution Fund.

B. For the year ended December 31, 2012, expenditures exceeded those budgeted for the following: Prosecuting Attorney Delinquent Fund, Prosecuting Attorney Training Fund, Prosecuting Attorney Bad Check Fund, Sheriff's Civil Fund, Recorder User Fund, Revolving Loan Fund, Election Service Fund, Recorder Technology Fund, Shelter Fund, Economic Development Fund, Building Fund, Assessor Technology Fund, Sur Tax Fund, Senior Citizen Services Fund, Sheriff Salary Supplement Fund, Sheriff's Inmate Security Fund and L.E.F. Restitution Fund.

C. For the year ended December 31, 2012, the County deficit budgeted the following funds: General Revenue Fund and the Sheriff L.E.F. Fund.

FEDERAL COMPLIANCE SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the County Commission
The County of Washington, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Washington ("County") as of and for the years ended December 31, 2013, and 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. [FS 13/12-01]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The County's Response to Findings

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 13, 2014

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

To The County Commission
The County of Washington, Missouri

Report on Compliance for Each Major Federal Program

We have audited the County of Washington's ("County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the years ended December 31, 2013, and 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

3510 JEFFCO BOULEVARD • SUITE 200 • ARNOLD, MISSOURI 63010-3999 • 636-464-1330 • FAX 636-464-3076

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2013, and 2012.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item SA 13/12-01. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item SA 13/12-01, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 13, 2014

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
SCHEDULE OF EXPEDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	CFDA Number	PASS-THROUGH ENTITY NUMBER	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2013	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2012
U.S. DEPARTMENT OF AGRICULTURE				
PASSED THROUGH THE STATE				
Office of Administration:				
School and Roads - Grants to States	10.665		$ 399,022.66	$ 432,594.27
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
PASSED THROUGH THE STATE				
Missouri Department of Economic Development:				
Community Development Block Grant	14.228	05-PF-24	-	108,039.61
		09-PF-24	142,645.90	1,370.00
		10-PF-29	3,886.69	388,638.59
Total Community Development Block Grant			146,532.59	498,048.20
DIRECT PROGRAM				
EDI - Special Project	14.251	B-10-SP-MO-0390	97,058.20	61,041.51
U.S. DEPARTMENT OF INTERIOR				
DIRECT PROGRAM				
PILT - Payment in Lieu of Taxes	15.226	N/A	80,184.00	60,724.00
U.S. DEPARTMENT OF JUSTICE				
DIRECT PROGRAM				
Edward Byrne Memorial State and Local Law Enforcement	16.804	2009-SB-B9-2411	-	3,282.68
U.S. DEPARTMENT OF TRANSPORTATION				
PASSED THROUGH STATE				
Missouri Highway and Transportation Commission:				
Highway Planning and Construction	20.205	BRO-B110(6)	232,276.33	14,526.59
		BRO-B110(7)	20,454.89	14,926.00
		BRO-B110(8)	167,399.84	15,176.97
		BRO-B110(9)	3,130.36	-
		BRO-B110(10)	1,430.14	-
		IBRC - 9900(923)	32,437.61	140,062.39
Missouri Department of Public Safety:	20.205	STP9900(920)	38,352.30	-
Highway Planning and Construction		STP9900(933)	61,534.34	-
Total Highway Planning and Construction			557,015.81	184,691.95
HIGHWAY SAFETY CLUSTER				
PASSED THROUGH STATE				
Missouri Department of Transportation:				
State and Community Highway Safety	20.600	12-PT-02-103	-	2,355.16
	20.600	13-PT-02-058	1,955.80	2,005.98
Total State and Community Highway Safety			1,955.80	4,361.14
Missouri Highway Safety Division:				
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	12-K8-03-089	-	8,136.66
Total Highway Safety Cluster			1,955.80	12,497.80
Missouri Department of Transportation:				
DWI Enforcement	20.607	13-154-AL-067	4,976.38	1,291.44
PASSED THROUGH UNIVERSITY OF CENTRAL MISSOURI				
DWI Enforcement	20.607	13-154-AL-068	1,238.61	-
Total DWl Enforcement Grants			6,214.99	1,291.44
GENERAL SERVICES ADMINISTRATION				
PASSED THROUGH STATE				
Office of Administration:				
Election Reform Payments	39.011		937.20	3,499.68
ENVIRONMENTAL PROTECTION AGENCY				
ARRA - Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements	66.802	Big River Watershed	16,947.72	4,209.71
ELECTION ASSISTANCE COMMISSION				
PASSED THROUGH STATE				
Missouri Office of Secretary of State:				
Help America Vote Act Requirements Payments	90.401		3,784.74	828.26
U.S. DEPARTMENT OF HOMELAND SECURITY				
PASSED THROUGH STATE				
Missouri Department of Public Safety:				
Presidentially Declared Disasters	97.036	DR 1847 PA FED	-	109,671.45
Total Expenditures of Federal Awards			**$ 1,309,653.71**	**$ 1,372,380.95**

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each major program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Washington County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistanc*e means assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means federal financial assistance and federal cost-reimbursement contracts that non-Federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and, if applicable, noncash awards.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

NOTE 2 – SUB-RECIPIENTS

The County provided federal awards to sub-recipients during the years ended December 31, 2013, and 2012. The sub-recipients are as follows:

Program Title	Subrecipient	Federal CFDA Number		Amount Provided to Subrecipient
Schools and Roads - Grants to States	Bourbon CR-1		2012	$ 50,634.47
		10.665	2013	46,558.41
Schools and Roads - Grants to States	Valley R-6		2012	$ 139,591.49
		10.665	2013	128,354.44
Schools and Roads – Grants to States	Potosi R-3		2012	$ 108,874.69
		10.665	2013	100,087.29
Community Development Block Grant	PWSD #1		2012	$ 388,638.59
		14.228	2013	3,886.69
Community Development Block Grant	PWSD #2		2012	$ 108,039.61
		14.228	2013	-
	Total Provided to Subrecipients			$1,074,665.68

THE COUNTY OF WASHINGTON
POTOSI, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified – Regulatory Basis

2. Internal control over financial reporting:

a. Material weakness(es) identified?	2013 ___ Yes	X No	
	2012 ___ Yes	X No	
b. Significant deficiencies identified?	2013 X Yes	___ None Reported	
	2012 X Yes	___ None Reported	

3. Noncompliance material to financial statements noted?

2013 ___ Yes	X No	
2012 ___ Yes	X No	

B. Federal Awards

1. Internal control over major programs:

a. Material weakness(es) identified?	2013 ___ Yes	X No	
	2012 ___ Yes	X No	
b. Significant deficiencies identified?	2013 X Yes	___ None Reported	
	2012 X Yes	___ None Reported	

2. Type of auditor's report issued on compliance for major programs:

2013 - Unmodified

2012 - Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of *Circular A-133*?

2013 X Yes	___ No	
2012 X Yes	___ No	

I. SUMMARY OF AUDITOR'S RESULTS (concluded)

B. Federal Awards (concluded)

4. Identification of major programs:

Year	CFDA Number(s)	Name of Federal Program or Cluster
2013/2012	20.205	Department of Transportation – Highway Planning and Construction
2013/2012	14.228	Community Development Block Grant

5. Dollar threshold used to distinguish between type A and type B programs: $ 300,000

6. Auditee qualified as low-risk auditee? 2013 ___ Yes X No

2012 ___ Yes X No

II. FINANCIAL STATEMENT FINDINGS

FS 13/12-01 Criteria: All cash and investments held by financial institutions must be secured through the Federal Deposit Insurance (FDIC) or securities pledged by the financial institution.

Condition: During our testing of cash and pledged securities, it was noted that the County's Senate Bill 40's accounts were under-pledged for the years ended December 31, 2013 and 2012.

Context: The County Senate Bill 40's bank accounts with a financial institution were under collateralized by $460,175.84 at December 31, 2013 and $335,515.29 at December 31, 2012.

Effect: There is a risk that the County Senate Bill 40's under collateralized balance may not be returned to the County because the balance is not covered under FDIC or other pledged securities.

Cause: Adequate oversight was not in place to ensure all bank account balances were secured through FDIC or other pledged securities.

Recommendation: We recommend that the County Senate Bill 40 periodically review all account balances to ensure they are fully secured.

Views of responsible officials and planned corrective actions: The County Senate Bill 40 will review account balances with the financial institution to ensure that they are collateralized on a regular basis.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012

The following findings, recommendations, and questioned costs are the results of the single audit of Washington County, Missouri for the fiscal years ended December 31, 2013, and 2012. Each finding is referenced with a two-digit number representing the fiscal years audited, an "SA" to indicate that it is a single audit finding, and a sequential number. The findings are presented by federal program and are classified according to federal and state department, type of compliance requirement, category of internal control weakness, and category of noncompliance.

A. Category of Internal Control Weakness

If the finding represents a weakness in internal control, one of the following designations will appear:

1. Significant Deficiency: A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

2. Material Weakness: A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

B. Category of Noncompliance Findings

If the finding represents an instance of noncompliance, one of the following designations will appear:

1. Material Noncompliance: A material noncompliance finding is a finding related to a major federal program which discusses conditions representing noncompliance with federal laws, regulations, contracts, or grants, the effects of which have a material effect in relation to a type of compliance requirement or audit objective identified in OMB Circular A-133 *Compliance Supplement*.

2. Questioned Cost Finding: A questioned cost finding is a finding that discusses known or likely questioned costs that are greater than $10,000 for a type of compliance requirement, unless the conditions giving rise to the questioned costs are otherwise reported as a material noncompliance finding.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012 (continued)

C. Federal Award Findings and Questioned Costs

SA 13/12-01	Federal Grantor:	U.S. Department of Agriculture, U.S. Department of Housing and Urban Development, U.S. Department of Interior, U.S. Department of Justice, U.S. Department of Transportation, General Services Administration, U.S. Environmental Protection Agency, Election Assistance Commission, and U.S. Department of Homeland Security.
Other Information	Pass-Through Grantor:	Office of Administration, Missouri Department of Economic Development, Missouri Highway and Transportation Commission, Missouri Department of Public Safety, Missouri Highway Safety Division, Missouri Department of Transportation, and Missouri Office of Secretary of State
Significant Deficiency	Federal CFDA Number:	10.665, 14.228, 14.251, 15.226, 16.804, 20.205, 20.600, 20.601, 20.607, 39.011, 66.802, 90.401, 97.036
	Program Title:	Schools and Roads – Grants to States, Community Development Block Grant, EDI – Special Project, PILT – Payment in Lieu of Taxes, Edward Byrne Memorial State and Local Law Enforcement, Highway Planning and Construction, State and Community Highway Safety, Alcohol Impaired Driving Countermeasures Incentive Grants I, DWI Enforcement, Election Reform Payments, ARRA – Superfund State, Political Subdivision, and Indian Tribe Site – Specific Cooperative Agreements, Help America Vote Act Requirements Payments, and Presidentially Declared Disasters

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

Context: During the audit of federal programs, we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012 (concluded)

C. Federal Award Findings and Questioned Costs (concluded)

SA 13/12-01 *Cause*: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's Office.

Views of responsible officials and planned corrective actions: The County will ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correctly prepared going forward. The County Clerk's Office (Jeanette Allen) phone number is (573) 438-6111 ext. 221.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 10/11-01 Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency. SAS No. 115 supersedes SAS No. 112.

Condition: During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to financial statements.

Context: During discussions with management, we noted that we will be assisting the County with the preparation of its audited financial statements and footnotes.

Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 115 indicates that conditions necessitating the entity's auditor to provide such assistance are at least indicative of a significant deficiency in internal control over financial reporting.

Cause: Management did not prepare the financial statements or the notes to financial statements.

Recommendation: Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

Status: This finding has been resolved in the current year.

FS 10/11-02 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 115 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (continued)

FS 10/11-02 Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Status: This finding has been resolved in the current year.

FS 10/11-03 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Status: This finding has been resolved in the current year.

FS 10/11-04 Criteria: The County's Senate Bill 40 Board did not accurately track payroll and prepared IRS Form 941 incorrectly.

Condition: During our audit, we noted Senate Bill 40 Board was not able to accurately reconcile general ledger to IRS Form 941 for the year ended December 31, 2011.

Context: During our attempts to properly reconcile the general ledger to the 941s, for the County's Senate Bill 40 Board, it became evident there was an error of $9,529 that the client was unable to reconcile.

Effect: Lack of proper accounting for payroll expense may result in inaccurate balances being budgeted for future expenditures.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (concluded)

FS 10/11-04 Cause: The County's Senate Bill 40 Board was unable to reconcile the general ledger to the 941's with accuracy

Recommendation: We recommend that the County obtain sufficient training in the recognition of payroll expenses to avoid further error.

Status: This finding has been resolved in the current year.

FS 10/11-05 Criteria: The County recorded a negative fund balance for the Sheriff Law Enforcement Fund at December 31, 2010.

Condition: During our audit, we noted a negative fund balance for the Sheriff Law Enforcement Fund.

Context: During our auditing processes on fund balance, we noted a negative balance in one of the County's funds.

Effect: Lack of positive fund balance can create issues for budgeting and preparing accurate financial statements.

Cause: The County did not follow budget for the Sheriff Law Enforcement Fund, creating a deficit fund balance.

Recommendation: We recommend that the County follow budget for proper allocation of funds to stop this from occurring in the future.

Status: This finding has been resolved in the current year.

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SA 10/11-01	Federal Grantor:	U.S. Department of Homeland Security
Activities Allowed and Disallowed	Pass-Through Grantor:	State
Significant Deficiency	Federal CFDA Number:	97.036
Internal Control Over Compliance		Disaster Grants –
Material Weakness - Compliance	Program Title:	Public Assistance Grants

Information on the federal program: The County was unable to provide supporting documentation to test expenditures for this grant.

Criteria: OMB Circular A-133 requires the auditee to maintain all backup information for all federal expenditures.

Condition: Through auditing procedures, we were not able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA) for Federal Emergency Management Agency (FEMA).

Questioned Costs: Not applicable

Context: During the audit of Federal Emergency Management Agency (FEMA), we could not test the expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by Governmental Accounting and Financial Reporting Standards.

Cause: Adequate emphasis was not placed on documenting and retaining detailed expenditures for the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's office. All expenditure documentation should be maintained.

Status: This finding has been resolved in the current year.

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (concluded)

SA 11/10-02	Federal Grantor:	All Programs
Other Information	Pass-Through Grantor:	All Programs
Significant Deficiency	Federal CFDA Number:	All Programs
	Program Title:	All Programs

Information on the federal program*:* The Schedule of Expenditures of Federal Awards contained errors.

Criteria*:* OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition*:* Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs*:* Not applicable

Context: During the audit of federal programs, we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's office.

Status: Corrective action has not been implemented in the current year being audited. See single audit finding SA 13/12-01.

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

June 13, 2014

To the Board of Commissioners
County of Washington

In planning and performing our audit of the regulatory based financial statements of the County of Washington (the "County") as of and for the years ended December 31, 2013, and December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in County's internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the County's internal control to be significant deficiencies as noted in section I:

Our comments concerning internal control and other significant matters are presented as follows:

I. Deficiencies Considered to be Significant
II. Information Required by Professional Standards

The County's management has provided a written response to the finding in this report that was identified in our audit. This response has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the County Commission, County Office Holders, the Missouri State Auditor and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 13/12-01

Criteria: All cash and investments held by financial institutions must be secured through the Federal Deposit Insurance (FDIC) or securities pledged by the financial institution.

Condition: During our testing of cash and pledged securities, it was noted that the County's Senate Bill 40's accounts were under-pledged for the years ended December 31, 2013 and 2012.

Context: The County Senate Bill 40's bank accounts with a financial institution were under collateralized by $460,175.84 at December 31, 2013 and $335,515.29 at December 31, 2012.

Effect: There is a risk that the County Senate Bill 40's under collateralized balance may not be returned to the County because the balance is not covered under FDIC or other pledged securities.

Cause: Adequate oversight was not in place to ensure all bank account balances were secured through FDIC or other pledged securities.

Recommendation: We recommend that the County Senate Bill 40 periodically review all account balances to ensure they are fully secured.

Views of responsible officials and planned corrective actions: The County Senate Bill 40 will review account balances with the financial institution to ensure that they are collateralized on a regular basis.

SA 13/12-01	Federal Grantor:	U.S. Department of Agriculture, U.S. Department of Housing and Urban Development, U.S. Department of Interior, U.S. Department of Justice, U.S. Department of Transportation, General Services Administration, U.S. Environmental Protection Agency, Election Assistance Commission, and U.S. Department of Homeland Security.
Other Information	Pass-Through Grantor:	Office of Administration, Missouri Department of Economic Development, Missouri Highway and Transportation Commission, Missouri Department of Public Safety, Missouri Highway Safety Division, Missouri Department of Transportation, and Missouri Office of Secretary of State
Significant Deficiency	Federal CFDA Number:	10.665, 14.228, 14.251, 15.226, 16.804, 20.205, 20.600, 20.601, 20.607, 39.011, 66.802, 90.401, 97.036
	Program Title:	Schools and Roads – Grants to States, Community Development Block Grant, EDI – Special Project, PILT – Payment in Lieu of Taxes, Edward Byrne Memorial State and Local Law Enforcement, Highway Planning and Construction, State and Community Highway Safety, Alcohol Impaired Driving Countermeasures Incentive Grants I, DWI Enforcement, Election Reform Payments, ARRA – Superfund State, Political Subdivision, and Indian Tribe Site – Specific Cooperative Agreements, Help America Vote Act Requirements Payments, and Presidentially Declared Disasters

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (concluded)

SA 13/12-01 *Information on the federal program:* The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

Context: During the audit of federal programs, we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's Office.

Views of responsible officials and planned corrective actions: The County will ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correctly prepared going forward. The County Clerk's Office (Jeanette Allen) phone number is (573) 438-6111 ext. 221.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 14, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2013-2012 fiscal years. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (continued)

Significant Audit Findings (concluded)

Qualitative Aspects of Accounting Practices (concluded)

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the County applying the regulatory basis of accounting, no estimates are made during the preparation of financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 13, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

Other Matters

We were engaged to report on the schedule of expenditures of federal awards, which accompany the financial statements but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

New Madrid County

August 2014

Report No. 2014-066

http://auditor.mo.gov

New Madrid County
Follow-Up Report on Audit Findings
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*Includes selected findings

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of New Madrid County

We have conducted follow-up work on certain audit report findings contained in Report No. 2013-142, *New Madrid County*, issued in December 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the county about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the county, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed supporting documentation submitted by county officials and held discussions with county officials. Documentation included County Commission meeting minutes, bank statements, receipt and deposit records, check registers, payroll records, and various other financial records. This report is a summary of the results of this follow-up work, which was substantially completed during June and July 2014.

Thomas A. Schweich
State Auditor

1.1 Public Administrator Controls and Procedures-Trust Fund bank account

The former Public Administrator withdrew $2,178 from the Trust Fund bank account in January 2013, closed the account, and claimed this money was his personal funds. However, he could not provide documentation to support that $602 of the $2,178 withdrawn were personal funds.

The former Public Administrator also held funds belonging to 5 wards in the Trust Fund bank account for more than one year, which could have been distributed to the ward/estate in a more timely manner.

Additionally, the former Public Administrator did not provide adequate supporting documentation for any of the $4,998 of indigent expenses requested for reimbursement from the county during the 2 years ended December 31, 2012. At our request, the former Public Administrator provided supporting documentation for $2,964 of the $4,998 reimbursed; but did not have supporting documentation, other than cancelled checks, for the remaining $2,034.

Our review of the supporting documentation provided, reimbursement requests, and activity of the Trust Fund bank account noted the following additional concerns:

- The former Public Administrator did not properly account for the purchase of 21 gift cards totaling $525, and there was no evidence that the wards received the gift cards.
- The former Public Administrator did not document which ward received a television that cost $128, and did not include it in any ward's inventory.
- The county reimbursed the former Public Administrator $240 for the same expenses on two separate occasions.
- The former Public Administrator requested reimbursement from the county's indigent funds for alcoholic beverages purchased on behalf of a ward. The County Clerk indicated such a use of indigent funds was against county policy.
- The former Public Administrator did not always obtain documentation from the wards or wards' residential facilities verifying the receipt of cash.

Further, the Associate Circuit Court did not review the activity of the Trust Fund bank account.

Recommendation

The Public Administrator work with the Associate Circuit Judge and County Commission to seek reimbursement of amounts owed from the former

Public Administrator. The County Commission should require submission of adequate supporting documentation for indigent expense reimbursement requests. The Public Administrator should establish procedures for the proper handling of the Trust Fund bank account, and the Associate Circuit Judge should require the Public Administrator to submit documentation of the Trust Fund bank account activity.

Status

Implemented

The former Public Administrator reimbursed various wards/estates $602 and the county $240 in September 2013. The current Public Administrator is no longer depositing personal funds into the Public Administrator Trust account. The County Commission has provided $700 to the Public Administrator to be used for indigent expenses. This money is held in the Public Administrator Trust account and is being handled on a imprest basis, with the County Commission reimbursing the Public Administrator for indigent related purchases made upon presentation of receipts. The Associate Circuit Judge has implemented a process to review trust fund activity annually and reviewed 2013 trust account activity in January 2014.

1.3 Public Administrator Controls and Procedures-Annual settlements

The Associate Circuit Court did not perform sufficient reviews of the activity of cases assigned to the former Public Administrator. The court reviewed annual settlements submitted, but the review of disbursements was limited to verifying the accuracy of amounts reported by reviewing cancelled checks. The former Public Administrator did not file supporting documentation such as invoices with the Associate Circuit Court when filing annual settlements.

Recommendation

The Associate Circuit Judge establish procedures to adequately monitor the activity of all cases assigned to the Public Administrator, and require supporting documentation such as invoices to be filed with the court.

Status

Implemented

The Associate Circuit Judge has established a checklist for use by the Probate Clerk when reviewing settlements filed by the Public Administrator, which includes reviewing supporting documentation for all claims paid.

1.4 Public Administrator Controls and Procedures-Disbursements and checks

The former Public Administrator did not obtain adequate supporting documentation for some disbursements from individual ward bank accounts. In addition, the former Public Administrator did not always issue checks in numerical sequence and properly deface and retain voided checks.

Further, the former Public Administrator could not account for 213 checks (not listed on annual settlements and are unaccounted for) from 13 individual ward bank accounts during the 2 years ended December 31, 2012.

In addition, 36 checks from the Trust Fund bank account for the period October 2008 to December 2012 were skipped and not properly accounted for. According to the former Public Administrator, all of these checks (ward and trust accounts) had been voided, were torn up and thrown away, and were not retained in case files.

Recommendation

The Public Administrator ensure disbursements are supported by adequate documentation, checks are issued in numerical sequence and recorded in numerical sequence in the check registers, and all voided checks are properly defaced and retained.

Status

Implemented

We reviewed 5 ward/estate check registers and bank statements for December 2013. Checks were issued in numerical sequence and recorded in numerical sequence in the check registers. We did not note any voided checks in these 5 estates for the month reviewed.

2. Personnel Policies and Procedures

Controls and procedures over payroll disbursements need improvement.

2.1 Personnel policies

Nonworking time was included in total hours worked for some employees when determining the amount of overtime earned, against county policy. Three Sheriff's office deputies also accrued compensatory time in excess of the maximum balance allowed by the Fair Labor Standards Act (FLSA).

Six employees carried forward vacation hours from December 2012 to January 2013 in excess of the maximum allowed by county policy. In addition, 2 employees carried forward sick leave hours from December 2012 to January 2013 in excess of the maximum allowed by county policy.

The county and Sheriff's office personnel policies did not adequately address holiday leave. Personnel policies indicated an employee would receive an additional day off to accommodate for working on a holiday. However, those employees who worked 12 and 10-hour days on holidays earned up to 32 more hours of holiday leave each year than other county employees.

Payroll records and the Sheriff's office and county's personnel policies did not consistently address how overtime would be calculated. Both the county and Sheriff's office personnel policies indicated overtime was to be paid at time and one-half for any hours over 40 hours in a workweek, and the county paid overtime in this manner. However, a separate section of the Sheriff's office policy manual stated that time would be computed on the basis of 171 hours per month. The County Clerk's salary schedule for all county employees indicated commissioned officers annual salaries were

based upon 171 hours in a 28-day pay period, even though the county paid on a monthly pay period. Further, the Sheriff indicated he believed his deputies were supposed to be compensated for overtime hours worked in excess of 171 hours in a 28-day period.

Dispatcher work schedules were based on a payroll workweek that was different from the personnel policy and county's payment practice.

Recommendation

The County Commission ensure compliance with county overtime and leave policies and the FLSA. The County Commission should also revise personnel policies as needed.

Status

In Progress

We reviewed payroll records for the payroll period ending January 15, 2014, and noted nonworking time was included in total hours worked for some employees when determining the amount of overtime earned, in violation of county policy. Two Sheriff's office deputies also accrued compensatory time in excess of the maximum balance allowed by the FLSA. Additionally, 1 employee carried forward vacation hours from December 2013 to January 2014, in excess of the maximum allowed by county policy, and 3 employees carried forward sick leave hours from December 2013 to January 2014, in excess of the maximum allowed by county policy.

The County Clerk indicated full implementation of the recommendations is taking considerably longer than originally anticipated. The reason for the delay was primarily due to the acquisition and changeover to a new financial software system at the same time the county was trying to implement these recommendations. The County Clerk and County Commission intend to implement the auditor's recommendations and will report to the State Auditor's office as each stage of implementation is fully completed.

2.2 Reviews

The County Clerk's office and other supervisory officials did not perform adequate reviews of employee timesheets, leave and compensatory time records, and other payroll records, increasing the potential for errors to go undetected. A Sheriff's office deputy worked 194.5 hours of overtime from December 2011 to February 2013. The deputy was paid by the county from drug task force grant funding as the work was performed, but the deputy also accrued compensatory time of 291.75 (194.5 * 1.5) hours for this same work.

Recommendation

The County Commission ensure adequate reviews of timesheets, leave records, and other payroll records are performed and adjust compensatory time records for duplicate hours reported.

Status

In Progress

We reviewed timesheets for the pay period ending January 15, 2014, and noted adequate reviews of timesheets had not been performed. The records indicated 2 Sheriff's office deputies accrued compensatory time in excess of the maximum balance allowed by the FLSA. Had an adequate review of timesheets been performed, these issues should have been identified and corrected.

The County Clerk indicated full implementation of the recommendations is taking considerably longer than originally anticipated. The reason for the delay was primarily due to the acquisition and changeover to a new financial software system at the same time the county was trying to implement these recommendations. In addition, the County Clerk indicated his office personnel have re-calculated approximately one third of the deputies and dispatchers accrued compensatory leave balances and are re-calculating others as time permits. The County Clerk and County Commission intend to implement the auditor's recommendations and will report to the State Auditor's office as each stage of implementation is fully completed.

2.3 Timesheets

The County Commission did not require the Emergency Management Director, 911 Administrator, Flood Plain Administrator, Assistant Coroner, and Search and Rescue Director to prepare and submit timesheets or other records documenting work performed. These employees received salaries and worked essentially on call on a 24-hour basis without established work schedules or a set number of work hours each pay period.

Recommendation

The County Commission ensure all county employees prepare and submit a timesheet or other documentation of work performed.

Status

Not Implemented

The County Commission and County Clerk indicated they do not feel timesheets are needed for the positions noted in the finding and have chosen to not require these positions to submit timesheets or other documentation of work performed on a monthly basis.

3.2 Disbursements and Budget Amendments- Health insurance

The county had not solicited proposals for health insurance since 2007, and paid approximately $821,000 for employee health insurance for the year ended December 31, 2012. The insurance broker received $14,190 of this amount for his services.

The health insurance broker is County Clerk Cravens' brother and County Commissioner Baker's brother-in-law. Commissioner Baker made the motion and voted to approve purchasing the health insurance from this

vendor/broker according to the November 17, 2011, and December 13, 2012, meeting minutes.

As elected officials, County Commissioner Baker and County Clerk Cravens serve in a fiduciary capacity and have an obligation to the public to avoid the appearance of impropriety. In addition, Section 67.150, RSMo, requires competitive bidding at least every 3 years for health insurance.

Recommendation

The County Commission refrain from entering into business transactions with related parties unless such services or transactions are properly bid in accordance with state law and the selection process is documented.

Status

Implemented

The County Commission advertised for health insurance bids in November 2013. County Commission minutes indicate County Commissioner Baker abstained from all decisions related to the purchase of health insurance effective February 1, 2014.

4. Recorder of Deeds Controls and Procedures

The Recorder of Deeds' month-end reconciliation, distribution of fees, and depositing procedures need improvement.

4.1 Overages, bank reconciliations and disbursements

The Recorder of Deeds did not investigate overages in her bank account or properly dispose of those monies, and an overage of $8,875 existed at May 31, 2013. Based on our last audit for the 2 years ended December 31, 1999, and representations made by the Recorder of Deeds, overages had accumulated in this account over several years and had not been resolved.

Various controls and procedural weaknesses in the office contributed to the unidentified overage in the account. Monthly bank reconciliations and lists of liabilities were not prepared for the Recorder of Deeds' bank account. Deposits were not recorded timely and a running balance was not maintained in the check register. At each month end, the Recorder of Deeds disbursed amounts related to charges made throughout the month by various individuals and institutions even though amounts charged had not yet been collected.

Recommendation

The Recorder of Deeds dispose of the unidentified overage in accordance with state law, post deposits timely, maintain running balances in the check register, perform bank reconciliations, and reconcile bank balances to liabilities monthly. Any differences between accounting records and reconciliations should be investigated and resolved. In addition, the Recorder of Deeds should not disburse fees until the related monies are collected.

Status

Implemented

The Recorder of Deeds indicated she changed accounting procedures in October 2013, to distribute fees based on date of receipt instead of the transaction date. At the end of October 2013, the Recorder of Deeds determined $8,611 in her bank account was unidentified. The following month, she distributed $8,411 of this money to the state and county and used $200 of it to establish a change fund. The Recorder of Deeds is now reconciling the bank balance to liabilities at the end of each month.

In addition, we reviewed the bank reconciliation, list of liabilities, check book register, and receipts and disbursements for January 2014. Deposits were posted timely, a running balance was maintained in the check register, a bank reconciliation was prepared, and the bank balance was reconciled to liabilities.

4.2 Deposits

The Recorder of Deeds office did not reconcile the amount and composition of recorded receipts to deposits. In addition, the Recorder of Deeds withheld cash from deposits to maintain a change fund; however, the change fund was not maintained at a constant amount and the amount of the change fund was not tracked.

Recommendation

The Recorder of Deeds reconcile the composition of receipts to the composition of deposits and deposit all receipts intact. If a change fund is needed, it should be maintained at an established amount.

Status

Implemented

We reviewed January 2014 receipt and deposit records. The composition of receipts reconciled to the composition of deposits and all receipts were deposited intact. The Recorder of Deeds indicated she established a $200 change fund in November 2013.

6. Prosecuting Attorney Controls and Procedures

Accounting duties are not adequately segregated and supervisory reviews are not performed. Receipting and monitoring procedures are not adequate.

6.1 Segregation of duties and waivers

The Prosecuting Attorney had not adequately segregated accounting duties or performed a supervisory review of accounting records. The Prosecuting Attorney's secretary was primarily responsible for receipting, recording, and transmitting monies received for bad checks and court-ordered restitution. In addition, the secretary waived bad check fees without the documented approval of the Prosecuting Attorney and did not retain adequate documentation of the reasons for such waivers.

Recommendation

The Prosecuting Attorney adequately segregate accounting duties or ensure an independent or supervisory review of accounting records is performed and documented, and require someone independent of the accounting system to review and approve all waivers and ensure adequate documentation is retained to support such waivers.

Status

Not Implemented

The Prosecuting Attorney refused to participate in the follow-up review process to update the State Auditor's office regarding efforts to implement audit recommendations.

6.2 Receipting

Manual receipt slips were only issued for court-ordered restitution monies.

Recommendation

The Prosecuting Attorney require receipt slips be issued for all monies received.

Status

Not Implemented

The Prosecuting Attorney refused to participate in the follow-up review process to update the State Auditor's office regarding efforts to implement audit recommendations.

6.3 Tracking procedures

Court-ordered restitution payments were manually recorded in the defendants' case file; however, the total restitution amount ordered was not always clearly documented. Additionally, the Prosecuting Attorney did not have a system set up to alert office personnel when restitution payments were due or a defendant's probationary period was nearing completion. The Prosecuting Attorney's office staff indicated it was the probation officer's responsibility to ensure restitution was paid.

Bad check complaint forms submitted by merchants when bad checks were turned over to the Prosecuting Attorney for collection were not assigned a sequential tracking number and complaint forms were filed by the date of the 10-day letter. Additionally, the Prosecuting Attorney's office only used the computerized bad check system to generate letters notifying the bad check writers they had 10 days to pay before charges were filed. While the bad check complaint and disposition information was entered into the computerized bad check system, the system was not utilized to track the collection and disposition of each bad check complaint. The office maintained a manual ledger of bad check complaints (by date the complaint was filed) for purposes of filing charges, however, this manual ledger did not allow for compilation of amounts collected by date.

Recommendation

The Prosecuting Attorney develop procedures and records to adequately track court-ordered restitution and the receipt and disposition of all bad check complaints.

Status

Not Implemented

The Prosecuting Attorney refused to participate in the follow-up review process to update the State Auditor's office regarding efforts to implement audit recommendations.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Lewis County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Lewis County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

August 2014
Report No. 2014-067

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013 AND 2012

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
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FINANCIAL SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Lewis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Lewis ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2013, and 2012, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note I of the financial statements, the financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2013, and 2012, or changes in financial position or cash flows thereof for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The County was unable to provide bank reconciliations for the Collector's accounts. We were unable to determine the book cash balance as a reconciliation between cash balance and bank balance. Since we were unable to determine the cash balance of the Collector's account, we used the bank balances of $4,067,554.75 and $3,236,304.02 for the years ended December 31, 2013, and December 31, 2012, respectively. Bank statements are now being reconciled on a monthly basis.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on Regulatory Basis of Accounting paragraph, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the County as of December 31, 2013, and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Lewis' basic financial statements. The schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2014, on our consideration of the County of Lewis' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Lewis' internal control over financial reporting and compliance.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 17, 2014

FINANCIAL STATEMENTS

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

FUND	CASH AND INVESTMENTS JANUARY 1, 2013	RECEIPTS 2013	DISBURSEMENTS 2013	CASH AND INVESTMENTS DECEMBER 31, 2013
General Revenue Fund	$ 417,856.59	$ 1,730,986.50	$ 1,668,286.07	$ 480,557.02
Special Road and Bridge Fund	122,011.05	941,391.67	936,378.63	127,024.09
Assessment Fund	260.97	170,376.80	166,453.39	4,184.38
Road and Bridge Capital Improvement Fund	50,892.43	731,108.36	718,980.81	63,019.98
County Farm Fund	50,915.28	50,423.35	56,755.26	44,583.37
Domestic Violence Fund	3,747.00	3,548.00	3,747.00	3,548.00
Law Enforcement Training Fund	14,257.31	4,418.28	3,377.24	15,298.35
Law Enforcement Operating Fund	18,932.30	630,550.70	645,150.59	4,332.41
Sheriff Civil Fees Fund	16,727.70	18,783.87	18,657.80	16,853.77
D.A.R.E. Fund	2,854.67	825.00	2,416.75	1,262.92
Law Enforcement Restitution Fund	53,626.84	53,384.63	47,042.90	59,968.57
Law Enforcement Revolving Fund	9,069.76	9,964.45	5,918.34	13,115.87
Prosecuting Attorney Training Fund	5,348.57	764.74	1,786.15	4,327.16
Prosecuting Attorney Bad Check Fund	6,986.29	2,912.38	2,462.03	7,436.64
D.W.I. Fund	2,746.79	1,921.00	-	4,667.79
Election Service Fund	17,859.50	7,054.65	13,851.45	11,062.70
Records Preservation Fund	9,917.94	3,591.98	3,856.08	9,653.84
Records Technologies Fund	1,692.93	2,116.25	-	3,809.18
Collector's Tax Maintenance Fund	10,075.16	13,201.87	13,866.86	9,410.17
Total	$ 815,779.08	$ 4,377,324.48	$ 4,308,987.35	$ 884,116.21

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

FUND	CASH AND INVESTMENTS January 1, 2012	RECEIPTS 2012	DISBURSEMENTS 2012	CASH AND INVESTMENTS December 31, 2012
General Revenue Fund	$ 241,197.78	$ 1,862,956.32	$ 1,686,297.51	$ 417,856.59
Special Road and Bridge Fund	96,025.33	968,485.49	942,499.77	122,011.05
Assessment Fund	5,429.85	157,489.35	162,658.23	260.97
Road and Bridge Capital Improvement Fund	65,622.83	274,980.69	289,711.09	50,892.43
County Farm Fund	35,306.27	45,080.89	29,471.88	50,915.28
Domestic Violence Fund	4,454.50	3,747.00	4,454.50	3,747.00
Law Enforcement Training Fund	16,343.76	5,167.13	7,253.58	14,257.31
Law Enforcement Operating Fund	6,189.78	644,925.62	632,183.10	18,932.30
Sheriff Civil Fees Fund	12,401.28	18,868.33	14,541.91	16,727.70
D.A.R.E. Fund	1,902.69	2,690.00	1,738.02	2,854.67
Law Enforcement Restitution Fund	54,228.43	49,009.64	49,611.23	53,626.84
Law Enforcement Revolving Fund	4,621.18	8,563.57	4,114.99	9,069.76
Prosecuting Attorney Training Fund	5,424.20	914.00	989.63	5,348.57
Prosecuting Attorney Bad Check Fund	5,298.23	3,601.29	1,913.23	6,986.29
D.W.I. Fund	3,790.29	956.50	2,000.00	2,746.79
Election Service Fund	13,085.54	7,829.68	3,055.72	17,859.50
Records Preservation Fund	10,084.07	3,611.32	3,777.45	9,917.94
Records Technologies Fund	645.31	2,108.75	1,061.13	1,692.93
Collector's Tax Maintenance Fund	8,623.26	13,107.95	11,656.05	10,075.16
Total	$ 590,674.58	$ 4,074,093.52	$ 3,848,989.02	$ 815,779.08

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	GENERAL REVENUE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 324,400.00	$ 341,195.07	$ 321,960.00	$ 322,606.10
Sales Taxes	773,000.00	919,785.92	737,050.00	925,640.65
Intergovernmental	126,878.00	123,906.88	172,103.14	171,142.81
Charges for Services	230,900.00	228,477.80	229,200.00	246,213.16
Interest Income	5,300.00	6,587.50	7,600.00	6,295.44
Other	190,000.00	111,033.33	214,000.00	191,058.16
Transfers In	5,021.00	-	11,605.23	-
TOTAL RECEIPTS	1,655,499.00	1,730,986.50	1,693,518.37	1,862,956.32
DISBURSEMENTS				
County Commission	95,790.55	94,819.95	93,970.14	93,188.57
County Clerk	72,740.46	72,522.32	71,054.19	69,137.50
Elections	27,833.44	16,372.24	50,235.92	41,402.44
Buildings and Grounds	173,422.96	170,824.65	94,250.40	62,101.47
Employee Fringe Benefits	192,100.00	183,844.58	191,255.44	192,449.47
County Treasurer	47,486.12	46,717.51	46,245.02	45,591.00
Collector	78,838.36	76,768.45	82,147.52	79,673.84
Recorder of Deeds	63,984.12	62,791.85	62,862.86	61,667.01
Circuit Clerk	22,000.00	17,148.39	21,100.00	18,633.73
Court Administration	7,734.00	9,109.12	7,734.00	5,716.40
Public Administrator	53,160.68	47,672.57	52,286.94	47,338.17
Prosecuting Attorney	92,110.38	82,549.73	89,755.90	80,603.19
Juvenile Officer	56,471.61	55,459.50	57,169.10	56,749.46
Coroner	23,081.62	20,178.61	18,779.04	15,211.35
Drug Court Grant	36,548.00	24,254.00	81,757.78	58,074.98
Other	404,111.65	277,396.38	410,482.80	362,591.93
Health and Welfare	8,600.00	7,356.22	-	-
Transfers Out	402,500.00	402,500.00	396,167.00	396,167.00
Emergency Fund	100,000.00	-	80,000.00	-
TOTAL DISBURSEMENTS	1,958,513.95	1,668,286.07	1,907,254.05	1,686,297.51
RECEIPTS OVER (UNDER) DISBURSEMENTS	(303,014.95)	62,700.43	(213,735.68)	176,658.81
CASH AND INVESTMENT BALANCES, JANUARY 1	417,856.59	417,856.59	241,197.78	241,197.78
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 114,841.64	$ 480,557.02	$ 27,462.10	$ 417,856.59

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SPECIAL ROAD AND BRIDGE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 304,500.00	$ 328,319.66	$ 306,000.00	$ 332,504.66
Sales Taxes	141,000.00	136,152.23	141,950.00	138,862.18
Intergovernmental	423,400.00	449,661.82	447,046.38	439,945.26
Charges for Services	-	-	-	-
Interest Income	2,900.00	2,838.99	4,100.00	3,131.84
Other	42,989.10	21,551.94	48,000.00	43,392.04
Transfers In	3,500.00	2,867.03	-	10,649.51
TOTAL RECEIPTS	918,289.10	941,391.67	947,096.38	968,485.49
DISBURSEMENTS				
Salaries	278,800.00	267,350.30	275,231.90	255,357.44
Employee Fringe Benefits	152,900.00	141,575.79	149,100.00	145,115.12
Supplies	184,000.00	159,265.58	193,250.00	140,727.69
Road and Bridge Materials	307,800.00	288,445.40	310,050.00	315,774.80
Insurance	8,200.00	7,831.00	8,000.00	7,970.00
Equipment Repairs	76,350.00	42,560.10	78,700.00	70,526.67
Equipment Purchases	21,835.00	19,956.34	1,300.00	1,250.00
Other	10,400.00	9,394.12	27,485.00	5,778.05
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	1,040,285.00	936,378.63	1,043,116.90	942,499.77
RECEIPTS OVER (UNDER) DISBURSEMENTS	(121,995.90)	5,013.04	(96,020.52)	25,985.72
CASH AND INVESTMENT BALANCES, JANUARY 1	122,011.05	122,011.05	96,025.33	96,025.33
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 15.15	$ 127,024.09	$ 4.81	$ 122,011.05

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ASSESSMENT FUND				ROAD AND BRIDGE CAPITAL IMPROVEMENT FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	$ -	$ -	$ -	$ -	$ 211,000.00	$ 204,422.81	$ 213,250.00	$ 208,640.70
Intergovernmental	132,200.00	145,906.61	132,979.00	129,390.87	537,021.00	514,335.22	455,000.00	59,969.24
Charges for Services	-	1,650.00	580.00	-	-	-	-	-
Interest Income	200.00	320.19	-	340.12	500.00	614.63	1,200.00	724.35
Other	-	-	-	591.36	7,000.00	11,735.70	7,000.00	5,646.40
Transfers In	34,250.00	22,500.00	27,167.00	27,167.00	-	-	-	-
TOTAL RECEIPTS	166,650.00	170,376.80	160,726.00	157,489.35	755,521.00	731,108.36	676,450.00	274,980.69
DISBURSEMENTS								
Assessor	32,175.00	36,352.07	33,425.00	36,160.58	-	-	-	-
Salaries	86,307.63	86,307.63	84,063.64	84,063.64	-	-	-	-
Fringe Benefits	48,425.00	43,793.69	43,999.72	42,434.01	-	-	-	-
Contract Labor	-	-	-	-	11,500.00	8,915.50	10,900.00	11,100.00
Bridges	-	-	-	-	501,000.00	498,552.57	405,000.00	46,680.77
Bridge Materials	-	-	-	-	124,210.00	100,455.18	127,300.00	78,514.37
Equipment Purchases	-	-	-	-	118,789.81	101,310.15	138,360.07	111,517.10
FEMA	-	-	-	-	29,895.00	-	37,000.00	16,657.45
Other	-	-	4,667.00	-	11,000.00	9,747.41	13,500.00	14,591.89
Transfers Out	-	-	-	-	10,000.00	-	10,000.00	10,649.51
TOTAL DISBURSEMENTS	166,907.63	166,453.39	166,155.36	162,658.23	806,394.81	718,980.81	742,060.07	289,711.09
RECEIPTS OVER (UNDER) DISBURSEMENTS	(257.63)	3,923.41	(5,429.36)	(5,168.88)	(50,873.81)	12,127.55	(65,610.07)	(14,730.40)
CASH AND INVESTMENT BALANCES, JANUARY 1	260.97	260.97	5,429.85	5,429.85	50,892.43	50,892.43	65,622.83	65,622.83
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 3.34	$ 4,184.38	$ 0.49	$ 260.97	$ 18.62	$ 63,019.98	$ 12.76	$ 50,892.43

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	COUNTY FARM FUND				DOMESTIC VIOLENCE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	$ -	$ -	$ -	$ -	$ 3,650.00	$ 3,548.00	$ 4,460.00	$ 3,747.00
Interest Income	320.00	313.15	-	343.39	-	-	-	-
Other	47,473.00	50,110.20	43,278.00	44,737.50	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	47,793.00	50,423.35	43,278.00	45,080.89	3,650.00	3,548.00	4,460.00	3,747.00
DISBURSEMENTS								
Farm Expenses	8,500.00	5,554.93	6,170.00	8,499.14	-	-	-	-
Other Maintenance	75,000.00	32,789.64	48,500.00	-	-	-	-	-
County Programs	15,100.00	15,543.66	23,500.00	20,972.74	-	-	-	-
Domestic Violence Expenses	-	-	-	-	3,747.00	3,747.00	4,454.50	4,454.50
Transfers Out	-	2,867.03	-	-	-	-	-	-
TOTAL DISBURSEMENTS	98,600.00	56,755.26	78,170.00	29,471.88	3,747.00	3,747.00	4,454.50	4,454.50
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50,807.00)	(6,331.91)	(34,892.00)	15,609.01	(97.00)	(199.00)	5.50	(707.50)
CASH AND INVESTMENT BALANCES, JANUARY 1	50,915.28	50,915.28	35,306.27	35,306.27	3,747.00	3,747.00	4,454.50	4,454.50
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 108.28	$ 44,583.37	$ 414.27	$ 50,915.28	$ 3,650.00	$ 3,548.00	$ 4,460.00	$ 3,747.00

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	LAW ENFORCEMENT TRAINING FUND				LAW ENFORCEMENT OPERATING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	$ -	$ -	$ -	$ -	$166,000.00	$147,053.71	$142,200.00	$139,098.81
Intergovernmental	1,600.00	1,331.19	1,700.00	1,648.29	124,500.00	89,629.35	109,580.00	125,506.50
Charges for Services	3,200.00	2,920.00	3,600.00	3,276.00	3,200.00	4,349.00	3,700.00	3,150.50
Interest Income	188.00	167.09	340.00	242.84	250.00	158.58	300.00	289.10
Other	-	-	-	-	7,305.00	9,360.06	7,785.71	7,880.71
Transfers In	-	-	-	-	380,000.00	380,000.00	369,000.00	369,000.00
TOTAL RECEIPTS	4,988.00	4,418.28	5,640.00	5,167.13	681,255.00	630,550.70	632,565.71	644,925.62
DISBURSEMENTS								
Public Safety	14,500.00	3,377.24	10,900.00	7,253.58	-	-	-	-
Salaries	-	-	-	-	218,826.96	209,818.22	201,532.99	203,397.81
Salaries - Jail	-	-	-	-	176,205.52	162,090.55	159,369.04	153,865.12
Fringe Benefits	-	-	-	-	149,996.00	138,492.72	157,688.88	150,501.25
Office Expenses	-	-	-	-	36,700.00	36,185.90	30,200.00	31,416.23
Equipment Expenses	-	-	-	-	56,100.00	49,147.08	43,200.00	47,514.72
Prisoner Board Expenses	-	-	-	-	57,692.00	49,416.12	46,692.00	45,487.97
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	14,500.00	3,377.24	10,900.00	7,253.58	695,520.48	645,150.59	638,682.91	632,183.10
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,512.00)	1,041.04	(5,260.00)	(2,086.45)	(14,265.48)	(14,599.89)	(6,117.20)	12,742.52
CASH AND INVESTMENT BALANCES, JANUARY 1	14,257.31	14,257.31	16,343.76	16,343.76	18,932.30	18,932.30	6,189.78	6,189.78
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 4,745.31	$ 15,298.35	$ 11,083.76	$ 14,257.31	$ 4,666.82	$ 4,332.41	$ 72.58	$ 18,932.30

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SHERIFF CIVIL FEES FUND				D.A.R.E. FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 18,000.00	$ 18,550.49	$ 20,000.00	$ 18,668.68	$ 3,150.00	$ 825.00	$ 2,250.00	$ 2,690.00
Charges for Services	-	-	-	-	-	-	-	-
Interest Income	190.00	233.38	290.00	199.65	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	18,190.00	18,783.87	20,290.00	18,868.33	3,150.00	825.00	2,250.00	2,690.00
DISBURSEMENTS								
Office	18,500.00	18,657.80	18,260.00	14,541.91	-	-	-	-
D.A.R.E. Expenses	-	-	-	-	4,000.00	2,416.75	2,000.00	1,738.02
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	18,500.00	18,657.80	18,260.00	14,541.91	4,000.00	2,416.75	2,000.00	1,738.02
RECEIPTS OVER (UNDER) DISBURSEMENTS	(310.00)	126.07	2,030.00	4,326.42	(850.00)	(1,591.75)	250.00	951.98
CASH AND INVESTMENT BALANCES, JANUARY 1	16,727.70	16,727.70	12,401.28	12,401.28	2,854.67	2,854.67	1,902.69	1,902.69
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 16,417.70	$ 16,853.77	$ 14,431.28	$ 16,727.70	$ 2,004.67	$ 1,262.92	$ 2,152.69	$ 2,854.67

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	LAW ENFORCEMENT RESTITUTION FUND				LAW ENFORCEMENT REVOLVING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	$ 48,100.00	$ 52,950.29	$ 43,000.00	$ 48,484.50	$ 6,500.00	$ 9,820.00	$ 4,000.00	$ 8,450.00
Interest Income	500.00	434.34	1,000.00	525.14	80.00	144.45	5.00	113.57
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	48,600.00	53,384.63	44,000.00	49,009.64	6,580.00	9,964.45	4,005.00	8,563.57
DISBURSEMENTS								
Restitution Expenses	52,450.00	47,042.90	84,000.00	49,611.23	-	-	-	-
Law Enforcement Expenses	-	-	-	-	9,000.00	5,918.34	4,500.00	4,114.99
TOTAL DISBURSEMENTS	52,450.00	47,042.90	84,000.00	49,611.23	9,000.00	5,918.34	4,500.00	4,114.99
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,850.00)	6,341.73	(40,000.00)	(601.59)	(2,420.00)	4,046.11	(495.00)	4,448.58
CASH AND INVESTMENT BALANCES, JANUARY 1	53,626.84	53,626.84	54,228.43	54,228.43	9,069.76	9,069.76	4,621.18	4,621.18
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 49,776.84	$ 59,968.57	$ 14,228.43	$ 53,626.84	$ 6,649.76	$ 13,115.87	$ 4,126.18	$ 9,069.76

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	PROSECUTING ATTORNEY TRAINING FUND				PROSECUTING ATTORNEY BAD CHECK FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	$ 800.00	$ 730.08	$ 900.00	$ 837.92	$ 3,400.00	$ 2,833.01	$ 3,600.00	$ 3,513.35
Interest Income	75.00	34.66	130.00	76.08	70.00	79.37	140.00	87.94
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	875.00	764.74	1,030.00	914.00	3,470.00	2,912.38	3,740.00	3,601.29
DISBURSEMENTS								
Prosecuting Attorney Expenses	6,223.57	1,786.15	6,430.00	989.63	10,456.29	2,462.03	9,038.23	1,913.23
Other	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	6,223.57	1,786.15	6,430.00	989.63	10,456.29	2,462.03	9,038.23	1,913.23
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,348.57)	(1,021.41)	(5,400.00)	(75.63)	(6,986.29)	450.35	(5,298.23)	1,688.06
CASH AND INVESTMENT BALANCES, JANUARY 1	5,348.57	5,348.57	5,424.20	5,424.20	6,986.29	6,986.29	5,298.23	5,298.23
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ -	$ 4,327.16	$ 24.20	$ 5,348.57	$ -	$ 7,436.64	$ -	$ 6,986.29

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	D.W.I. FUND				ELECTION SERVICE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ -	$ -	$ -	$ -	$ 6,800.00	$ 6,874.71	$ 15,475.00	$ 7,458.03
Charges for services	500.00	1,921.00	700.00	956.50	-	-	-	-
Interest Income	-	-	-	-	230.00	179.94	320.00	239.02
Other	-	-	-	-	-	-	-	132.63
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	500.00	1,921.00	700.00	956.50	7,030.00	7,054.65	15,795.00	7,829.68
DISBURSEMENTS								
Expenses	3,246.79	-	4,490.00	2,000.00	20,350.00	13,851.45	26,450.00	3,055.72
Other	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	3,246.79	-	4,490.00	2,000.00	20,350.00	13,851.45	26,450.00	3,055.72
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,746.79)	1,921.00	(3,790.00)	(1,043.50)	(13,320.00)	(6,796.80)	(10,655.00)	4,773.96
CASH AND INVESTMENT BALANCES, JANUARY 1	2,746.79	2,746.79	3,790.29	3,790.29	17,859.50	17,859.50	13,085.54	13,085.54
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ -	$ 4,667.79	$ 0.29	$ 2,746.79	$ 4,539.50	$ 11,062.70	$ 2,430.54	$ 17,859.50

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	RECORDS PRESERVATION FUND				RECORDS TECHNOLOGIES FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	$ 3,300.00	$ 3,482.00	$ 3,300.00	$ 3,446.00	$ 2,000.00	$ 2,116.25	$ 2,012.00	$ 2,108.75
Interest Income	100.00	109.98	201.00	165.32	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	3,400.00	3,591.98	3,501.00	3,611.32	2,000.00	2,116.25	2,012.00	2,108.75
DISBURSEMENTS								
Recorder Expenses	10,500.00	3,856.08	9,500.00	3,777.45	2,650.00	-	2,650.00	1,061.13
Other	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	10,500.00	3,856.08	9,500.00	3,777.45	2,650.00	-	2,650.00	1,061.13
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,100.00)	(264.10)	(5,999.00)	(166.13)	(650.00)	2,116.25	(638.00)	1,047.62
CASH AND INVESTMENT BALANCES, JANUARY 1	9,917.94	9,917.94	10,084.07	10,084.07	1,692.93	1,692.93	645.31	645.31
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 2,817.94	$ 9,653.84	$ 4,085.07	$ 9,917.94	$ 1,042.93	$ 3,809.18	$ 7.31	$ 1,692.93

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	COLLECTOR'S TAX MAINTENANCE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Intergovernmental	$ -	$ -	$ -	$ -
Charges for services	12,000.00	13,110.58	13,500.00	12,980.57
Interest Income	100.00	91.29	300.00	127.38
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	12,100.00	13,201.87	13,800.00	13,107.95
DISBURSEMENTS				
Election Expenses	-	-	-	-
Collector's Expenses	22,174.50	13,866.86	22,423.26	11,656.05
TOTAL DISBURSEMENTS	22,174.50	13,866.86	22,423.26	11,656.05
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,074.50)	(664.99)	(8,623.26)	1,451.90
CASH AND INVESTMENT BALANCES, JANUARY 1	10,075.16	10,075.16	8,623.26	8,623.26
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 0.66	$ 9,410.17	$ -	$ 10,075.16

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2013

	Lewis County Fire Department	Ewing Fire Department	Lagrange Special Road	City of Lewistown	School Building Revolving	Tax Sale Surplus
ASSETS						
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ 925.00	$ 153.06
Investments	-	-	-	-	-	-
TOTAL ASSETS	-	-	-	-	925.00	153.06
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	-	-	-	-	925.00	153.06
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ -	$ -	$ -	$ 925.00	$ 153.06

	County School	City of Lagrange	Collector	Election Authority	Benjamin Cemetery Trust	Recorder of Deeds
ASSETS						
Cash and Cash Equivalents	$ 22,672.42	$ -	$ 4,067,554.75	$ 29.56	$ 20,011.79	$ 483.36
Investments	-	-	-	-	20,774.25	-
TOTAL ASSETS	22,672.42	-	4,067,554.75	29.56	40,786.04	483.36
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	22,672.42	-	4,067,554.75	29.56	40,786.04	483.36
TOTAL LIABILITIES AND FUND BALANCES	$ 22,672.42	$ -	$ 4,067,554.75	$ 29.56	$ 40,786.04	$ 483.36

	Prosecuting Attorney	Sheriff	Unclaimed Property	Total Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 3,265.87	$ 6,236.86	$ 5,037.62	$ 4,126,370.29
Investments	-	-	-	20,774.25
TOTAL ASSETS	3,265.87	6,236.86	5,037.62	4,147,144.54
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	3,265.87	6,236.86	5,037.62	4,147,144.54
TOTAL LIABILITIES AND FUND BALANCES	$ 3,265.87	$ 6,236.86	$ 5,037.62	$ 4,147,144.54

The accompanying notes to the financial statements are an integral part of this financial statement.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2012

	Lewis County Fire Department	Ewing Fire Department	Lagrange Special Road	City of Lewistown	School Building Revolving	Tax Sale Surplus
ASSETS						
Cash and Cash Equivalents	$ 0.30	$ 0.32	$ 0.10	$ 0.49	$ -	$ 153.06
Investments	-	-	-	-	-	-
TOTAL ASSETS	0.30	0.32	0.10	0.49	-	153.06
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	0.30	0.32	0.10	0.49	-	153.06
TOTAL LIABILITIES AND FUND BALANCES	$ 0.30	$ 0.32	$ 0.10	$ 0.49	$ -	$ 153.06

	County School	City of Lagrange	Collector	Election Authority	Benjamin Cemetery Trust	Recorder of Deeds
ASSETS						
Cash and Cash Equivalents	$ 27,227.91	$ 0.25	$ 3,236,304.02	$ 29.55	$ 20,121.34	$ 312.31
Investments	-	-	-	-	19,142.97	-
TOTAL ASSETS	27,227.91	0.25	3,236,304.02	29.55	39,264.31	312.31
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	27,227.91	0.25	3,236,304.02	29.55	39,264.31	312.31
TOTAL LIABILITIES AND FUND BALANCES	$ 27,227.91	$ 0.25	$ 3,236,304.02	$ 29.55	$ 39,264.31	$ 312.31

	Prosecuting Attorney	Sheriff	Unclaimed Property	Total Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 2,435.33	$ 9,096.57	$ 4,881.70	$ 3,300,563.25
Investments	-	-	-	19,142.97
TOTAL ASSETS	2,435.33	9,096.57	4,881.70	3,319,706.22
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	2,435.33	9,096.57	4,881.70	3,319,706.22
TOTAL LIABILITIES AND FUND BALANCES	$ 2,435.33	$ 9,096.57	$ 4,881.70	$ 3,319,706.22

The accompanying notes to the financial statements are an integral part of this financial statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Lewis, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1833 by an Act of the Missouri Territory. In addition to the three Commissioners, there are 11 elected Constitutional Officers: County Clerk, Treasurer, Collector, Circuit Clerk, Recorder of Deeds, Sheriff, Assessor, Coroner, Surveyor, Public Administrator and Prosecuting Attorney.

As discussed further in Note I, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of the County.

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, transportation, economic development, and social and recreation services.

The financial statements referred to above include only Lewis County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri law, which include a Statement of Receipts, Disbursements and Changes in Cash and Investment Balances – All Governmental Funds, a Comparative Statement of Receipts and Disbursements – Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following fund types are used by the County:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similarly to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other officeholders.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

As a result of using this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.

2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.

6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

   Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations that were adopted.

7. Budgets are prepared and adopted on the cash basis of accounting.

   State law requires that budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

E. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2013 and 2012, for purposes of taxation, was:

	2013	2012
Real Estate	$ 68,693,510	$ 64,892,950
Personal Property	33,969,800	34,725,320
Railroad and Utilities	16,226,896	14,020,245
	$ 118,890,206	$ 113,638,515

During 2013 and 2012, the County Commission approved a $0.7777 and $0.7672, respectively, tax levy per $100 of assessed valuation of tangible taxable property for the calendar year 2013 and 2012, for purposes of County taxation, as follows:

	2013	2012
General Revenue Fund	$ 0.2950	$ 0.2940
Special Road and Bridge Fund	0.4827	0.4732
	$ 0.7777	$ 0.7672

F. Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash and investments applicable to a particular fund are readily identifiable. Some County offices also hold cash and investments in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are eliminated due to reporting the financial statements on the regulatory basis of accounting.

Legally required transfers are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

II. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and Equivalents" under each fund's caption. Deposits with maturities greater than three months are considered investments. In addition, cash and investments are separately held by several of the County's funds. Investments of the County consist of certificates of deposit with local banking institutions.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013, and 2012, the carrying amount of the County's deposits was $884,116.21 and $815,779.08, and the bank balance was $5,157,717.45 and $4,211,758.24, respectively. The total bank balances as of December 31, 2013, and 2012 were insured through the Federal Deposit Insurance Corporation and securities set by the County's financial institutions.

SUMMARY OF CARRYING VALUES

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2013, as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances - Deposits	$	884,116.21
Total Deposits and Investments as of December 31, 2013	$	884,116.21

The carrying values of deposits and investments at December 31, 2012, are as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances - Deposits	$	815,779.08
Total Deposits and Investments as of December 31, 2012	$	815,779.08

II. CASH AND INVESTMENTS (concluded)

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013, and 2012.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments. All investments, evidenced by individual securities, are registered in the name of the County or of a type that are not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's investments were not exposed to concentration of investment credit risk for the years ended December 31, 2013, and 2012.

III. CAPITAL LEASES

In April 2009, Lewis County purchased a 2009 John Deere Backhoe in the amount of $79,950. The County entered into an annually renewable lease purchase agreement with Bank of Monticello to finance $39,950 of the purchase. The lease purchase agreement calls for eight semi-annual payments of $5,517.28. The lease purchase agreement carries an interest rate of 4.00%. As of December 31, 2013, and 2012, the outstanding balance on this lease purchase agreement was $0.00 and $10,696.82, respectively. Lease purchase payments are made out of the Special Road and Bridge Fund.

III. CAPITAL LEASES (continued)

In May 2009, Lewis County purchased a 2010 Mack truck in the amount of $78,450. The County entered into an annually renewable lease purchase agreement with Bank of Monticello to finance $65,000 of the purchase. The lease purchase agreement calls for 16 quarterly payments of $4,519.01. The lease purchase agreement carries an interest rate of 4.00%. As of December 31, 2013, and 2012, the outstanding balance on this lease purchase agreement was $0.00 and $17,440.35, respectively. Lease purchase payments are made out of the Special Road and Bridge Fund.

In October 2011, Lewis County purchased a 2011 Ford truck in the amount of $25,135. The County entered into a one year lease purchase agreement with Bank of Monticello to finance $12,135 of the purchase. The lease purchase agreement calls for one annual payment of $12,514.34. The lease purchase agreement carries an interest rate of 3.50%. As of December 31, 2012, the lease was paid off. Lease purchase payments are made out of the Special Road and Bridge Fund.

In June 2012, Lewis County purchased a 2012 John Deere Motor Grader in the amount of $199,236. The County entered into an annually renewable lease purchase agreement with John Deere Financial to finance $158,236 of the purchase. The lease purchase agreement calls for seven annual payments of $25,241.21. The lease purchase agreement carries an interest rate of 2.80%. As of December 31, 2013, and 2012, the outstanding balances on this lease purchase agreement were $137,482.72 and $158,236, respectively. Lease purchase payments are made out of the Special Road and Bridge Fund.

In April 2013, Lewis County purchased a 2013 Ford truck in the amount of $33,293. The County entered into a one year lease purchase agreement with Bank of Monticello to finance $16,293 of the purchase. The lease purchase agreement calls for one annual payment of $17,026.18. The lease purchase agreement carries an interest rate of 4.50%. As of December 31, 2013, the outstanding balance on this lease purchase agreement was $16,293.00. Lease purchase payments are made out of the Special Road and Bridge Fund.

In September 2013, Lewis County purchased a 2013 John Deere Tractor in the amount of $74,751.36. The County entered into an annually renewable lease purchase agreement with Bank of Monticello to finance $59,000 of the purchase. The lease purchase agreement calls for three annual payments of $20,858.83. The lease purchase agreement carries an interest rate of 3.00%. As of December 31, 2013, the outstanding balance on this lease purchase agreement was $59,000.00. Lease purchase payments are made out of the Special Road and Bridge Fund.

As of December 31, 2013, the unpaid principal balances for capital leases were $212,775.72. The payments for the lease purchase agreements of the County are as follows:

Capital Leases	Balance 12/31/12	Additions	Payments	Balance 12/31/13	Interest Paid
2009 John Deere Backhoe	$ 10,696.82	$ -	$ 10,696.82	$ -	$ 323.25
2010 Mack Truck	17,440.35	-	17,440.35	-	437.26
2012 JD Motor Grader	158,236.00	-	20,753.28	137,482.72	4,487.93
2013 JD Tractor	-	59,000.00	-	59,000.00	-
2013 Ford Truck	-	16,293.00	-	16,293.00	-
	$186,373.17	$75,293.00	$48,890.45	$212,775.72	$5,248.44

III. CAPITAL LEASES (concluded)

The future payments for capital leases as of December 31, 2013, are as follows:

Year Ending December 31,	Interest	Principal	Total
2014	$ 6,402.47	$ 56,723.75	$ 63,126.22
2015	4,491.35	41,608.69	46,100.04
2016	3,280.68	42,819.36	46,100.04
2017	2,031.40	23,209.81	25,241.21
2018	1,373.12	23,868.09	25,241.21
2019	696.19	24,546.02	25,242.21
	$ 18,275.21	$ 212,775.72	$ 231,050.93

As of December 31, 2012, the unpaid principal balances for capital leases were $186,373.17. The payments for the lease purchase agreement of the County are as follows.

Capital Leases	Balance 12/31/11	Additions	Payments	Balance 12/31/12	Interest Paid
2009 John Deere Backhoe	$ 20,993.89	$ -	$ 10,297.07	$ 10,696.82	$ 737.49
2010 Mack Truck	34,424.94	-	16,984.59	17,440.35	1,091.45
2011 Ford Truck	12,135.00	-	12,135.00	-	379.34
2012 JD Motor Grader	-	158,236.00	-	158,236.00	-
	$67,553.83	$158,236.00	$39,416.66	$186,373.17	$2,208.28

The future payments for capital leases as of December 31, 2012, are as follows:

Year Ending December 31,	Interest	Principal	Total
2013	$ 5,248.44	$ 48,890.45	$ 54,138.89
2014	3,899.29	21,341.92	25,241.21
2015	3,294.01	21,947.20	25,241.21
2016	2,671.53	22,569.68	25,241.21
2017	2,031.40	23,209.81	25,241.21
2018-2019	2,069.31	48,414.11	50,483.42
	$ 19,213.98	$ 186,373.17	$ 205,587.15

IV. OPERATING LEASES

On September 14, 2012, Lewis County Recorder entered into an operating lease agreement with CIT Finance LLC for a Toshiba Copier. The lease agreement calls for 48 monthly payments of $125.26. The County made lease payments of $1,503.12 and $375.78 for the years ended December 31, 2013, and 2012, respectively.

IV. OPERATING LEASES (concluded)

The future payments for operating leases as of December 31, 2013, are as follows:

Year Ending December 31,	Lease Payments
2014	$ 1,503.12
2015	1,503.12
2016	1,127.34
	$ 4,133.58

The future payments for operating leases as of December 31, 2012, are as follows:

Year Ending December 31,	Lease Payments
2013	$ 1,503.12
2014	1,503.12
2015	1,503.12
2016	1,127.34
	$ 5,636.70

V. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2013, and 2012 are as follows:

	2013		2012	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	$ -	$ 402,500.00	$ -	$ 396,167.00
Special Road and Bridge Fund	2,867.03	-	10,649.51	-
Assessment Fund	22,500.00	-	27,167.00	-
Road and Bridge Capital Improvement Fund	-	-	-	10,649.51
County Farm Fund	-	2,867.03	-	-
Law Enforcement Operating Fund	380,000.00	-	369,000.00	-
TOTAL	$ 405,367.03	$ 405,367.03	$ 406,816.51	$ 406,816.51

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Revenue Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VI. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system.

CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Total contributions remitted to CERF for the years ended December 31, 2013, and 2012 were $48,000.82 and $49,970.16, respectively.

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

A. Plan Description

Lewis County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and governed by statute, Section RSMO 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Status

Full-time employees of Lewis County do not contribute to the pension plan. The June 30th statutorily required contribution rates are 9.7% (General) and 13.0% (Police) for 2013 and 8.7% (General) and 13.5% (Police) for 2012, of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current years 2013 and 2012 were as follows:

2013

Annual required contribution	$	120,110
Interest on net pension obligation		4,242
Adjustment to annual required contribution		(3,899)
Annual pension cost		120,453
Actual contributions		109,540
Increase (decrease) in NPO		10,913
NPO beginning of year		58,508
NPO end of year	$	69,421

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

The annual required contribution (ARC) was determined as part of the February 28, 2011, and February 29, 2012, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011, was 30 years for the General division and 16 years for the Police division. The amortization period as of February 29, 2012, was 30 years for the General division and 15 years for the Police division.

THREE-YEAR TREND INFORMATION

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 110,030	77.7%	$ 39,686
2012	114,374	83.5	58,508
2013	120,453	90.9	69,421

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
2/28/2011	$2,052,360	$2,379,434	$ 327,074	86%	$1,088,341	30%
2/29/2012	2,158,160	2,352,037	193,877	92	1,063,019	18
2/28/2013	2,260,735	2,293,192	32,457	99	1,075,500	3

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

2012

Annual required contribution	$	114,024
Interest on net pension obligation		2,877
Adjustment to annual required contribution		(2,527)
Annual pension cost		114,374
Actual contributions		95,552
Increase (decrease) in NPO		18,822
NPO beginning of year		39,686
NPO end of year	$	58,508

The annual required contribution (ARC) was determined as part of the February 28, 2010, and February 28, 2011, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010, was 30 years for the General division and 19 years for the Police division. The amortization period as of February 28, 2011, was 30 years for the General division and 16 years for the Police division.

THREE-YEAR TREND INFORMATION

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$ 90,774	83.3%	$ 15,159
2011	110,030	77.7	39,686
2012	114,374	83.5	58,508

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (concluded)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (concluded)

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
2/28/2010	$2,065,634	$2,198,329	$ 132,695	94%	$1,098,369	12%
2/28/2011	2,052,360	2,379,434	327,074	86	1,088,341	30
2/29/2012	2,158,160	2,352,037	193,877	92	1,063,019	18

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

VIII. POST-EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. The County had zero COBRA participants at December 31, 2013, and December 31, 2012.

IX. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed $2,244 and $2,244, respectively, for the years ended December 31, 2013, and 2012.

X. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is not involved in pending litigation as of the audit report date.

X. CLAIMS COMMITMENTS AND CONTINGENCIES (concluded)

B. Compensated Absences

The County provides employees with up to 15 days of paid vacation based upon the number of years of continuous service. Employees receive five days of vacation after the first year of service, ten days of vacation per year after two years of employment, 15 days of vacation per year after seven years of employment. Vacation days do not carry forward if they are unused. Upon termination, an employee is reimbursed for any unused vacation days. Employees accrue one sick day per month. The County allows employees to have a maximum of thirty days. However, upon termination, employees do not get reimbursed for sick leave. These have not been subjected to auditing procedures.

C. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

XI. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. Insurance is obtained from commercial insurance companies. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

XII. SUBSEQUENT EVENTS

On April 21, 2014, the County purchased a 2014 Ford Police Interceptor Utility vehicle in the amount of $26,703. The County entered into an annually renewable lease purchase agreement with Ford Motor Credit to finance $12,896.88 of the purchase. The lease purchase agreement calls for one annual payment of $13,806.12. The lease purchase agreement carries an interest rate of 7.05%.

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

SCHEDULE OF STATE FINDINGS

A. For the year ended December 31, 2013, expenditures exceeded those budgeted for the following: Sheriff Civil Fees Fund.

FEDERAL COMPLIANCE SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the County Commission
The County of Lewis, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Lewis ("County") as of and for the years ended December 31, 2013, and 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. [FS 13/12-04]

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. [FS 13/12-01, FS 13/12-02, FS 13/12-03, FS 13/12-05]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 17, 2014

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

To The County Commission
The County of Lewis, Missouri

Report on Compliance for Each Major Federal Program

We have audited the County of Lewis' ("County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the years ended December 31, 2013, and 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

3510 JEFFCO BOULEVARD • SUITE 200 • ARNOLD, MISSOURI 63010-3999 • 636-464-1330 • FAX 636-464-3076

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2013, and 2012.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item SA 13/12-01. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item SA 13/12-01, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 17, 2014

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

FEDERAL GRANT/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY NUMBER	Grant or Identifying Number	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2013	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2012
US DEPARTMENT OF DEFENSE					
PASSED THROUGH DEPT OF ARMY					
Payments to States in Lieu of Real Estate Taxes	12.112	Office of the Chief Engineers	Flood Control Lease	750.00	750.00
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
PASSED THROUGH THE STATE					
Community Development Block Grant	14.228	Northeast MO Regional Planning and Economic Development Corporation	2008-EM-10	1,000.00	-
DEPARTMENT OF INTERIOR					
DIRECT PROGRAM					
PILT - Payment in Lieu of Taxes	15.226	N/A		1,903.00	1,949.00
US DEPARTMENT OF JUSTICE					
DIRECT PROGRAM					
Bulletproof Vest Partnership Program	16.607			-	416.55
PASSED THROUGH STATE					
Drug Court Discretionary Grant Program	16.585	State of Missouri	2009-DC-BX-0036	24,211.25	58,074.97
DEPARTMENT OF TRANSPORTATION					
PASSED THROUGH STATE					
Highway Planning and Construction	20.205	Highway and Transportation Commission	BRO-B056 (13)	482,868.01	40,025.94
HIGHWAY SAFETY CLUSTER					
PASSED THROUGH STATE					
State and Community Highway Safety	20.600	University of Central Missouri	13-OP-05-008	286.90	-
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	University of Central Missouri	12-OP-05-002	-	300.00
				286.90	300.00
Drive Sober or Get Pulled Over DWI Enforcement Campaign	20.607	University of Central Missouri	12-154-AL-083	-	778.26
St. Patrick's Weekend DWI Enforcement Campaign	20.607	University of Central Missouri	12-154-AL-083	-	300.00
St. Patrick's DWI Enforcement	20.607	University of Central Missouri	13-154-AL-074	361.90	-
Youth DWI Enforcement Campaign	20.607	University of Central Missouri	13-154-AL-074	361.90	-
July 4th DWI Enforcement	20.607	University of Central Missouri	13-154-AL-074	365.42	-
Drive Sober or Get Pulled Over DWI Enforcement	20.607	University of Central Missouri	13-154-AL-074	361.90	-
Holiday DWI Enforcement	20.607	University of Central Missouri	13-154-AL-074	-	389.13
				1,451.12	1,467.39
GENERAL SERVICES ADMINISTRATION					
PASSED THROUGH STATE OFFICE OF ADMINISTRATION					
Election Reform Payments	39.011			1,254.00	-
ELECTION ASSISTANCE COMMISSION					
PASSED THROUGH STATE					
Help America Vote Act Requirements Payments	90.401	Office of Secretary of State		1,422.00	1,872.25
US DEPARTMENT OF HOMELAND SECURITY					
PASSED THROUGH STATE					
Presidentially Declared Disasters	97.036	State Department of Public Safety FEMA-1934-DR-MO		24,105.04	23,289.66
Emergency Management Performance Grants	97.042	State Emergency Management Agency EMW-2011-EP-00004		825.00	-
	Total			**540,076.32**	**128,145.76**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each major program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Lewis County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistanc*e means assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and, if applicable, noncash awards.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

NOTE 2 – SUB-RECIPIENTS

The County provided no federal awards to sub-recipients during the years ended December 31, 2013, and 2012.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Qualified – Regulatory Basis

2. Internal control over financial reporting:

a. Material weakness(es) identified?	2013	X Yes	___ No
	2012	X Yes	___ No
b. Significant deficiencies identified?	2013	X Yes	___ None Reported
	2012	X Yes	___ None Reported

3. Noncompliance material to financial statements noted?

	2013	___ Yes	X No
	2012	___ Yes	X No

B. Federal Awards

1. Internal control over major programs:

a. Material weakness(es) identified?	2013	___ Yes	X No
	2012	___ Yes	X No
b. Significant deficiencies identified?	2013	X Yes	___ None Reported
	2012	X Yes	___ None Reported

2. Type of auditor's report issued on compliance for major programs:

2013 - Unmodified

2012 - Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of *Circular A-133*?

2013	X Yes	___ No
2012	X Yes	___ No

I. SUMMARY OF AUDITOR'S RESULTS (concluded)

B. Federal Awards (concluded)

4. Identification of major programs:

Year	CFDA Number(s)	Name of Federal Program or Cluster
2013/2012	20.205	Department of Transportation – Highway Planning and Construction

5. Dollar threshold used to distinguish between type A and type B programs: $ 300,000

6. Auditee qualified as low-risk auditee? 2013 ___ Yes X No

2012 ___ Yes X No

II. FINANCIAL STATEMENT FINDINGS

FS 13/12-01 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification,* considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The County is in the process of preparing the needed documentation to document their internal control structure in conformity with the COSO framework. The County Clerk is Sharon Schlager, and her office phone number is (573)767-5205.

II. FINANCIAL STATEMENT FINDINGS (continued)

FS 13/12-02 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of responsible officials and planned corrective actions: The County is in the process of preparing the needed documentation to document their internal control structure in conformity with the COSO framework. The County Clerk is Sharon Schlager, and her office phone number is (573)767-5205.

FS 13/12-03 Criteria: Formal bank reconciliations must be prepared monthly on a timely basis by the Treasurer's office.

Condition: We noted that bank reconciliations were not being documented, though the general ledger was being reviewed and reconciled to the bank statements.

Context: This deficiency became apparent through our testing of the Treasurer's cash accounts.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions.

Cause: Management's software does not place adequate emphasis upon creating bank reconciliations that allow the reviewing of cash transactions and preparing accurate reconciliations.

Recommendation: We recommend that the Treasurer prepare and document monthly bank reconciliations and adjustments to the cash accounts.

II. FINANCIAL STATEMENT FINDINGS (continued)

FS 13/12-03 Views of Responsible Officials and Planned Corrective Actions: The Treasurer already documents the bank reconciliations on a monthly basis. The Treasurer has asked the software designer to provide bank reconciliations with outstanding check lists and currently maintain a separate spreadsheet until the software is updated. The Treasurer is Kim Porter and her office number is (573)767-5446.

FS 13/12-04 Criteria: Formal bank reconciliations and check registers must be prepared on a timely basis by the Collector's office.

Condition: We noted that bank reconciliations or check registers were not being maintained by the Collector's office by the former Collector.

Context: This deficiency became apparent through our testing of the Collector's cash accounts.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions. Negative balances may occur if outstanding items are not documented.

Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate reconciliations.

Recommendation: We recommend that the Collector prepare monthly bank reconciliations and adjustments to the cash accounts while maintaining an accurate check register.

Views of Responsible Officials and Planned Corrective Actions: The new Collector has begun a check register subsequent to the audit report date and is working to maintain accurate bank reconciliations. The new County Collector took office in November 2013 and has been working diligently to reconcile all bank accounts. The County Collector is Denise Goodwin, and her office number is (573)767-5438.

FS 13/12-05 Criteria: SAS No. 109, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* and SAS No. 110, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained* which supersede SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit.*

Condition: Lack of segregation of duties and lack of controls over information technology.

Context: During our testing of internal controls and the cash for the Collector's office, we noted a lack of segregation of duties in the areas of receipts and disbursements as well as a software issue that allowed unmonitored changes to be made within the system.

Effect: Potential errors and changes could be made within the Collector's office financial records due to a lack of segregation of duties and internal control over the informational technology.

II. FINANCIAL STATEMENT FINDINGS (concluded)

FS 13/12-05 Cause: The Collector's office assigned a limited number of personnel with insufficient segregation of duties between staff to review and manage cash for this account. Also, the software allows unauthorized changes to be performed.

Recommendation: These areas should be reviewed periodically by management and consideration should be given to the improving of segregation of duties.

Views of responsible officials and planned corrective actions: The Collector's office will work to strengthen internal controls to mitigate the risks of a segregation of duties issue. The new County Collector took office in November 2013 and has been working diligently to strengthen internal controls within the office. The County Collector is Denise Goodwin, and her office number is (573)767-5438.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012

The following findings, recommendations, and questioned costs are the results of the single audit of Lewis County, Missouri for the fiscal years ended December 31, 2013, and 2012. Each finding is referenced with a two-digit number representing the fiscal years audited, an "SA" to indicate that it is a single audit finding, and a sequential number. The findings are presented by federal program and are classified according to federal and state department, type of compliance requirement, category of internal control weakness, and category of noncompliance.

A. Category of Internal Control Weakness

If the finding represents a weakness in internal control, one of the following designations will appear:

1. Significant Deficiency: A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

2. Material Weakness: A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012 (continued)

B. Category of Noncompliance Findings

If the finding represents an instance of noncompliance, one of the following designations will appear:

1. Material Noncompliance: A material noncompliance finding is a finding related to a major federal program which discusses conditions representing noncompliance with federal laws, regulations, contracts, or grants, the effects of which have a material effect in relation to a type of compliance requirement or audit objective identified in OMB Circular A-133 *Compliance Supplement*.

2. Questioned Cost Finding: A questioned cost finding is a finding which discusses known or likely questioned costs that are greater than $10,000 for a type of compliance requirement, unless the conditions giving rise to the questioned costs are otherwise reported as a material noncompliance finding.

C. Federal Award Findings and Questioned Costs

SA 13/12-01	Federal Grantor:	U.S. Department of Defense, U.S. Department of Interior, U.S. Department of Transportation, Election Assistance Commission, U.S. Department of Homeland Security, U.S. Department of Justice, U. S. Department of Housing and Urban Development, General Services Administration
Other Information	Pass-Through Grantor:	Office of Chief Engineers, State of Missouri, Highway and Transportation Commission, University of Central Missouri, Office of Secretary of State, State Department of Public Safety, State Emergency Management Agency, Northeast Missouri Regional Planning and Economic Development Commission
Significant Deficiency	Federal CFDA Number:	12.112, 14.228, 15.226, 16.607, 16.585, 20.205, 20.600, 20.601, 20.607, 39.011, 90.401, 97.036, 97.042
	Program Title:	Payments to States in Lieu of Real Estate Taxes, PILT - Payment in Lieu of Taxes, Bulletproof Vest Partnership Program, Drug Court Discretionary Grant Program, Highway Planning and Construction, State and Community Highway Safety, Alcohol Impaired Driving Countermeasures Incentive Grants I, DWI Enforcement, Help America Vote Act Requirements Payments, Presidentially Declared Disasters, Emergency Management Performance Grants, Community Development Block Grant, Election Reform Payments

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012 (concluded)

C. Federal Award Findings and Questioned Costs (concluded)

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

Context: During the audit of federal programs, we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's office.

Views of responsible officials and planned corrective actions: The County will ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correctly prepared going forward. In order for the County Clerk to prepare an accurate SEFA all officeholders must submit detailed documentation of federal awards received and expended. The County Clerk is Sharon Schlager, and her office phone number is (573)767-5205.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

There were no prior year financial statement findings to report.

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year federal award findings to report.

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

June 17, 2014

To the Board of Commissioners
County of Lewis

In planning and performing our audit of the regulatory based financial statements of the County of Lewis (the "County") as of and for the years ended December 31, 2013, and December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the County's internal control to be material weaknesses as noted in section II:

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the County's internal control to be significant deficiencies as noted in section I:

Our comments concerning internal control and other significant matters are presented as follows:

I. Deficiencies Considered to be Significant
II. Deficiency Considered to be a Material Weakness
III. Information Required by Professional Standards

The County's management has provided written responses to the findings in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the County Commission, County Office Holders, the Missouri State Auditor and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 13/12-01 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification,* considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The County is in the process of preparing the needed documentation to document their internal control structure in conformity with the COSO framework. The County Clerk is Sharon Schlager, and her office phone number is (573)767-5205.

FS 13/12-02 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

FS 13/12-02 Views of responsible officials and planned corrective actions: The County is in the process of preparing the needed documentation to document their internal control structure in conformity with the COSO framework. The County Clerk is Sharon Schlager, and her office phone number is (573)767-5205.

FS 13/12-03 Criteria: Formal bank reconciliations must be prepared monthly on a timely basis by the Treasurer's office.

Condition: We noted that bank reconciliations were not being documented, though the general ledger was being reviewed and reconciled to the bank statements.

Context: This deficiency became apparent through our testing of the Treasurer's cash accounts.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions.

Cause: Management's software does not place adequate emphasis upon creating bank reconciliations that allow the reviewing of cash transactions and preparing accurate reconciliations.

Recommendation: We recommend that the Treasurer prepare and document monthly bank reconciliations and adjustments to the cash accounts.

Views of Responsible Officials and Planned Corrective Actions: The Treasurer already documents the bank reconciliations on a monthly basis. The Treasurer has asked the software designer to provide bank reconciliations with outstanding check lists and currently maintain a separate spreadsheet until the software is updated. The Treasurer is Kim Porter and her office number is (573)767-5446.

FS 13/12-05 Criteria: SAS No. 109, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* and SAS No. 110, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained* which supersede SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit.*

Condition: Lack of segregation of duties and lack of controls over information technology.

Context: During our testing of internal controls and the cash for the Collector's office, we noted a lack of segregation of duties in the areas of receipts and disbursements as well as a software issue that allowed unmonitored changes to be made within the system.

Effect: Potential errors and changes could be made within the Collector's office financial records due to a lack of segregation of duties and internal control over the informational technology.

Cause: The Collector's office assigned a limited number of personnel with insufficient segregation of duties between staff to review and manage cash for this account. Also, the software allows unauthorized changes to be performed.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

FS 13/12-05 Recommendation: These areas should be reviewed periodically by management and consideration should be given to the improving of segregation of duties.

Views of responsible officials and planned corrective actions: The Collector's office will work to strengthen internal controls to mitigate the risks of a segregation of duties issue. The new County Collector took office in November 2013 and has been working diligently to strengthen internal controls within the office. The County Collector is Denise Goodwin, and her office number is (573)767-5438.

SA 13/12-01	Federal Grantor:	U.S. Department of Defense, U.S. Department of Interior, U.S. Department of Transportation, Election Assistance Commission, U.S. Department of Homeland Security, U.S. Department of Justice, U.S. Department of Housing and Urban Development, General Services Administration
Other Information	Pass-Through Grantor:	Office of Chief Engineers, State of Missouri, Highway and Transportation Commission, University of Central Missouri, Office of Secretary of State, State Department of Public Safety, State Emergency Management Agency, Northeast Missouri Regional Planning and Economic Commission
Significant Deficiency	Federal CFDA Number:	12.112, 14.228, 15.226, 16.607, 16.585, 20.205, 20.600, 20.601, 20.607, 39.011, 90.401, 97.036, 97.042
	Program Title:	Payments to States in Lieu of Real Estate Taxes, PILT - Payment in Lieu of Taxes, Bulletproof Vest Partnership Program, Drug Court Discretionary Grant Program, Highway Planning and Construction, State and Community Highway Safety, Alcohol Impaired Driving Countermeasures Incentive Grants I, DWI Enforcement, Help America Vote Act Requirements Payments, Presidentially Declared Disasters, Emergency Management Performance Grants, Community Development Block Grant, Election Reform Payments

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

Context: During the audit of federal programs, we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards.*

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (concluded)

SA 13/12-01 *Cause*: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's office.

Views of responsible officials and planned corrective actions: The County will ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correctly prepared going forward. In order for the County Clerk to prepare an accurate SEFA all officeholders must submit detailed documentation of federal awards received and expended. The County Clerk is Sharon Schlager, and her office phone number is (573)767-5205.

II. DEFICIENCY CONSIDERED TO BE A MATERIAL WEAKNESS

FS 13/12-04 Criteria: Formal bank reconciliations and check registers must be prepared on a timely basis by the Collector's office.

Condition: We noted that bank reconciliations or check registers were not being maintained by the Collector's office by the former Collector.

Context: This deficiency became apparent through our testing of the Collector's cash accounts.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions. Negative balances may occur if outstanding items are not documented.

Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate reconciliations.

Recommendation: We recommend that the Collector prepare monthly bank reconciliations and adjustments to the cash accounts while maintaining an accurate check register.

Views of Responsible Officials and Planned Corrective Actions: The new Collector has begun a check register subsequent to the audit report date and is working to maintain accurate bank reconciliations. The new County Collector took office in November 2013 and has been working diligently to reconcile all bank accounts. The County Collector is Denise Goodwin, and her office number is (573)767-5438.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 31, 2014. Professional standards also require that we communicate to you the following information related to our audit.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (continued)

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2013-2012 fiscal years. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the County applying the regulatory basis of accounting, no estimates are made during the preparation of financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 17, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

Other Matters

We were engaged to report on the schedule of expenditures of federal awards which accompany the financial statements but are not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Reynolds County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Reynolds County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

August 2014
Report No. 2014-068

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013 AND 2012

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
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FINANCIAL SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Reynolds, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Reynolds ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2013, and 2012, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note I of the financial statements, the financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2013, and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the County as of December 31, 2013, and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Reynolds' basic financial statements. The schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2014, on our consideration of the County of Reynolds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Reynolds' internal control over financial reporting and compliance.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 17, 2014

FINANCIAL STATEMENTS

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

FUND	CASH JANUARY 1, 2013	RECEIPTS 2013	DISBURSEMENTS 2013	CASH DECEMBER 31, 2013
General Revenue Fund	$ 519,152.17	$ 1,604,973.38	$ 1,661,496.53	$ 462,629.02
Special Road and Bridge Fund	788,731.29	1,678,721.62	1,565,796.46	901,656.45
Assessment Fund	96,514.71	268,858.88	277,673.38	87,700.21
Sheriff's Training Fund	738.25	3,407.44	1,672.28	2,473.41
Prosecuting Attorney Fund	426.45	290.93	-	717.38
Inmate Security Fund	2,017.00	1,331.50	-	3,348.50
Recorder User Fee Fund	14,293.67	4,109.33	3,276.65	15,126.35
Children's Trust Fund	322.00	251.00	346.00	227.00
Senior Services Fund	8,550.47	47,849.46	56,166.50	233.43
Sheriff's Civil Fee Fund	11,328.36	12,216.00	9,649.84	13,894.52
Senate Bill 40 Fund	28,297.49	157,829.68	164,007.57	22,119.60
Sound Recording Fund	1,278.18	13.03	-	1,291.21
Prosecuting Attorney Bad Check Fund	2,958.47	1,384.84	495.50	3,847.81
Sheriff's Revolving Fund	9,220.30	6,206.38	2,245.98	13,180.70
County Law Enforcement Fund	35,841.08	35,974.16	38,400.64	33,414.60
Election Services Fund	8,689.33	3,338.74	5,401.08	6,626.99
Tax Maintenance Fund	27,226.28	10,270.47	13,761.72	23,735.03
Title III Fund	103,366.52	31,616.67	130,512.40	4,470.79
LEPC Fund	16,603.47	15,740.06	545.65	31,797.88
TOTAL	$ 1,675,555.49	$ 3,884,383.57	$ 3,931,448.18	$ 1,628,490.88

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

FUND	CASH JANUARY 1, 2012	RECEIPTS 2012	DISBURSEMENTS 2012	CASH DECEMBER 31, 2012
General Revenue Fund	$ 446,290.38	$ 1,602,126.82	$ 1,529,265.03	$ 519,152.17
Special Road and Bridge Fund	735,047.20	1,656,387.07	1,602,702.98	788,731.29
Assessment Fund	78,236.62	344,662.37	326,384.28	96,514.71
Sheriff's Training Fund	1,694.16	1,617.00	2,572.91	738.25
Prosecuting Attorney Fund	155.77	270.68	-	426.45
Inmate Security Fund	969.58	1,047.42	-	2,017.00
Recorder User Fee Fund	13,221.09	3,922.97	2,850.39	14,293.67
Children's Trust Fund	19.00	303.00	-	322.00
Senior Services Fund	17,004.28	46,327.19	54,781.00	8,550.47
Sheriff's Civil Fee Fund	7,386.84	11,543.75	7,602.23	11,328.36
Senate Bill 40 Fund	56,585.02	154,247.34	182,534.87	28,297.49
Sound Recording Fund	2,714.48	47.71	1,484.01	1,278.18
Prosecuting Attorney Bad Check Fund	1,658.67	2,844.75	1,544.95	2,958.47
Sheriff's Revolving Fund	4,540.29	5,777.84	1,097.83	9,220.30
County Law Enforcement Fund	23,544.61	28,374.42	16,077.95	35,841.08
Election Services Fund	4,526.32	4,378.78	215.77	8,689.33
Tax Maintenance Fund	35,483.93	8,870.09	17,127.74	27,226.28
Title III Fund	75,433.04	27,933.48	-	103,366.52
LEPC Fund	17,827.47	-	1,224.00	16,603.47
TOTAL	$ 1,522,338.75	$ 3,900,682.68	$ 3,747,465.94	$ 1,675,555.49

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	GENERAL REVENUE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 620,400.00	$ 599,916.84	$ 693,900.00	$ 619,963.49
Sales Taxes	200,000.00	250,516.73	200,000.00	212,561.11
Intergovernmental	483,513.22	667,056.89	444,570.29	683,478.28
Charges for Services	52,150.00	62,994.62	215,403.00	50,252.40
Interest	12,000.00	13,496.52	12,000.00	12,148.99
Other	-	10,991.78	9,000.00	23,722.55
Transfers In	-	-	-	-
TOTAL RECEIPTS	1,368,063.22	1,604,973.38	1,574,873.29	1,602,126.82
DISBURSEMENTS				
County Commission	216,380.00	92,998.25	115,369.20	139,053.05
County Clerk	94,891.60	94,452.72	90,002.00	91,346.34
Elections	32,395.00	31,933.96	67,800.00	76,015.03
Buildings and Grounds	108,500.64	107,923.99	114,408.79	111,666.84
Employee Fringe Benefits	97,200.00	106,303.82	94,800.00	91,109.13
County Treasurer	41,830.00	40,978.56	41,830.00	41,665.93
Collector	77,075.00	77,595.02	76,575.00	76,884.61
Recorder of Deeds	47,300.00	45,813.54	46,600.00	44,585.30
Circuit Clerk	8,300.00	8,059.64	8,000.00	7,496.63
Associate Circuit Court	-	-	-	-
Court Administration	3,805.00	2,684.90	7,505.00	5,173.11
Public Administrator	26,375.00	24,732.56	23,823.00	21,422.39
Sheriff	503,696.54	524,779.12	529,495.21	538,673.18
Jail	75,513.00	68,335.61	68,713.39	53,370.74
Prosecuting Attorney	113,981.60	112,373.04	98,731.00	96,762.82
Juvenile Officer	21,362.27	21,362.27	18,869.53	18,869.53
Coroner	24,000.00	19,043.24	16,656.40	19,775.96
Other	164,472.59	282,126.29	96,819.02	95,394.44
Health and Welfare	-	-	-	-
Transfers Out	-	-	-	-
Emergency Fund	50,000.00	-	50,000.00	-
TOTAL DISBURSEMENTS	1,707,078.24	1,661,496.53	1,565,997.54	1,529,265.03
RECEIPTS OVER (UNDER) DISBURSEMENTS	(339,015.02)	(56,523.15)	8,875.75	72,861.79
CASH BALANCES, JANUARY 1	519,152.17	519,152.17	446,290.38	446,290.38
CASH BALANCES, DECEMBER 31	$ 180,137.15	$ 462,629.02	$ 455,166.13	$ 519,152.17

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SPECIAL ROAD AND BRIDGE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 1,250,000.00	$ 1,337,339.46	$ 1,224,500.00	$ 1,263,274.95
Sales Taxes	-	-	-	-
Intergovernmental	60,500.00	298,788.84	155,400.00	280,928.03
Charges for Services	-	-	-	-
Interest	11,000.00	16,013.93	10,000.00	14,025.41
Other	100,000.00	26,579.39	261,096.00	98,158.68
Transfers In	-	-	-	-
TOTAL RECEIPTS	1,421,500.00	1,678,721.62	1,650,996.00	1,656,387.07
DISBURSEMENTS				
Salaries	490,000.00	506,892.18	515,000.00	473,431.26
Employee Fringe Benefits	136,000.00	145,379.63	96,500.00	84,597.88
Supplies	279,000.00	275,793.36	305,000.00	350,549.53
Insurance	25,000.00	23,135.15	24,000.00	23,913.60
Road & Bridge Materials	116,000.00	195,471.54	485,000.00	465,909.88
Equipment Repairs	194,000.00	175,168.67	125,000.00	100,402.48
Equipment Purchases	312,000.00	210,009.51	465,000.00	54,731.28
R&B Construction	-	-	-	-
Other Expenditures	190,136.00	33,946.42	85,720.00	49,167.07
Debt Service	-	-	-	-
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	1,742,136.00	1,565,796.46	2,101,220.00	1,602,702.98
RECEIPTS OVER (UNDER) DISBURSEMENTS	(320,636.00)	112,925.16	(450,224.00)	53,684.09
CASH BALANCES, JANUARY 1	788,731.29	788,731.29	735,047.20	735,047.20
CASH BALANCES, DECEMBER 31	$ 468,095.29	$ 901,656.45	$ 284,823.20	$ 788,731.29

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ASSESSMENT FUND				SHERIFF'S TRAINING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 395,330.00	$ 256,895.20	$ 166,967.23	$ 336,344.30	$ -	$ -	$ -	$ -
Charges for Services	9,350.00	7,692.50	5,400.00	7,092.70	1,500.00	3,407.44	1,750.00	1,617.00
Interest	-	3,195.84	-	1,225.37	-	-	-	-
Other	-	1,075.34	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	404,680.00	268,858.88	172,367.23	344,662.37	1,500.00	3,407.44	1,750.00	1,617.00
DISBURSEMENTS								
Assesor	403,121.19	277,673.38	168,764.73	326,384.28	-	-	-	-
Sheriff Training	-	-	-	-	2,000.00	1,672.28	1,000.00	2,572.91
TOTAL DISBURSEMENTS	403,121.19	277,673.38	168,764.73	326,384.28	2,000.00	1,672.28	1,000.00	2,572.91
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,558.81	(8,814.50)	3,602.50	18,278.09	(500.00)	1,735.16	750.00	(955.91)
CASH BALANCES, JANUARY 1	96,514.71	96,514.71	78,236.62	78,236.62	738.25	738.25	1,694.16	1,694.16
CASH BALANCES, DECEMBER 31	$ 98,073.52	$ 87,700.21	$ 81,839.12	$ 96,514.71	$ 238.25	$ 2,473.41	$ 2,444.16	$ 738.25

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	PROSECUTING ATTORNEY FUND				INMATE SECURITY FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Interest	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other	420.00	290.93	320.00	270.68	1,000.00	1,331.50	750.00	1,047.42
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	420.00	290.93	320.00	270.68	1,000.00	1,331.50	750.00	1,047.42
DISBURSEMENTS								
Training	420.00	-	320.00	-	-	-	-	-
Inmate Security Fund Expenses	-	-	-	-	2,000.00	-	750.00	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	420.00	-	320.00	-	2,000.00	-	750.00	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	290.93	-	270.68	(1,000.00)	1,331.50	-	1,047.42
CASH BALANCES, JANUARY 1	426.45	426.45	155.77	155.77	2,017.00	2,017.00	969.58	969.58
CASH BALANCES, DECEMBER 31	$ 426.45	$ 717.38	$ 155.77	$ 426.45	$ 1,017.00	$ 3,348.50	$ 969.58	$ 2,017.00

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	RECORDER USER FEE FUND				CHILDREN'S TRUST FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ -	$ -	$ -	$ -	$ 300.00	$ 251.00	$ 330.00	$ 303.00
Interest	-	-	-	-	-	-	-	-
Technology Fees	3,600.00	4,109.33	3,500.00	3,922.97	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	3,600.00	4,109.33	3,500.00	3,922.97	300.00	251.00	330.00	303.00
DISBURSEMENTS								
Recorder Supplies	8,500.00	3,276.65	8,600.00	2,850.39	-	-	-	-
Whole Health Outreach	-	-	-	-	300.00	346.00	330.00	-
TOTAL DISBURSEMENTS	8,500.00	3,276.65	8,600.00	2,850.39	300.00	346.00	330.00	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,900.00)	832.68	(5,100.00)	1,072.58	-	(95.00)	-	303.00
CASH BALANCES, JANUARY 1	14,293.67	14,293.67	13,221.09	13,221.09	322.00	322.00	19.00	19.00
CASH BALANCES, DECEMBER 31	$ 9,393.67	$ 15,126.35	$ 8,121.09	$ 14,293.67	$ 322.00	$ 227.00	$ 19.00	$ 322.00

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SENIOR SERVICES FUND				SHERIFF'S CIVIL FEE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ 48,875.00	$ 47,849.46	$ 50,400.00	$ 46,327.19	$ -	$ -	$ -	$ -
Charges for Services	-	-	-	-	11,000.00	12,216.00	14,300.00	11,543.75
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	48,875.00	47,849.46	50,400.00	46,327.19	11,000.00	12,216.00	14,300.00	11,543.75
DISBURSEMENTS								
Senior Services Fund	56,408.00	56,166.50	225.00	54,781.00	-	-	-	-
Sheriff Civil Fee Expenses	-	-	-	-	10,000.00	9,649.84	10,000.00	7,602.23
TOTAL DISBURSEMENTS	56,408.00	56,166.50	225.00	54,781.00	10,000.00	9,649.84	10,000.00	7,602.23
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,533.00)	(8,317.04)	50,175.00	(8,453.81)	1,000.00	2,566.16	4,300.00	3,941.52
CASH BALANCES, JANUARY 1	8,550.47	8,550.47	17,004.28	17,004.28	11,328.36	11,328.36	7,386.84	7,386.84
CASH BALANCES, DECEMBER 31	$ 1,017.47	$ 233.43	$ 67,179.28	$ 8,550.47	$ 12,328.36	$ 13,894.52	$ 11,686.84	$ 11,328.36

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SENATE BILL 40 FUND				SOUND RECORDING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ 155,000.00	$ 157,829.68	$173,892.00	$ 154,247.34	$ -	$ -	$ -	$ -
Charges for Services	-	-	-	-	-	13.03	600.00	47.71
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	155,000.00	157,829.68	173,892.00	154,247.34	-	13.03	600.00	47.71
DISBURSEMENTS								
Senate Bill 40 Expenses	150,000.00	164,007.57	140,000.00	182,534.87	-	-	-	-
Sound Recording Expenses	-	-	-	-	1,200.00	-	1,000.00	1,484.01
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	150,000.00	164,007.57	140,000.00	182,534.87	1,200.00	-	1,000.00	1,484.01
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,000.00	(6,177.89)	33,892.00	(28,287.53)	(1,200.00)	13.03	(400.00)	(1,436.30)
CASH BALANCES, JANUARY 1	28,297.49	28,297.49	56,585.02	56,585.02	1,278.18	1,278.18	2,714.48	2,714.48
CASH BALANCES, DECEMBER 31	$ 33,297.49	$ 22,119.60	$ 90,477.02	$ 28,297.49	$ 78.18	$ 1,291.21	$ 2,314.48	$ 1,278.18

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	PROSECUTING ATTORNEY BAD CHECK FUND				SHERIFF'S REVOLVING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	2,700.00	1,384.84	2,700.00	2,844.75	5,000.00	6,206.38	3,500.00	5,777.84
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	2,700.00	1,384.84	2,700.00	2,844.75	5,000.00	6,206.38	3,500.00	5,777.84
DISBURSEMENTS								
Office Expenses	2,700.00	495.50	2,700.00	1,544.95	1,500.00	2,245.98	1,000.00	1,097.83
TOTAL DISBURSEMENTS	2,700.00	495.50	2,700.00	1,544.95	1,500.00	2,245.98	1,000.00	1,097.83
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	889.34	-	1,299.80	3,500.00	3,960.40	2,500.00	4,680.01
CASH BALANCES, JANUARY 1	2,958.47	2,958.47	1,658.67	1,658.67	9,220.30	9,220.30	4,540.29	4,540.29
CASH BALANCES, DECEMBER 31	$ 2,958.47	$ 3,847.81	$ 1,658.67	$ 2,958.47	$ 12,720.30	$ 13,180.70	$ 7,040.29	$ 9,220.30

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	COUNTY LAW ENFORCEMENT FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Sales Taxes	$ -	$ -	$ -	$ -
Intergovernmental	25,000.00	35,974.16	30,000.00	28,374.42
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	25,000.00	35,974.16	30,000.00	28,374.42
DISBURSEMENTS				
Sheriff Expenses	25,000.00	26,091.26	15,000.00	16,077.95
Other - Sheriff	-	12,309.38	-	-
Other - Jail	-	-	-	-
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	25,000.00	38,400.64	15,000.00	16,077.95
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(2,426.48)	15,000.00	12,296.47
CASH BALANCES, JANUARY 1	35,841.08	35,841.08	23,544.61	23,544.61
CASH BALANCES, DECEMBER 31	$ 35,841.08	$ 33,414.60	$ 38,544.61	$ 35,841.08

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ELECTION SERVICES FUND				TAX MAINTENANCE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 1,000.00	$ 3,338.74	$ 4,000.00	$ 4,378.78	$ -	$ -	$ -	$ -
Charges for Services	-	-	-	-	8,000.00	10,270.47	-	8,870.09
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	1,000.00	3,338.74	4,000.00	4,378.78	8,000.00	10,270.47	-	8,870.09
DISBURSEMENTS								
Supplies	5,500.00	5,401.08	1,500.00	215.77	3,000.00	13,761.72	9,000.00	17,127.74
Equipment	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	5,500.00	5,401.08	1,500.00	215.77	3,000.00	13,761.72	9,000.00	17,127.74
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,500.00)	(2,062.34)	2,500.00	4,163.01	5,000.00	(3,491.25)	(9,000.00)	(8,257.65)
CASH BALANCES, JANUARY 1	8,689.33	8,689.33	4,526.32	4,526.32	27,226.28	27,226.28	35,483.93	35,483.93
CASH BALANCES, DECEMBER 31	$ 4,189.33	$ 6,626.99	$ 7,026.32	$ 8,689.33	$ 32,226.28	$ 23,735.03	$ 26,483.93	$ 27,226.28

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	TITLE III FUND				LEPC FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 28,000.00	$ 31,616.67	$ 33,000.00	$ 27,933.48	$ 4,000.00	$ 15,740.06	$ 4,000.00	$ -
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	28,000.00	31,616.67	33,000.00	27,933.48	4,000.00	15,740.06	4,000.00	-
DISBURSEMENTS								
Title III Expenses	131,366.52	130,512.40	33,000.00	-	-	-	-	-
LEPC	-	-	-	-	2,000.00	545.65	3,500.00	1,224.00
TOTAL DISBURSEMENTS	131,366.52	130,512.40	33,000.00	-	2,000.00	545.65	3,500.00	1,224.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(103,366.52)	(98,895.73)	-	27,933.48	2,000.00	15,194.41	500.00	(1,224.00)
CASH BALANCES, JANUARY 1	103,366.52	103,366.52	75,433.04	75,433.04	16,603.47	16,603.47	17,827.47	17,827.47
CASH BALANCES, DECEMBER 31	$ -	$ 4,470.79	$ 75,433.04	$ 103,366.52	$ 18,603.47	$ 31,797.88	$ 18,327.47	$ 16,603.47

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2013

	2013								
	Collector Accounts	Sheriff Accounts	Law Library	Prosecuting Attorney	Overplus Fund	Capital School Fund	Ambulance Fund	North Reynolds Co Fire	Unclaimed Fees Fund
ASSETS									
Cash and Cash Equivalents	$ 3,177,080.67	$ 9,050.48	$ 468.19	$ 21.51	$ 19,376.95	$ 37,766.48	$ -	$ -	$ 348.03
Total Assets	3,177,080.67	9,050.48	468.19	21.51	19,376.95	37,766.48	-	-	348.03
LIABILITIES AND FUND BALANCES									
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	3,177,080.67	9,050.48	468.19	21.51	19,376.95	37,766.48	-	-	348.03
TOTAL LIABILITIES AND FUND BALANCES	$ 3,177,080.67	$ 9,050.48	$ 468.19	$ 21.51	$ 19,376.95	$ 37,766.48	$ -	$ -	$ 348.03

	Recorder Account	Healthcenter Fund	Sweetwater Cemetary	County Retirement Fund	Library Fund	Sheltered Workshop	Senior Services	Total Agency Funds
ASSETS								
Cash and Cash Equivalents	$ -	$ -	$ 4,249.98	$ 5,281.29	$ -	$ -	$ -	$ 3,253,643.58
Total Assets	-	-	4,249.98	5,281.29	-	-	-	3,253,643.58
LIABILITIES AND FUND BALANCES								
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	-	-	4,249.98	5,281.29	-	-	-	3,253,643.58
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ -	$ 4,249.98	$ 5,281.29	$ -	$ -	$ -	$ 3,253,643.58

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2012

	2012								
	Collector Accounts	Sheriff Accounts	Law Library	Prosecuting Attorney	Overplus Fund	Capital School Fund	Ambulance Fund	North Reynolds Co Fire	Unclaimed Fees Fund
ASSETS									
Cash and Cash Equivalents	$ 2,356,634.55	$ 6,262.25	$ 422.19	$ 21.51	$ 17,484.37	$ 1,237.33	$ 0.26	$ 0.01	$ 118.46
Total Assets	2,356,634.55	6,262.25	422.19	21.51	17,484.37	1,237.33	0.26	0.01	118.46
LIABILITIES AND FUND BALANCES									
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	2,356,634.55	6,262.25	422.19	21.51	17,484.37	1,237.33	0.26	0.01	118.46
TOTAL LIABILITIES AND FUND BALANCES	$ 2,356,634.55	$ 6,262.25	$ 422.19	$ 21.51	$ 17,484.37	$ 1,237.33	$ 0.26	$ 0.01	$ 118.46

	Recorder Account	Healthcenter Fund	Sweetwater Cemetary	County Retirement Fund	Library Fund	Sheltered Workshop	Senior Services	Total Agency Funds
ASSETS								
Cash and Cash Equivalents	$ 2,518.00	$ 0.17	$ 4,418.18	$ 4,363.75	$ 0.19	$ 0.17	$ 0.05	$ 2,393,481.44
Total Assets	2,518.00	0.17	4,418.18	4,363.75	0.19	0.17	0.05	2,393,481.44
LIABILITIES AND FUND BALANCES								
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	2,518.00	0.17	4,418.18	4,363.75	0.19	0.17	0.05	2,393,481.44
TOTAL LIABILITIES AND FUND BALANCES	$ 2,518.00	$ 0.17	$ 4,418.18	$ 4,363.75	$ 0.19	$ 0.17	$ 0.05	$ 2,393,481.44

The accompanying notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Reynolds, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1845 by an Act of the Missouri Territory. In addition to the three Commissioners, there are ten elected Constitutional Officers: Assessor, County Clerk, Collector, Coroner, Treasurer, Circuit Clerk, Recorder of Deeds, Sheriff, Public Administrator, and Prosecuting Attorney.

As discussed further in Note I, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of the County.

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, transportation, economic development, and social and recreation services.

The financial statements referred to above include only the county of Reynolds County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri law, which include a Statement of Receipts, Disbursements and Changes in Cash Balances – All Governmental Funds, a Comparative Statement of Receipts and Disbursements – Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following fund types are used by the County:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similar to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other officeholders.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

As a result of using this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.

2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.

6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

   Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

7. Budgets are prepared and adopted on the cash basis of accounting.

   State law requires that budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

E. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2013 and 2012, for purposes of taxation was:

	2013	2012
Real Estate	$ 103,169,161	$ 100,218,668
Personal Property	27,201,237	27,583,397
Railroad and Utilities	47,214,879	47,403,130
	$ 177,585,277	$ 175,205,195

During 2013 and 2012, the County Commission approved a $0.8458 and $0.8388, respectively, tax levy per $100 of assessed valuation of tangible taxable property for the calendar year 2013 and 2012, for purposes of County taxation, as follows:

	2013	2012
General Revenue Fund	$ 0.3900	$ 0.3830
Special Road and Bridge Fund	0.3258	0.3258
Senior Services Fund	0.0300	0.0300
Senate Bill 40 Fund	0.1000	0.1000
	$ 0.8458	$ 0.8388

F. Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash and investments applicable to a particular fund are readily identifiable. Some County offices also hold cash and investments in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are eliminated due to reporting the financial statements on the regulatory basis of accounting.

Legally required transfers are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

II. CASH AND INVESTMENTS

The County maintains a cash investment pool that is available for all funds. Each fund type's portion of this pool is displayed as "Cash" under each fund's caption. Deposits with maturities greater than three months are considered investments. In addition, cash is separately held by several of the County's funds.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013, and 2012, the carrying amount of the County's deposits was $1,628,490.88 and $1,675,555.49, and the bank balances were $4,795,212.81 and $4,222,798.87, respectively. The total bank balances as of December 31, 2013, were under-pledged by $530,112.30. The total bank balances as of December 31, 2012, were insured through the Federal Deposit Insurance Corporation and securities set by the County's financial institutions.

SUMMARY OF CARRYING VALUES

The carrying values of deposits shown above are included in the financial statements at December 31, 2013, as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash Balances	
Deposits	$ 1,628,490.88
Total Deposits as of December 31, 2013	1,628,490.88

The carrying values of deposits shown above are included in the financial statements at December 31, 2012, as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash Balances	
Deposits	$ 1,675,555.49
Total Deposits as of December 31, 2012	1,675,555.49

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the year ended December 31, 2012. The County's deposits were exposed to custodial credit risk for the year ended December 31, 2013 by $530,112.30.

II. CASH AND INVESTMENTS (concluded)

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's investments were not exposed to concentration of investment credit risk for the years ended December 31, 2013, and 2012.

III. LONG-TERM DEBT

On March 7, 2011, the County obtained a $46,295.00 Case Tractor and Alamo Brush cutter loan through Great Southern Bank (Formerly Sun Security Bank) for the County. The principle payments are due in monthly payments of $1,990.27 from April 3, 2011, through March 3, 2013. The interest rate is fixed at 3.00%. The loan was paid off in advance in 2012.

	Balance at December 31, 2011	Amount Borrowed	Amount Repaid	Balance at December 31, 2012	Interest Paid During Year
Loans payable	$ 27,325.94	$ -	($27,325.94)	-	$ 420.74
Totals	$ 27,325.94	$ -	($27,325.94)	-	$ 420.74

IV. INTERFUND TRANSFERS

There were no transfers made for the years ended December 31, 2013, and 2012.

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system.

CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (concluded)

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Total contributions remitted to CERF for the years ended December 31, 2013, and 2012 were $90,187.23 and $75,601.49, respectively.

VI. POST EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. The County did not have any COBRA participants at December 31, 2013, and December 31, 2012.

VII. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed $2,244 and $2,244, respectively, for the years ended December 31, 2013 and 2012.

VIII. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is not involved in pending litigation as of the audit report date.

B. Compensated Absences

The County provides employees with up to four weeks of paid vacation based upon the number of years of continuous service. This ranges from getting one week after the first year of service, and four weeks after fifteen years of service. Upon termination from county employment, an employee is reimbursed for unused vacation and overtime, if applicable. County employees receive two personal days when they start, after one year they get six days. An employee is not reimbursed for unused personal time upon termination of employment. These have not been subjected to auditing procedures.

VIII. CLAIMS COMMITMENTS AND CONTINGENCIES (concluded)

C. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in refunding of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

IX. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. Insurance is obtained from commercial insurance companies. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

X. SUBSEQUENT EVENTS

There were no subsequent events to report as of the audit report date.

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

SCHEDULE OF STATE FINDINGS

A. For the year ended December 31, 2013, the General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, and Senate Bill 40 Fund were not amended to match the actual cash balances.

B. For the year ended December 31, 2013, expenditures exceeded those budgeted for the following funds: Children's Trust Fund, Senate Bill 40 Fund, Sheriff's Revolving Fund, County Law Enforcement Fund, and Tax Maintenance Fund.

C. For the year ended December 31, 2012, expenditures exceeded those budgeted for the following funds: Assessment Fund, Sheriff's Training Fund, Senior Services Fund, Senate Bill 40 Fund, Sound Recording Fund, Sheriff's Revolving Fund, County Law Enforcement Fund, and Tax Maintenance Fund.

FEDERAL COMPLIANCE SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the County Commission
The County of Reynolds, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Reynolds ("County") as of and for the years ended December 31, 2013, and 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. [FS 13/12-01, FS 13/12-02, FS 13/12-03, FS 13/12-04]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 17, 2014

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

To The County Commission
The County of Reynolds, Missouri

Report on Compliance for Each Major Federal Program

We have audited the County of Reynolds' ("County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the years ended December 31, 2013, and 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

3510 JEFFCO BOULEVARD • SUITE 200 • ARNOLD, MISSOURI 63010-3999 • 636-464-1330 • FAX 636-464-3076

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2013, and 2012.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item SA 13/12-01. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item SA 13/12-01, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 17, 2014

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	CFDA Number	PASS-THROUGH ENTITY NUMBER	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2013	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2012
US DEPARTMENT OF AGRICULTURE				
PASSED THROUGH THE STATE				
Office of Administration:				
School and Roads - Grants to States and National Forest	10.665	Schools	$ 410,561.16	$ 288,379.20
School and Roads - Grants to States and National Forest	10.665	Road & Bridge	136,853.72	96,126.40
School and Roads - Grants to States and National Forest	10.665	Title III Project	130,512.40	-
Forest Service:				
Forest Service Meth Contract	10.xxx	08-LE-11090507-041	-	1,875.00
	10.xxx	13-LE-11090507-009	2,000.00	-
US DEPARTMENT OF DEFENSE				
DIRECT PROGRAM				
Clearwater Lake Program	12.xxx	W917S-11-2-0038	14,420.00	10,360.00
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
PASSED THROUGH THE STATE				
Department of Economic Development:				
Community Development Block Grant	14.228		-	1,554.60
DEPARTMENT OF INTERIOR				
DIRECT PROGRAM				
PILT - Payment in Lieu of Taxes	15.226		151,835.00	128,408.00
US DEPARTMENT OF JUSTICE				
PASSED THROUGH THE STATE				
Department of Public Safety:				
Crime Victim Assistance Grant	16.575		19,086.39	25,497.08
US DEPARTMENT OF TRANSPORTATION				
PASSED THROUGH:				
Department of Transportation:				
DWI Enforcement Grants	20.607		1,600.00	1,497.50
ELECTION ASSISTANCE COMMISSION				
PASSED THROUGH STATE				
Office of the Secretary of State:				
Help America Vote Act Requirements Payments	90.401		840.00	2,639.25
US DEPARTMENT OF HOMELAND SECURITY				
PASSED THROUGH STATE				
State Emergency Management Agency:				
Disaster Grants - Public Assistance Grants	97.036		161,123.45	206,697.95
Total Expenditures of Federal Awards			**$ 1,028,832.12**	**$ 763,034.98**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each major program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Reynolds County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistanc*e means assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means federal financial assistance and federal cost-reimbursement contracts that non-Federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and, if applicable, noncash awards.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

NOTE 2 – SUB-RECIPIENTS

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the County provided federal awards to sub-recipients as follows:

Program Title	Sub-Recipients	Federal CFDA Number		Amount Provided to Sub-Recipients
Schools and Roads – Grants	Centerville R-1 School	10.665	2013	$97,739.04
to States and National Forest	District		2012	$68,608.72
Schools and Roads – Grants	Bunker R-III School	10.665	2013	$121,249.85
to States and National Forest	District		2012	$172,587.51
Schools and Roads – Grants	Lesterville R-IV School	10.665	2013	$98,520.63
to States and National Forest	District		2012	$140,234.61

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified – Regulatory Basis

2. Internal control over financial reporting:

a. Material weakness(es) identified?	2013	___ Yes	X No
	2012	___ Yes	X No
b. Significant deficiencies identified?	2013	X Yes	___ None Reported
	2012	X Yes	___ None Reported

3. Noncompliance material to financial statements noted?

	2013	___ Yes	X No
	2012	___ Yes	X No

B. Federal Awards

1. Internal control over major programs:

a. Material weakness(es) identified?	2013	___ Yes	X No
	2012	___ Yes	X No
b. Significant deficiencies identified?	2013	X Yes	___ None Reported
	2012	X Yes	___ None Reported

2. Type of auditor's report issued on compliance for major programs:

2013 - Unmodified

2012 - Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of *Circular A-133*?

	2013	X Yes	___ No
	2012	X Yes	___ No

I. SUMMARY OF AUDITOR'S RESULTS (concluded)

B. Federal Awards (concluded)

4. Identification of major programs:

Year	CFDA Number(s)	Name of Federal Program or Cluster
2013/2012	10.665	Schools and Roads – Grants to States and National Forest
2013/2012	97.036	Disaster Grants – Public Assistance Grants

5. Dollar threshold used to distinguish between type A and type B programs: $ 300,000

6. Auditee qualified as low-risk auditee? 2013 ___ Yes X No

2012 ___ Yes X No

II. FINANCIAL STATEMENT FINDINGS

FS 13/12-01 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The County is willing to review this recommendation with the state auditor and the contract auditor to further understand COSO internal controls. The County Clerk is Mike Harper's and his office phone number is (573)648-2494.

II. FINANCIAL STATEMENT FINDINGS (continued)

FS 13/12-02 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of responsible officials and planned corrective actions: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual financial statement. The County questions if county governments of its size are required to comply with SAS standards. The County Clerk is Mike Harper's and his office phone number is (573)648-2494.

FS 13/12-03 Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit*: An Amendment to SAS No. 55.

Condition: Lack of sufficient segregation of duties within the office of the Recorder of Deeds.

Context: During the engagement, we noted that an individual is allowed to receive, record, deposit, as well as write, approve, sign and reconcile expenditures and receipts to the bank statement.

Effect: The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within each of the corresponding departments.

II. FINANCIAL STATEMENT FINDINGS (concluded)

FS 13/12-03 Recommendation: These areas should be reviewed periodically and consideration should be given to improving the segregation of duties.

Views of responsible officials and planned corrective actions: The Recorder's office will continue to be monitored and additional personnel will be added when possible. The County Recorder of Deed is Myra Turner and her office phone number is (573)648-2494.

FS 13/12-04 Criteria: All cash and investments held by financial institutions must be secured through the Federal Deposit Insurance (FDIC) or securities pledged by the financial institution.

Condition: During our testing of cash and pledged securities, it was noted that the Collector of Revenue's accounts were under-pledged for the year ended December 31, 2013.

Context: The Collector of Revenue holds bank accounts with a financial institution that was under collateralized by $530,112.30 at December 31, 2013.

Effect: There is a risk that the County's under collateralized balance may not be returned to the County because the balance is not covered under FDIC or other pledged securities.

Cause: Adequate oversight was not in place to ensure all bank account balances were secured through FDIC or other pledged securities.

Recommendation: We recommend that the County periodically review all account balances to ensure they are fully secured.

Views of responsible officials and planned corrective actions: The County will review account balances with the financial institution to ensure that they are collateralized on a regular basis. The County stated that the merger within the bank holding the deposits caused the pledged securities to be overlooked. The Collector of Revenue is Cindy Jenkins and her office phone number is (573) 648-2494.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012

The following findings, recommendations, and questioned costs are the results of the single audit of Reynolds County, Missouri for the fiscal years ended December 31, 2013 and 2012. Each finding is referenced with a two-digit number representing the fiscal years audited, an "SA" to indicate that it is a single audit finding, and a sequential number. The findings are presented by federal program and are classified according to federal and state department, type of compliance requirement, category of internal control weakness, and category of noncompliance.

A. Category of Internal Control Weakness

If the finding represents a weakness in internal control, one of the following designations will appear:

1. Significant Deficiency: A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

2. Material Weakness: A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

B. Category of Noncompliance Findings

If the finding represents an instance of noncompliance, one of the following designations will appear:

1. Material Noncompliance: A material noncompliance finding is a finding related to a major federal program which discusses conditions representing noncompliance with federal laws, regulations, contracts, or grants, the effects of which have a material effect in relation to a type of compliance requirement or audit objective identified in OMB Circular A-133 *Compliance Supplement*.

2. Questioned Cost Finding: A questioned cost finding is a finding which discusses known or likely questioned costs that are greater than $10,000 for a type of compliance requirement, unless the conditions giving rise to the questioned costs are otherwise reported as a material noncompliance finding.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012 (continued)

C. Federal Award Findings and Questioned Costs

SA 13/12-01	Federal Grantor:	U.S. Department of Agriculture, U.S. Department of Defense, U.S. Department of Interior, U.S. Department of Justice, U.S. Department of Transportation, U.S. Department of Housing and Urban Development, U.S. Department of Homeland Security, and Election Assistance Commission
Other Information	Pass-Through Grantor:	Office of Administration, Forest Service, Department of Public Safety, Missouri Department of Transportation, Missouri Department of Economic Development, Missouri State Emergency Management Agency, and Office of Secretary of State
Significant Deficiency	Federal CFDA Number:	10.665, 10.xxx, 14.228, 12.xxx, 15.226. 16.575, 20.607, 90.401, 97.036
	Program Title:	Schools and Roads – Grants to States and National Forest, Forest Service Meth Contract, Clearwater Lake Program, Community Development Block Grant, PILT – Payment in Lieu of Taxes, Crime Victim Assistance, DWI Enforcement, Help America Vote Act Requirements Payments, and Disaster Grants – Public Assistance Grants

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

Context: During the audit of federal programs, we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012 (concluded)

C. Federal Award Findings and Questioned Costs (concluded)

SA 13/12-01 *Recommendation:* The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's office.

Views of responsible officials and planned corrective actions: The County will ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correct. The County Clerk's office (Mike Harper) phone number is (573) 648-2494.

THE COUNTY OF REYNOLDS
CENTERVILLE, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 11/10-01 Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 115, Communicating Internal Control Related Matters Identified in an Audit, which is effective for periods ending on or after December 15, 2009, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency. SAS No. 115 supersedes SAS No. 112.

Condition: During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to the financial statements.

Context: During discussions with management, we noted that we will be assisting the County with the preparation of its audited financial statements and footnotes.

Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 115 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

Cause: Management did not prepare the financial statements or the notes to the financial statements.

Recommendation: Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

Views of responsible officials and planned corrective actions: Reynolds County will look into corrective action.

Status: This finding has been resolved by the County in the current year.

FS 11/10-02 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 115 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (continued)

FS 11/10-02 Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The County is willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments.

Status: This finding has not been resolved and is repeated in the current year audit as FS 13/12-01.

FS 11/10-03 Criteria: Antifraud programs and controls are the policies and procedures an organization puts in place to ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our engagement, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of responsible officials and planned corrective actions: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual financial statement. The County was not aware of new SAS requirements and questions if county governments of its size are required to comply with SAS standards.

Status: This finding has not been resolved and is repeated in the current year audit as FS 13/12-02.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (continued)

FS 11/10-04 Criteria: The Collector's bank accounts are not reconciled in detail on a monthly basis.

Condition: During our audit, we noted that there is not a formal reconciliation of the Collector's bank accounts.

Context: Supporting documentation for the Collector's reconciliations for December 31, 2011 and 2010 do not exist.

Effect: Lack of proper reconciliation and monitoring of accounts may lead to errors that may not be found in a timely manner.

Cause: The Collector's office has not completed a formal reconciliation for its bank accounts.

Recommendation: We recommend that the Collector’s office complete reconciliations for its accounts on a monthly basis and monitor the reconciliations to be sure supporting documentation is provided to support the reconciliations. These reconciliations will ensure meaningful and accurate financial statements. Unreconciled differences that appear immaterial can obscure significant but offsetting items that would cause investigation if the items were apparent.

Views of responsible officials and planned corrective actions: The Collector has implemented new controls for the bank accounts effective April, 2012. The account will be reconciled on a monthly basis and the Collector will monitor the reconciliations to be sure that supporting documentation is provided.

Status: This finding has been resolved in the current year.

FS 11/10-05 Criteria: All cash and investments held by financial institutions must be secured through the Federal Deposit Insurance (FDIC) or securities pledged by the financial institution.

Condition: During our testing of cash and pledged securities, it was noted that the County was under-pledged for the year ended December 31, 2011.

Context: The County holds bank accounts with a financial institution that was under collateralized by $1,980,797.26 at December 31, 2011, until the next business day of January 3, 2012, when it was then fully collateralized.

Effect: There is a risk that the County's under collateralized balance may not be returned to the County because the balance is not covered under FDIC or other pledged securities.

Cause: Adequate oversight was not in place to ensure all bank account balances were secured through FDIC or other pledged securities.

Recommendation: We recommend that the County periodically review all account balances to ensure they are fully secured.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (concluded)

FS 11/10-05 Views of responsible officials and planned corrective actions: By the time the County realized that a large deposit that was made on the last business day of the year made us under collateralized, it was too late to do anything. We ensured that the County was fully collateralized on the next available business day. The County will review account balances and ensure that they are collateralized on a regular basis.

Status: This finding has not been resolved and is repeated in the current year audit as FS 13/12-04.

FS 11/10-06 Criteria: The Senate Bill 40 Board does not complete at least an annual compilation of its financial position - a profit and loss statement.

Condition: During our audit, we noted that there is not a formal compilation of income and expenses for the Senate Bill 40 financial data.

Context: Supporting documentation for the Senate Bill 40's revenues and expenses for December 31, 2011 and 2010 do not exist.

Effect: Lack of proper compiling and monitoring of revenues and expenses may lead to errors that may not be found in a timely manner.

Cause: The Senate Bill 40 Board has not completed a formal compilation of revenues and expenses for the years ended December 31, 2011 and 2010.

Recommendation: We recommend that the Senate Bill 40 Board complete compilations of its revenues and expenses on a monthly basis, or at least on an annual basis and monitor the revenues and expenses as compared to the budgeted items.

Views of responsible officials and planned corrective actions: The Senate Bill 40 Board has implemented new controls compiling the revenues and expenses. The data will now be compiled in excel at least on an annual basis.

Status: This finding has been resolved in the current year.

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SA 11/10-01	Federal Grantor:	U.S. Department of Homeland Security
Other Information	Pass-Through Grantor:	State
Significant Deficiency - Internal Control over Compliance Material Weakness - Compliance	Federal CFDA Number:	97.036
	Program Title:	Disaster Grants – Public Assistance Grants

Information on the federal program: The County was unable to provide supporting documentation to test expenditures for this grant.

Criteria: OMB Circular A-133 requires the auditee maintain all backup information for all federal expenditures.

Condition: Through auditing procedures, we were not able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA) for FEMA.

Questioned Costs: Not applicable

Context: During the audit of FEMA, we could not support some of the detailed expenditures related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by Governmental Accounting and Financial Reporting Standards.

Cause: Adequate emphasis was not placed on documenting and retaining detailed expenditures for the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's office.

Views of responsible officials and planned corrective actions: The County will ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correct and will maintain backup for all detailed expenditures. A new employee had taken over for a previous one that was not organized.

Status: This finding has been resolved in the current year.

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

June 17, 2014

To the Board of Commissioners
County of Reynolds

In planning and performing our audit of the regulatory based financial statements of the County of Reynolds (the "County") as of and for the years ended December 31, 2013, and December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in County's internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the County's internal control to be significant deficiencies as noted in section I:

Our comments concerning internal control and other significant matters are presented as follows:

I. Deficiencies Considered to be Significant
II. Information Required by Professional Standards

The County's management has provided written responses to the findings in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the County Commission, County Office Holders, the Missouri State Auditor and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 13/12-01 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification,* considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The County is willing to review this recommendation with the state auditor and the contract auditor to further understand COSO internal controls. The County Clerk is Mike Harper's and his office phone number is (573)648-2494.

FS 13/12-02 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

FS 13/12-02 Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of responsible officials and planned corrective actions: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual financial statement. The County questions if county governments of its size are required to comply with SAS standards. The County Clerk is Mike Harper's and his office phone number is (573)648-2494.

FS 13/12-03 Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit*: An Amendment to SAS No. 55.

Condition: Lack of sufficient segregation of duties within the office of the Recorder of Deeds.

Context: During the engagement, we noted that an individual is allowed to receive, record, deposit, as well as write, approve, sign and reconcile expenditures and receipts to the bank statement.

Effect: The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within each of the corresponding departments.

Recommendation: These areas should be reviewed periodically and consideration should be given to improving the segregation of duties.

Views of responsible officials and planned corrective actions: The Recorder's office will continue to be monitored and additional personnel will be added when possible. The County Recorder of Deed is Myra Turner and her office phone number is (573)648-2494.

FS 13/12-04 Criteria: All cash and investments held by financial institutions must be secured through the Federal Deposit Insurance (FDIC) or securities pledged by the financial institution.

Condition: During our testing of cash and pledged securities, it was noted that the Collector of Revenue's accounts were under-pledged for the year ended December 31, 2013.

Context: The Collector of Revenue holds bank accounts with a financial institution that was under collateralized by $530,112.30 at December 31, 2013.

Effect: There is a risk that the County's under collateralized balance may not be returned to the County because the balance is not covered under FDIC or other pledged securities.

Cause: Adequate oversight was not in place to ensure all bank account balances were secured through FDIC or other pledged securities.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

FS 13/12-04 Recommendation: We recommend that the County periodically review all account balances to ensure they are fully secured.

Views of responsible officials and planned corrective actions: The County will review account balances with the financial institution to ensure that they are collateralized on a regular basis. The County stated that the merger within the bank holding the deposits caused the pledged securities to be overlooked. The Collector of Revenue is Cindy Jenkins and her office phone number is (573)648-2494.

SA 13/12-01	Federal Grantor:	U.S. Department of Agriculture, U.S. Department of Defense, U.S. Department of Interior, U.S. Department of Justice, U.S. Department of Transportation, U.S. Department of Housing and Urban Development, U.S. Department of Homeland Security, and Election Assistance Commission
Other Information	Pass-Through Grantor:	Office of Administration, Forest Service, Department of Public Safety, Missouri Department of Transportation, Missouri Department of Economic Development, Missouri State Emergency Management Agency, and Office of Secretary of State
Significant Deficiency	Federal CFDA Number:	10.665, 10.xxx, 12.xxx, 14.228, 15.226. 16.575, 20.607, 90.401, 97.036
	Program Title:	Schools and Roads – Grants to States and National Forest, Forest Service Meth Contract, Clearwater Lake Program, Community Development Block Grant, PILT – Payment in Lieu of Taxes, Crime Victim Assistance, DWI Enforcement, Help America Vote Act Requirements Payments, and Disaster Grants – Public Assistance Grants

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

Context: During the audit of federal programs, we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (concluded)

SA 13/12-01 *Recommendation:* The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's office.

Views of responsible officials and planned corrective actions: The County will ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correct. The County Clerk's office (Mike Harper) phone number is (573) 648-2494.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 17, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2013-2012 fiscal years. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the County applying the regulatory basis of accounting, no estimates are made during the preparation of financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Concluded)

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 17, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the schedule of expenditures of federal awards which accompany the financial statements but are not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Laclede County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Laclede County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the year ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by KPM, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-069

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

LACLEDE COUNTY, MISSOURI

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2013

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CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

Laclede County Commission
Laclede County
Lebanon, Missouri

Report on Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Laclede County, Missouri as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Laclede County, Missouri, as of December 31, 2013, and the respective changes in the cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting described in Note A.

Basis of Accounting

As described in Note A, Laclede County, Missouri, prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Laclede County, Missouri's basic financial statements. The budgetary comparison information, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Laclede County, Missouri's basic financial statements. The Combining Non-Major Fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Laclede County Commission
Laclede County
Lebanon, Missouri

The Combining Non-Major Fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014, on our consideration of Laclede County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Laclede County, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 24, 2014

LACLEDE COUNTY, MISSOURI
STATEMENTS OF NET POSITION – CASH BASIS
December 31, 2013

	Primary Government	Component Unit
	Governmental Activities	Developmentally Disabled Board
ASSETS		
Cash and cash equivalents	$ 7,504,427	$ 53,513
TOTAL ASSETS	$ 7,504,427	$ 53,513
NET POSITION		
Restricted	$ 4,442,577	$ -
Unrestricted	3,061,850	53,513
TOTAL NET POSITION	$ 7,504,427	$ 53,513

See accompanying notes.

LACLEDE COUNTY, MISSOURI
STATEMENT OF ACTIVITIES – CASH BASIS
Year Ended December 31, 2013

Functions/Programs	Disbursements	Program Receipts: Charges for Services	Program Receipts: Operating Grants and Contributions	Program Receipts: Capital Grants and Contributions	Net (Disbursements), Receipts, and Changes in Net Position: Total Governmental Activities	Component Unit: Developmentally Disabled Board
Primary Government						
Governmental Activities						
General government	$ (1,898,080)	$ 942,124	$ 9,444	$ 9,275	$ (937,237)	$ -
Judicial	(649,847)	492,972	-	-	(156,875)	-
Public safety	(2,655,629)	606,313	150,300	-	(1,899,016)	-
Intergovernmental agreements	(241,470)	-	-	-	(241,470)	-
Highways and roads	(1,870,039)	-	40,409	43,453	(1,786,177)	-
Capital outlay	(186,390)	-	-	-	(186,390)	-
Disaster recovery	(418,479)	-	-	-	(418,479)	-
Other	(75,081)	-	-	-	(75,081)	-
Debt service	(304,399)	-	-	-	(304,399)	-
TOTAL GOVERNMENTAL ACTIVITIES	(8,299,414)	2,041,409	200,153	52,728	(6,005,124)	-
TOTAL PRIMARY GOVERNMENT	$ (8,299,414)	$ 2,041,409	$ 200,153	$ 52,728	(6,005,124)	-
Component Unit						
Developmentally Disabled Board	$ (313,841)	$ -	$ -	$ -	-	(313,841)
TOTAL COMPONENT UNIT	$ (313,841)	$ -	$ -	$ -	-	(313,841)
General Receipts:						
Ad valorem taxes					410,008	262,500
Sales tax					3,803,937	-
Motor vehicle sales and gas taxes					811,132	-
Telephone tax					359,828	-
Other taxes					203,622	40,473
Interest					46,665	7
Other receipts					107,448	-
Total General Receipts					5,742,640	302,980
Change in Net Position					(262,484)	(10,861)
Net Position, Beginning of year					7,766,911	64,374
Net Position, End of year					$ 7,504,427	$ 53,513

See accompanying notes.

LACLEDE COUNTY, MISSOURI
STATEMENT OF ASSETS AND FUND BALANCES – GOVERNMENTAL FUNDS – CASH BASIS
December 31, 2013

	General Fund	Special Revenue Funds: Road and Bridge Fund	Special Revenue Funds: Capital Improvement Fund	Special Revenue Funds: County Development Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 2,185,106	$ 468,330	$ 1,705,341	$ 1,670,692	$ 1,461,205	$ 7,490,674
TOTAL ASSETS	$ 2,185,106	$ 468,330	$ 1,705,341	$ 1,670,692	$ 1,461,205	$ 7,490,674
FUND BALANCES						
Restricted for:						
Recorder	$ -	$ -	$ -	$ -	$ 83,594	$ 83,594
Prosecuting attorney	-	-	-	-	267,585	267,585
Sheriff	-	-	-	-	149,323	149,323
Public safety	-	-	-	-	9,990	9,990
Tax maintenance	-	-	-	-	87,722	87,722
Capital outlay	-	-	1,705,341	-	-	1,705,341
Intergovernmental agreements	-	-	-	1,670,692	-	1,670,692
Highways and roads	-	468,330	-	-	-	468,330
Assigned to:						
E-911	-	-	-	-	303,715	303,715
Assessment	-	-	-	-	528,920	528,920
Elections	-	-	-	-	30,356	30,356
Unassigned	2,185,106	-	-	-	-	2,185,106
TOTAL FUND BALANCES	$ 2,185,106	$ 468,330	$ 1,705,341	$ 1,670,692	$ 1,461,205	$ 7,490,674
Fund Balance Governmental Funds						$ 7,490,674
Some of the amounts reported for Governmental activities in the Statement of Net Position are different because Internal service fund assets are included with Governmental activities.						13,753
Net Position of Governmental Activities						$ 7,504,427

See accompanying notes.

LACLEDE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS – CASH BASIS
Year Ended December 31, 2013

	General Fund	Special Revenue Funds: Road and Bridge Fund	Special Revenue Funds: Capital Improvement Fund	Special Revenue Funds: County Development Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
RECEIPTS						
Taxes	$ 2,482,813	$ 819,942	$ -	$ 1,901,721	$ 384,051	$ 5,588,527
Collector's commission	311,502	-	-	-	-	311,502
Licenses and permits	34,487	-	-	-	-	34,487
Intergovernmental receipts	70,867	83,862	-	-	175,793	330,522
Fees and charges	1,154,130	-	-	-	463,649	1,617,779
Interest	14,413	2,184	11,178	9,656	9,234	46,665
Other	56,028	48,880	-	-	2,540	107,448
TOTAL RECEIPTS	4,124,240	954,868	11,178	1,911,377	1,035,267	8,036,930
DISBURSEMENTS						
Current						
General government	1,545,796	-	-	-	349,723	1,895,519
Judicial	643,497	-	-	-	6,350	649,847
Public safety	1,679,256	-	-	-	527,313	2,206,569
Intergovernmental agreements	-	-	-	241,470	-	241,470
Highways and roads	-	1,870,039	-	-	-	1,870,039
Capital outlay	-	-	48,641	-	137,749	186,390
Disaster recovery	-	-	418,479	-	-	418,479
Other	75,081	-	-	-	-	75,081
Debt service						
Principal and interest	304,399	-	-	-	-	304,399
TOTAL DISBURSEMENTS	4,248,029	1,870,039	467,120	241,470	1,021,135	7,847,793
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(123,789)	(915,171)	(455,942)	1,669,907	14,132	189,137
OTHER FINANCING SOURCES (USES)						
Operating transfers in (out)	26,752	1,063,833	55,000	(1,505,000)	(89,645)	(449,060)
TOTAL OTHER FINANCING SOURCES (USES)	26,752	1,063,833	55,000	(1,505,000)	(89,645)	(449,060)

See accompanying notes.

LACLEDE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS – CASH BASIS
(continued)
Year Ended December 31, 2013

	General Fund	Special Revenue Funds: Road and Bridge Fund	Special Revenue Funds: Capital Improvement Fund	Special Revenue Funds: County Development Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	(97,037)	148,662	(400,942)	164,907	(75,513)	(259,923)
FUND BALANCE, January 1	2,282,143	319,668	2,106,283	1,505,785	1,536,718	7,750,597
FUND BALANCE, December 31	$ 2,185,106	$ 468,330	$ 1,705,341	$ 1,670,692	$ 1,461,205	$ 7,490,674

(Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses)	$ (259,923)
Some of the amounts reported for Governmental activities in the Statement of Activities are different because the Internal Service Fund receipts and disbursements are included with Governmental activities.	(2,561)
(Decrease) in Net Position	$ (262,484)

See accompanying notes.

LACLEDE COUNTY, MISSOURI
STATEMENTS OF NET POSITION – PROPRIETARY FUND – CASH BASIS
December 31, 2013

	Internal Service Fund
ASSETS	
Current Assets	
Cash and cash equivalents	$ 13,753
TOTAL ASSETS	$ 13,753
NET POSITION	
Unrestricted	$ 13,753
TOTAL NET POSITION	$ 13,753

See accompanying notes.

LACLEDE COUNTY, MISSOURI
STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION –
PROPRIETARY FUND – CASH BASIS
Year ended December 31, 2013

	Internal Service Fund
OPERATING RECEIPTS	
Charges for services	$ 76,862
TOTAL OPERATING RECEIPTS	76,862
OPERATING DISBURSEMENTS	
Insurance claims and disbursements	528,608
TOTAL OPERATING DISBURSEMENTS	528,608
OPERATING (LOSS)	(451,746)
NONOPERATING RECEIPTS	
Interest receipts	125
TOTAL NONOPERATING RECEIPTS	125
OTHER FINANCING SOURCES	
Operating transfers in	449,060
NET (LOSS)	(2,561)
NET POSITION, January 1	16,314
NET POSITION, December 31	$ 13,753

See accompanying notes.

LACLEDE COUNTY, MISSOURI
STATEMENTS OF CASH FLOWS – PROPRIETARY FUND – CASH BASIS
Year ended December 31, 2013

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 76,862
Cash paid to suppliers	(528,608)
NET CASH (USED) BY OPERATING ACTIVITIES	(451,746)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers in	449,060
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	449,060
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	125
NET CASH PROVIDED BY INVESTING ACTIVITIES	125
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,561)
CASH AND CASH EQUIVALENTS, Beginning of year	16,314
CASH AND CASH EQUIVALENTS, End of year	$ 13,753
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:	
Operating (loss)	$ (451,746)
NET CASH (USED) BY OPERATING ACTIVITIES	$ (451,746)

See accompanying notes.

LACLEDE COUNTY, MISSOURI
STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS – CASH BASIS
December 31, 2013

	Sheriff's Office Jail Fund	Sheriff's Office Inmate Fund	Collector of Revenue Fund	Collector Tax Installment Fund	Special Election Fund	Land Sales Surplus Fund	Unclaimed Fee Fund
ASSETS							
Cash and cash equivalents	$ 12,684	$ 14,386	$ 14,331,664	$ 1,881	$ 912	$ 89,144	$ 9,856
TOTAL ASSETS	$ 12,684	$ 14,386	$ 14,331,664	$ 1,881	$ 912	$ 89,144	$ 9,856
LIABILITIES							
Due to others	$ -	$ 14,386	$ -	$ 1,881	$ -	$ -	$ 9,856
Due to other funds	12,684	-	1,230,682	-	-	-	-
Due to other governments	-	-	13,100,982	-	912	89,144	-
TOTAL LIABILITIES	$ 12,684	$ 14,386	$ 14,331,664	$ 1,881	$ 912	$ 89,144	$ 9,856

See accompanying notes.

LACLEDE COUNTY, MISSOURI
STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS – CASH BASIS (continued)
December 31, 2013

	Fines and Forfeitures Fund	Recorder's User Fee Fund	Prosecuting Attorney Restitution Fund	Prosecuting Attorney Bad Check Fund	Payroll Fund	Total
ASSETS						
Cash and cash equivalents	$ 169,771	$ 14,529	$ 11,912	$ 3,685	$ 5	$ 14,660,429
TOTAL ASSETS	$ 169,771	$ 14,529	$ 11,912	$ 3,685	$ 5	$ 14,660,429
LIABILITIES						
Due to others	$ -	$ -	$ 10,828	$ 1,851	$ -	$ 38,802
Due to other funds	-	12,264	348	1,415	5	1,257,398
Due to other governments	169,771	2,265	736	419	-	13,364,229
TOTAL LIABILITIES	$ 169,771	$ 14,529	$ 11,912	$ 3,685	$ 5	$ 14,660,429

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Laclede County, Missouri (the County) is a county of the 3rd class and operates under a three member County Commission.

The accounting methods and procedures adopted by the primary government of Laclede County, Missouri, and the Developmentally Disabled Board conform to the cash basis of accounting as applied to governmental entities. The following is a summary of the more significant policies.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The County is a primary government, which is governed by a three member county commission. As required by accounting principles generally accepted in the United States of America, the County has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County.

Component Unit

Developmentally Disabled Board

The Developmentally Disabled Board, which is governed by a board of directors appointed by the County Commission, provides disability services to the residents of Laclede County. The Developmentally Disabled Board is included in the financial statements of the County as a component unit due to its financial relationship with the County.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements display information about the primary government and its component unit. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, the governmental activities are consolidated and presented on the cash basis of accounting.

The government-wide Statement of Activities presents a comparison between direct disbursements and program receipts for each function of the County's governmental activities. Direct disbursements are those that are specifically associated with a program or a function. Program receipts include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital disbursements of a particular program. Receipts that are not classified as program receipts, including all taxes, are presented as general receipts.

FUND FINANCIAL STATEMENTS

Separate fund financial statements report information on the County's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds in their respective categories.

The County reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the County. It is used to account for all financial resources not accounted for in other funds.

Road and Bridge Fund: The Road and Bridge Fund of the County is used to account for resources restricted, committed, or assigned for highway and road disbursements.

Capital Improvement Fund: The Capital Improvement Fund is used to account for the resources restricted, committed, or assigned for capital improvements.

County Development Tax Fund: The County Development Tax Fund is used to account for sales taxes restricted, committed, or assigned for road improvements within the County.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County also reports the following fund types:

The Internal Service Fund accounts for the health insurance benefits of the County on a cost reimbursement basis.

Agency funds account for miscellaneous assets held by the County for other funds, governmental units, and individuals. The agency funds are custodial in nature and do not involve measurement of results of operations.

Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements for the County and the Developmentally Disabled Board, are presented using the cash basis of accounting. This basis recognizes assets, net position/fund balance, receipts, and disbursements when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Also as a result of the cash basis, capital assets and long-term debt of the County and Developmentally Disabled Board are not presented in the financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for the governmental funds would use the modified accrual basis of accounting. All government-wide financial statements and proprietary fund financial statements would be presented on the accrual basis of accounting.

Cash and Cash Equivalents

The County pools cash and cash equivalent resources of various funds in the County Treasurer's office in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. Some County offices also hold cash in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements. Cash equivalents of the County consist of money market accounts and are carried at cost, which approximates fair value.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

In the government-wide and proprietary fund financial statements, net position is displayed in two components as follows:

A. *Restricted* – This consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

B. *Unrestricted* – This consists of net position that does not meet the definition of restricted.

It is the County's policy to first use restricted net position prior to the use of unrestricted net position when a disbursement is made for purposes for which both restricted and unrestricted net position are available.

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the County removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance – This classification reflects the amounts constrained by the County's "intent" to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Compensated Absences

The County has a county-wide policy on vacation and sick leave for all employees. Leave is taken at the discretion of each officeholder. The accumulated liability for compensated absences is not expected to be liquidated with expendable available financial resources.

NOTE B – CASH AND CASH EQUIVALENTS

The County maintains a cash and cash equivalent pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and cash equivalents". In addition, cash and cash equivalents are separately held by several of the County's funds. State statutes require that County deposits be fully collateralized in the name of the County. As of December 31, 2013, all bank balances on deposit are entirely insured or collateralized with securities.

NOTE C – CLAIMS, JUDGMENTS AND CONTINGENCIES

Federal and State Grants

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of December 31, 2013, significant amounts of grant disbursements have not been audited by grantor governments, but the County believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the County.

NOTE C – CLAIMS, JUDGMENTS AND CONTINGENCIES (continued)

Legal Matters

There are a number of claims and/or lawsuits to which the County is a party as a result of certain injuries and various other matters and complaints arising in the ordinary course of County activities. The County's management and legal counsel anticipate that the potential claims, if any, against the County resulting from such litigation would not have a material effect on the financial position of the County.

NOTE D – PENSION PLAN – CERF

STATE OF MISSOURI COUNTY EMPLOYEES' RETIREMENT FUND

Plan Description

Laclede County participates in the County Employees' Retirement Fund (CERF), a cost-sharing multiple-employer pension plan. CERF is a defined benefit pension plan which provides retirement and death benefits to plan members and beneficiaries. CERF was created and is governed by state statute, RSMo 50.1000 to 50.1200. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

The County Employees' Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101 or by calling 1-877-632-2373.

Funding Policy

Laclede County's full-time employees hired before February 25, 2002, are required by state statute to contribute 2% of annual payroll to the pension plan. Laclede County's full-time employees hired after February 25, 2002, are required by state statute to contribute 6% of annual covered payroll to the pension plan. The County is required by state statute to remit the fees collected under RSMo, Sections 52.290, 150.150, 137.280, 137.345 and Chapters 59 and 54, RSMo, plus interest. The required contributions have been made.

NOTE E – ASSESSED VALUATION, TAX LEVY AND LEGAL DEBT MARGIN

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1, and are payable by December 31.

The 2013 assessed valuation of the tangible taxable property and the tax levies per $100 assessed valuation of that property were as follows:

ASSESSED VALUATION	2013
Real estate	$ 301,183,684
Personal property	103,968,759
	$ 405,152,443
TAX LEVY	
General Fund	$ .1400
Developmentally Disabled Board	.0669
	$ .2069

The legal debt margin at December 31, 2013, is computed as follows:

	2013
Constitutional debt limit	$ 40,515,244
General obligation bonds payable	(24,000)
LEGAL DEBT MARGIN	$ 40,491,244

Under Article VI, Section 26(b) and (c), Missouri Constitution, the County, by a vote of its qualified electors voting therein, may incur an indebtedness for any purpose authorized by law of the County or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the County.

NOTE F – LONG-TERM DEBT

In 1997, the County issued $78,000 in Limited General Obligation Bonds. The bonds bear interest at 6.5% with principal and interest payments due on March 1 of each year. The annual debt service requirements to amortize the principal of the Limited General Obligation Bonds outstanding at December 31, 2013, are listed in the table below.

Year Ended December 31,	Principal	Interest	Total
2014	$ 5,000	$ 1,560	$ 6,560
2015	6,000	1,235	7,235
2016	6,000	845	6,845
2017	7,000	455	7,455
	$ 24,000	$ 4,095	$ 28,095

In 2011, the County entered into a loan agreement with the Missouri Department of Natural Resources through the Energy Efficiency Leveraged Loan Program in the amount of $133,010 with zero interest. Semi-annual principal payments are due in February and August each year. The debt service requirements to amortize the principal of the loan outstanding at December 31, 2013, are listed in the table below.

Year Ended December 31,	Principal
2014	$ 36,285
2015	36,285
2016	24,155
	$ 96,725

In August 2011, the County entered into a promissory note agreement in the amount of $33,180 for the purpose of constructing certain road improvements within the Neighborhood Improvement District of Harrill Lane. The note shall bear interest at a rate of 6.75%. Principal and interest payments are due annually on March 20. Annual debt service requirements to amortize the principal at December 31, 2013, are as follows:

NOTE F – LONG-TERM DEBT (continued)

Year Ended December 31,	Principal	Interest	Total
2014	$ 6,636	$ 1,344	$ 7,980
2015	6,636	896	7,532
2016	6,636	448	7,084
	$ 19,908	$ 2,688	$ 22,596

Capital Leases

In 2009, the County entered into a cancelable lease purchase agreement to finance the purchase of a grader at a total cost of $202,866. The agreement requires annual payments of $10,113 through 2013 with a balloon payment of $157,833 due in 2014. The payments include interest at 3.15%.

In 2009, the County entered into a cancelable lease purchase agreement to finance the purchase of a grader at a total cost of $202,866. The agreement requires annual payments of $13,859 through 2013 with a balloon payment of $161,579 due in 2014. The payments include interest at 3.15%.

In 2010, the County entered into a cancelable lease purchase agreement to finance the purchase of two graders at a total cost of $412,000. The agreement requires annual payments of $29,190 through 2014 with a balloon payment of $318,000 due in 2015. The payments include interest at 3.00%.

In 2011, the County entered into a cancelable lease purchase agreement to finance the purchase of a grader at a total cost of $226,850. The agreement requires annual payments of $13,970 through 2015 with a balloon payment of $157,000 due in 2016. The payments include interest at 3.38%.

In 2012, the County entered into a cancelable lease purchase agreement to finance the purchase of a backhoe at a total cost of $196,227. The agreement requires annual payments of $28,742, which includes interest at 2.65% with a balloon payment of $110,000 in 2015.

In 2012, the County entered into a cancelable lease purchase agreement to finance energy upgrades in the amount of $3,100,000. The agreement requires semi-annual payments of $133,881 through 2026. The payments include interest at 3.01%.

NOTE F – LONG-TERM DEBT (continued)

In 2013, the County entered into a cancelable lease purchase agreement to finance the purchase of a motor grader in the amount of $181,821. The agreement requires annual payments of $17,745 through 2016 with a balloon payment of $119,645 due in 2016. The payments include interest at 1.56%.

In 2013, the County entered into a cancelable lease purchase agreement to finance the purchase of a motor grader in the amount of $155,321. The agreement requires annual payments of $12,279 through 2016 with a balloon payment of $114,179 due in 2017. The payments include interest at 1.5%.

Although the agreements provide for cancellation of the leases if the County should fail to appropriate funds at the annual renewal dates, the County does not foresee exercising its options to cancel.

The annual requirements to amortize the principal of the leases are as follows:

Year Ended December 31,	2009 Grader Lease	2009 Grader Lease	2010 Graders Lease	2011 Graders Lease	2012 Backhoe Lease	2012 Energy Upgrades Lease	2013 Grader Lease	2013 Grader Lease	Total
2014	$ 157,833	$ 161,579	$ 29,190	$ 13,970	$ 28,742	$ 267,762	$ 17,745	$ 12,279	$ 689,100
2015	-	-	318,000	13,970	110,000	267,762	17,745	12,279	739,756
2016	-	-	-	157,000	-	267,762	17,745	12,279	454,786
2017	-	-	-	-	-	267,762	119,645	114,179	501,586
2018	-	-	-	-	-	267,762	-	-	267,762
2019	-	-	-	-	-	267,762	-	-	267,762
2020	-	-	-	-	-	267,762	-	-	267,762
2021	-	-	-	-	-	267,762	-	-	267,762
2022	-	-	-	-	-	267,762	-	-	267,762
2023	-	-	-	-	-	267,762	-	-	267,762
2024	-	-	-	-	-	267,762	-	-	267,762
2025	-	-	-	-	-	267,762	-	-	267,762
2026	-	-	-	-	-	267,762	-	-	267,762
TOTAL MINIMUM LEASE PAYMENTS	157,833	161,579	347,190	184,940	138,742	3,480,906	172,880	151,016	4,795,086
LESS AMOUNT REPRESENTING INTEREST	(5,263)	(5,379)	(19,105)	(16,257)	(6,348)	(621,207)	(8,804)	(7,974)	(690,337)
PRINCIPAL BALANCE, DECEMBER 31, 2013	$ 152,570	$ 156,200	$ 328,085	$ 168,683	$ 132,394	$ 2,859,699	$ 164,076	$ 143,042	$ 4,104,749

NOTE F – LONG-TERM DEBT (continued)

The following table is the change in long-term debt for the year ended December 31, 2013:

	Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013
Capital Lease Obligations				
2009 Grader Lease	$ 157,645	$ -	$ 5,075	$ 152,570
2009 Grader Lease	164,793	-	8,593	156,200
2010 Graders Lease	346,869	-	18,784	328,085
2011 Grader Lease	176,681	-	7,998	168,683
2012 Backhoe Lease	156,977	-	24,583	132,394
2012 Energy Upgrades Lease	3,036,808	-	177,109	2,859,699
2013 Grader Lease	-	181,821	17,745	164,076
2013 Grader Lease	-	155,321	12,279	143,042
1997 Limited General Obligation Bonds	29,000	-	5,000	24,000
2011 Harrill Lane Promissory Note	26,544	-	6,636	19,908
2012 Energy Loan	133,010	-	36,285	96,725
Compensated Absences	8,455	1,345	-	9,800
	$ 4,236,782	$ 338,487	$ 320,087	$ 4,255,182

NOTE G – RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE H – INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2013, consisted of the following:

	Transfers In (Out)
General Fund	$ 26,752
Road and Bridge Fund	1,063,833
Capital Improvement Fund	55,000
County Development Tax Fund	(1,505,000)
Assessment Fund	(31,424)
E-911 Fund	(42,021)
Tax Maintenance Fund	(6,200)
Sheriff Revolving Fund	(10,000)
Health Insurance Fund	449,060
	$ -

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statue or budget requires to disburse them, and (2) use unrestricted receipts in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE I – COMMITMENTS

At December 31, 2013, the County was committed to Great Rivers Associates for design and construction on two bridge projects in the amount of $68,735.

SUPPLEMENTARY INFORMATION

LACLEDE COUNTY, MISSOURI
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – CASH BASIS
Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Taxes				
Property taxes	$ 425,000	$ 425,000	$ 410,008	$ (14,992)
County sales tax	1,850,000	1,850,000	1,902,217	52,217
Surtax	100,000	100,000	116,546	16,546
Payment in lieu of taxes	35,000	35,000	40,162	5,162
Other	12,900	12,900	13,880	980
	2,422,900	2,422,900	2,482,813	59,913
Collector's Commission				
Collection commissions	318,500	318,500	311,502	(6,998)
Licenses and Permits				
Beverage licenses	23,000	23,000	27,098	4,098
Other	6,150	6,150	7,389	1,239
	29,150	29,150	34,487	5,337
Intergovernmental Receipts				
Federal	86,401	86,401	70,867	(15,534)
Fees and Charges				
Court	438,100	438,100	411,777	(26,323)
Public administrator	52,000	52,000	63,225	11,225
County clerk	1,000	1,000	1,188	188
Recorder of deeds	223,387	223,387	203,284	(20,103)
Sheriff fees	440,148	440,148	434,962	(5,186)
Phone and vending	34,000	34,000	37,140	3,140
Election reimbursement	2,850	2,850	2,184	(666)
Prosecuting attorney	200	200	370	170
	1,191,685	1,191,685	1,154,130	(37,555)
Other				
Interest income	24,125	24,125	14,413	(9,712)
Miscellaneous	12,725	12,725	56,028	43,303
	36,850	36,850	70,441	33,591
TOTAL RECEIPTS	4,085,486	4,085,486	4,124,240	38,754

LACLEDE COUNTY, MISSOURI
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – CASH BASIS (continued)
Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
DISBURSEMENTS				
Current				
General Government				
University extension	43,900	43,900	43,900	-
Collector of revenue	104,824	104,824	100,500	4,324
Treasurer	63,050	63,050	60,844	2,206
Recorder of deeds	113,310	113,310	112,901	409
County commission	119,084	119,084	114,764	4,320
Employee fringe benefits	280,000	280,000	207,679	72,321
Purchasing	10,500	10,500	8,478	2,022
Postage	63,638	63,638	62,462	1,176
County clerk	165,458	165,458	143,089	22,369
Insurance	106,000	106,000	119,405	(13,405)
Surveyor	18,000	18,000	18,000	-
Building and grounds	679,700	702,733	553,774	148,959
	1,767,464	1,790,497	1,545,796	244,701
Judicial				
Court	245,705	245,705	155,213	90,492
Circuit clerk	57,570	57,570	31,764	25,806
Coroner	25,135	25,135	24,488	647
Public administrator	105,130	105,130	103,973	1,157
Prosecuting attorney	333,993	333,993	328,059	5,934
	767,533	767,533	643,497	124,036
Public Safety				
Sheriff	841,024	841,024	812,318	28,706
Jail	819,264	819,264	754,101	65,163
Emergency management	114,067	114,067	112,837	1,230
	1,774,355	1,774,355	1,679,256	95,099
Other	495,053	495,053	75,081	419,972
Debt service				
Principal and interest	304,285	304,285	304,399	(114)
TOTAL DISBURSEMENTS	5,108,690	5,131,723	4,248,029	883,694
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(1,023,204)	(1,046,237)	(123,789)	922,448
OTHER FINANCING SOURCES (USES)				
Operating transfers in	607,440	607,440	608,892	1,452
Operating transfers (out)	(710,000)	(710,000)	(582,140)	127,860
TOTAL OTHER FINANCING SOURCES (USES)	(102,560)	(102,560)	26,752	129,312
(DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	(1,125,764)	(1,148,797)	(97,037)	1,051,760
FUND BALANCE, January 1	2,282,143	2,282,143	2,282,143	-
FUND BALANCE, December 31	$ 1,156,379	$ 1,133,346	$ 2,185,106	$ 1,051,760

LACLEDE COUNTY, MISSOURI
BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE FUND – CASH BASIS
Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Motor vehicle and fuel sales taxes	$ 795,313	$ 795,313	$ 819,942	$ 24,629
Intergovernmental receipts	94,165	94,165	83,862	(10,303)
Interest	2,000	2,000	2,184	184
Other receipts	12,500	52,500	48,880	(3,620)
TOTAL RECEIPTS	903,978	943,978	954,868	10,890
DISBURSEMENTS				
Highways and roads	2,077,641	2,117,641	1,870,039	247,602
TOTAL DISBURSEMENTS	2,077,641	2,117,641	1,870,039	247,602
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(1,173,663)	(1,173,663)	(915,171)	258,492
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,150,000	1,150,000	1,150,000	-
Operating transfers (out)	(91,980)	(91,980)	(86,167)	5,813
TOTAL OTHER FINANCING SOURCES (USES)	1,058,020	1,058,020	1,063,833	5,813
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	(115,643)	(115,643)	148,662	264,305
FUND BALANCE, January 1	319,668	319,668	319,668	-
FUND BALANCE, December 31	$ 204,025	$ 204,025	$ 468,330	$ 264,305

LACLEDE COUNTY, MISSOURI
BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENT FUND – CASH BASIS
Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Intergovernmental receipts	$ -	$ 744,881	$ -	$ (744,881)
Interest	15,000	15,000	11,178	(3,822)
TOTAL RECEIPTS	15,000	759,881	11,178	(748,703)
DISBURSEMENTS				
Capital outlay	100,000	100,000	48,641	51,359
Disaster recovery	-	744,881	418,479	326,402
TOTAL DISBURSEMENTS	100,000	844,881	467,120	377,761
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(85,000)	(85,000)	(455,942)	(370,942)
OTHER FINANCING SOURCES				
Operating transfers in	170,000	170,000	55,000	(115,000)
TOTAL OTHER FINANCING SOURCES	170,000	170,000	55,000	(115,000)
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	85,000	85,000	(400,942)	(485,942)
FUND BALANCE, January 1	2,106,283	2,106,283	2,106,283	-
FUND BALANCE, December 31	$ 2,191,283	$ 2,191,283	$ 1,705,341	$ (485,942)

LACLEDE COUNTY, MISSOURI
BUDGETARY COMPARISON SCHEDULE – COUNTY DEVELOPMENT TAX FUND – CASH BASIS
Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Sales taxes	$ 1,850,000	$ 1,850,000	$ 1,901,721	$ 51,721
Interest	15,000	15,000	9,656	(5,344)
TOTAL RECEIPTS	1,865,000	1,865,000	1,911,377	46,377
DISBURSEMENTS				
Intergovernmental agreements	896,426	896,426	241,470	654,956
TOTAL DISBURSEMENTS	896,426	896,426	241,470	654,956
EXCESS OF RECEIPTS OVER DISBURSEMENTS	968,574	968,574	1,669,907	701,333
OTHER FINANCING (USES)				
Operating transfers (out)	(1,505,000)	(1,505,000)	(1,505,000)	-
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)	(536,426)	(536,426)	164,907	701,333
FUND BALANCE, January 1	1,505,785	1,505,785	1,505,785	-
FUND BALANCE, December 31	$ 969,359	$ 969,359	$ 1,670,692	$ 701,333

Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1) In accordance with Chapter 50, RSMo, the County adopts a budget for each fund.

2) Prior to January 15, the County Clerk, who serves as the Budget Officer, submits to the Commission a proposed budget for the fiscal year beginning on January 1. The budget includes estimated receipts and proposed disbursements for all County funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.

3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Commission, the budget document is available for public inspection.

4) Prior to February 1, the budget is legally enacted by a vote of the Commission.

5) Subsequent to its formal approval of the budget, the Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Commission. Individual amendments were not material to the original appropriations, which were amended.

6) Budgets for County funds are prepared and adopted on the cash basis (budget basis), recognizing receipts when collected and disbursements when paid.

OTHER FINANCIAL INFORMATION

LACLEDE COUNTY, MISSOURI
COMBINING STATEMENT OF ASSETS AND FUND BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS – CASH BASIS
December 31, 2013

	Special Revenue Funds									
	Assessment Fund	Law Enforcement Training Fund	Prosecuting Attorney Training Fund	Prosecuting Attorney Delinquent Tax Fund	Prosecuting Attorney Administrative Handling Cost Fund	County Law Restitution Fund	Sheriff Discretionary Fund	E-911 Fund	CDBG Fund	Law Enforcement Sales Tax Fund
ASSETS										
Cash and cash equivalents	$ 528,920	$ 9,377	$ 3,849	$ 19,951	$ 243,785	$ 880	$ 34,727	$ 303,715	$ -	$ 6,743
TOTAL ASSETS	$ 528,920	$ 9,377	$ 3,849	$ 19,951	$ 243,785	$ 880	$ 34,727	$ 303,715	$ -	$ 6,743
FUND BALANCES										
Restricted for:										
Recorder	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Prosecuting attorney	-	-	3,849	19,951	243,785	-	-	-	-	-
Sheriff	-	9,377	-	-	-	-	34,727	-	-	-
Public safety	-	-	-	-	-	880	-	-	-	6,743
Tax maintenance	-	-	-	-	-	-	-	-	-	-
Assigned to:										
E-911	-	-	-	-	-	-	-	303,715	-	-
Assessment	528,920	-	-	-	-	-	-	-	-	-
Elections	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	$ 528,920	$ 9,377	$ 3,849	$ 19,951	$ 243,785	$ 880	$ 34,727	$ 303,715	$ -	$ 6,743

LACLEDE COUNTY, MISSOURI
COMBINING STATEMENT OF ASSETS AND FUND BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS – CASH BASIS (continued)
December 31, 2013

	Special Revenue Funds									
	Tax Maintenance Fund	Election Services Fund	Recorder's Fund	Recorder Technology Fund	Shelter Abuse Fund	Sheriff Revolving Fund	Deputy Sheriff Salary Fund	Inmate Prisoner Detainee Security Fund	Peace Officer Training Fund	Total
ASSETS										
Cash and cash equivalents	$ 87,722	$ 30,356	$ 37,573	$ 46,021	$ 2,367	$ 89,769	$ 8,543	$ 6,406	$ 501	$ 1,461,205
TOTAL ASSETS	$ 87,722	$ 30,356	$ 37,573	$ 46,021	$ 2,367	$ 89,769	$ 8,543	$ 6,406	$ 501	$ 1,461,205
FUND BALANCES										
Restricted for:										
Recorder	$ -	$ -	$ 37,573	$ 46,021	$ -	$ -	$ -	$ -	$ -	$ 83,594
Prosecuting attorney	-	-	-	-	-	-	-	-	-	267,585
Sheriff	-	-	-	-	-	89,769	8,543	6,406	501	149,323
Public safety	-	-	-	-	2,367	-	-	-	-	9,990
Tax maintenance	87,722	-	-	-	-	-	-	-	-	87,722
Assigned to:	-									
E-911	-	-	-	-	-	-	-	-	-	303,715
Assessment	-	-	-	-	-	-	-	-	-	528,920
Elections	-	30,356	-	-	-	-	-	-	-	30,356
TOTAL FUND BALANCES	$ 87,722	$ 30,356	$ 37,573	$ 46,021	$ 2,367	$ 89,769	$ 8,543	$ 6,406	$ 501	$ 1,461,205

LACLEDE COUNTY, MISSOURI
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE – NON-MAJOR SPECIAL REVENUE FUNDS – CASH BASIS
Year Ended December 31, 2013

	Special Revenue Funds									
	Assessment Fund	Law Enforcement Training Fund	Prosecuting Attorney Training Fund	Prosecuting Attorney Delinquent Tax Fund	Prosecuting Attorney Administrative Handling Cost Fund	County Law Restitution Fund	Sheriff Discretionary Fund	E-911 Fund	CDBG Fund	Law Enforcement Sales Tax Fund
RECEIPTS										
Taxes	$ 24,223	$ -	$ -	$ -	$ -	$ -	$ -	$ 359,828	$ -	$ -
Intergovernmental receipts	65,307	-	-	-	-	-	-	-	8,054	-
Fees and charges	261,670	8,184	2,065	189	14,466	880	48,528	-	-	-
Interest	3,934	45	16	107	553	-	181	2,010	-	619
Other receipts	1,161	-	-	-	-	-	-	52	-	-
TOTAL RECEIPTS	356,295	8,229	2,081	296	15,019	880	48,709	361,890	8,054	619
DISBURSEMENTS										
Current										
General government	273,303	-	-	-	-	-	-	-	-	-
Judicial	-	-	780	2,714	2,856	-	-	-	-	-
Public safety	-	6,308	-	-	-	-	35,966	371,177	-	-
Capital outlay	-	-	-	-	-	-	-	-	8,054	129,695
TOTAL DISBURSEMENTS	273,303	6,308	780	2,714	2,856	-	35,966	371,177	8,054	129,695
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	82,992	1,921	1,301	(2,418)	12,163	880	12,743	(9,287)	-	(129,076)
OTHER FINANCING (USES)										
Operating transfers (out)	(31,424)	-	-	-	-	-	-	(42,021)	-	-
TOTAL OTHER FINANCING (USES)	(31,424)	-	-	-	-	-	-	(42,021)	-	-
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)	51,568	1,921	1,301	(2,418)	12,163	880	12,743	(51,308)	-	(129,076)
FUND BALANCE, January 1	477,352	7,456	2,548	22,369	231,622	-	21,984	355,023	-	135,819
FUND BALANCE, December 31	$ 528,920	$ 9,377	$ 3,849	$ 19,951	$ 243,785	$ 880	$ 34,727	$ 303,715	$ -	$ 6,743

LACLEDE COUNTY, MISSOURI
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE – NON-MAJOR SPECIAL REVENUE FUNDS – CASH BASIS (continued)
Year Ended December 31, 2013

	Special Revenue Funds									
	Tax Maintenance Fund	Election Services Fund	Recorder's Fund	Recorder Technology Fund	Shelter Abuse Fund	Sheriff Revolving Fund	Deputy Sheriff Salary Fund	Inmate Prisoner Detainee Security Fund	Peace Officer Training Fund	Total
RECEIPTS										
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 384,051
Intergovernmental receipts	-	10,665	-	-	12,334	-	79,433	-	-	175,793
Fees and charges	37,451	4,766	13,022	7,262	-	49,203	-	12,062	3,901	463,649
Interest	471	185	194	300	32	473	100	11	3	9,234
Other receipts	-	-	-	-	-	-	-	1,327	-	2,540
TOTAL RECEIPTS	37,922	15,616	13,216	7,562	12,366	49,676	79,533	13,400	3,904	1,035,267
DISBURSEMENTS										
Current										
General government	32,099	21,056	7,463	15,802	-	-	-	-	-	349,723
Judicial	-	-	-	-	-	-	-	-	-	6,350
Public safety	-	-	-	-	11,000	13,114	78,853	6,994	3,901	527,313
Capital outlay	-	-	-	-	-	-	-	-	-	137,749
TOTAL DISBURSEMENTS	32,099	21,056	7,463	15,802	11,000	13,114	78,853	6,994	3,901	1,021,135
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	5,823	(5,440)	5,753	(8,240)	1,366	36,562	680	6,406	3	14,132
OTHER FINANCING (USES)										
Operating transfers (out)	(6,200)	-	-	-	-	(10,000)	-	-	-	(89,645)
TOTAL OTHER FINANCING (USES)	(6,200)	-	-	-	-	(10,000)	-	-	-	(89,645)
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)	(377)	(5,440)	5,753	(8,240)	1,366	26,562	680	6,406	3	(75,513)
FUND BALANCE, January 1	88,099	35,796	31,820	54,261	1,001	63,207	7,863	-	498	1,536,718
FUND BALANCE, December 31	$ 87,722	$ 30,356	$ 37,573	$ 46,021	$ 2,367	$ 89,769	$ 8,543	$ 6,406	$ 501	$ 1,461,205

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Laclede County Commission
Laclede County
Lebanon, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Laclede County, Missouri, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Laclede County, Missouri's basic financial statements and have issued our report thereon dated June 24, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Laclede County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

Laclede County Commission
Laclede County
Lebanon, Missouri

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. It is identified as item 2013-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Laclede County, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Laclede County, Missouri's Response to the Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Laclede County, Missouri's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Laclede County, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 24, 2014

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Laclede County Commission
Laclede County
Lebanon, Missouri

Report on Compliance for Each Major Federal Program

We have audited Laclede County, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2013. Laclede County, Missouri's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance of the Laclede County, Missouri's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on Laclede County, Missouri's compliance.

Opinion on the Major Federal Program

In our opinion, Laclede County, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of Laclede County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Laclede County Commission
Laclede County
Lebanon, Missouri

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 24, 2014

LACLEDE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2013

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Missouri Office of Administration			
Schools and Roads - Grants to States	10.665	N/A	$ 135,457
TOTAL U.S. DEPARTMENT OF AGRICULTURE			135,457
OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE			
Missouri Emergency Response Commission			
Chemical Emergency Preparedness and Prevention (CEPP)			
Technical Assisstance Grants Program	66.810	N/A	4,456
TOTAL OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE			4,456
U.S. DEPARTMENT OF TRANSPORTATION			
Missouri Department of Transportation			
Highway Planning and Construction	20.205	BRO-B053 (12)	19,425
		BRO-B053 (11)	23,579
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			43,004
GENERAL SERVICES ADMINISTRATION			
Missouri Office of the Secretary of State			
Federal Voting Equipment Maintenance and Security Grant	39.011	N/A	3,333
State Office of Administration			
Surplus Property	39.003	N/A	1,420
TOTAL GENERAL SERVICES ADMINISTRATION			4,753
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Missouri Department of Economic Development			
Community Development Block Grant	14.228	2008-DI-62	8,054
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			8,054
U.S. DEPARTMENT OF HOMELAND SECURITY			
State Emergency Management Agency			
Public Assistance Grant	97.036	FEMA-4144-DR-MO	543,762
Missouri Department of Public Safety			
Emergency Management Performance Grant	97.042	N/A	46,910
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			590,672

LACLEDE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
Year ended December 31, 2013

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
ELECTION ASSISTANCE COMMISSION			
Missouri Office of the Secretary of State			
Help America Vote Act	90.401	N/A	5,778
TOTAL ELECTION ASSISTANCE COMMISSION			5,778
U.S. DEPARTMENT OF THE INTERIOR			
Direct			
Payment in Lieu of Taxes	15.226	N/A	40,162
TOTAL U.S. DEPARTMENT OF THE INTERIOR			40,162
ADMINISTRATION FOR COMMUNITY LIVING			
Missouri Office of the Secretary of State			
Voting Access for Individuals with Disabilities, Grants to States	93.617	N/A	4,435
TOTAL ADMINISTRATION FOR COMMUNITY LIVING			4,435
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 836,771

N/A - Not Applicable

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Laclede County, Missouri.

B Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

2. Subrecipients

The County did not provide funds to subrecipients in the current year.

LACLEDE COUNTY, MISSOURI
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2013

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the basic financial statements prepared on the cash basis of accounting.

2. One material weakness disclosed during the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No significant deficiencies were reported.

3. No instances of noncompliance material to the financial statements were disclosed during the audit.

4. No significant deficiencies or material weaknesses were disclosed during the audit of the major federal award program.

5. The auditors' report on compliance for the major federal award program expresses an unmodified opinion.

6. There were no findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7. The program tested as a major programs was:

Public Assistance Grant	97.036

8. The threshold for determining Type A programs was $300,000.

9. Laclede County, Missouri, was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESS

2013-1 Segregation of Duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings or questioned costs for the major federal award programs.

LACLEDE COUNTY, MISSOURI
SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended December 31, 2013

There were no prior year Circular A-133 audit findings.

KPM CPAs

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

Laclede County Commission
Laclede County
Lebanon, Missouri

In planning and performing our audit of the basic financial statements of Laclede County, Missouri, for the year ended December 31, 2013, we considered the County's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. As discussed in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

In addition to the material weakness discussed in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and suggestions regarding these matters.

1. Tax Maintenance Fund and Prosecuting Attorney Delinquent Tax Fund

   The County currently maintains a Tax Maintenance Fund for the benefit of the Collector's office, and the Prosecuting Attorney Delinquent Tax Fund. Although the monies are to be used for the benefit of the Collector's office and the Prosecuting Attorney's office, these monies represent County funds. Therefore, the same policies of the County regarding budgeting, receipts, and disbursements should be followed for these funds as with other funds of the County.

   We Recommend:

   The County require receipts and disbursements from these funds to be budgeted and the approval process for receipts and disbursements out of these funds should follow the same procedures as with other County funds.

2. Payroll Processing

The County utilizes direct deposit to employees for all payroll disbursements and the payroll is processed by one person who does the direct deposit without having someone not involved in the process review the direct deposit listing.

We Recommend:

The County assign someone not involved in the payroll process to review the listing for direct deposit payroll and initial the listing prior to the disbursement of funds. The approved listing should be retained to indicate the approval of the disbursement of funds.

3. Sheriff Inmate Trust Account

During our audit, we noted the Sheriff's Department was not performing monthly bank reconciliations in a timely manner on the Sheriff's Inmate Trust account. The Sheriff maintains commissary commissions along with inmate monies in this account. Commissary commissions are to be used for the benefit of the Sheriff's Department and represent County funds, however they should be turned over to the County Treasurer on a monthly basis to ensure disbursements paid with these funds are properly budgeted and approved by the County Commission. While the Sheriff's Department turned over commissions to the County Treasurer during 2013, the Sheriff's Department clerk was unable to explain how the commissions were identified and did not do so on a monthly basis. The Sheriff's Department should also maintain a listing of inmate balances held in the account.

We Recommend:

The County along with the Sheriff's Department establish policies and procedures to ensure the Sheriff Inmate Trust account is reconciled on a monthly basis to determine commissary commissions to be turned over to the County Treasurer each month. We further recommend the Sheriff's Department maintain a listing of inmate balances held in the account.

We will review the status of these comments during our next audit engagement. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We appreciate this opportunity to serve as Laclede County's independent auditor and the courtesies and assistance extended to us by the County's employees.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 24, 2014

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

Laclede County Commission
Laclede County
Lebanon, Missouri

We have audited the financial statements of the governmental activities, the discretely presented component unit, and the major fund of Laclede County, Missouri, for the year ended December 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 12, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Laclede County, Missouri, are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3828 South Avenue • Springfield, Missouri 65807 • **417-882-0904** • fax 417-882-4343
500 West Main Street, Suite 200 • Branson, Missouri 65616 • **417-334-2987** • fax 417-336-3403
www.kpmcpa.com
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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We noted no misstatements regarding assets or net position.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 24, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the County Commission and management of Laclede County, Missouri, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 24, 2014

Thomas A. Schweich

Missouri State Auditor

Governor's Withholdings and Estimated Appropriations

September 2014

Report No. 2014-070

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Governor's Withholdings and Estimated Appropriations

Background

The state fiscal year begins on July 1 each year. Funding is provided annually to state agencies through the appropriation process. Appropriations provide a cap to the amount of spending for various components of agency operations. The Missouri Constitution separates the powers of state government into 3 branches: legislature, executive, and judiciary. It requires the Governor to submit to the General Assembly a proposed budget, and it authorizes the General Assembly to make specific appropriations. The Constitution forbids any state revenue from being diverted or withdrawn from the state treasury unless it is in accordance with an appropriation made by law. The Governor has the power to veto any portion of an appropriation bill, but the General Assembly may override a veto with a two-thirds majority in each house. The Constitution also gives the Governor the power to (1) control the rate at which any appropriation is expended during the year by allotment or other means, and (2) reduce the expenditures below appropriated amounts (withhold) when actual revenues are less than the revenue estimates upon which the appropriations were based.

Amounts withheld by the Governor cannot be spent unless released by the Governor. There are two types of withholdings, reserves and restrictions. State law requires 3 percent of each appropriation be set aside as a reserve fund and expended only with approval of the Governor. Governor withholdings in excess of the 3 percent reserves are referred to as restrictions. The Governor made withholdings during fiscal years 2013 and 2012. For the General Revenue Fund (GRF), the Governor subsequently released all fiscal year 2013 restrictions, but net fiscal year 2012 restrictions totaled approximately $53.3 million.

General Revenue Fund Restrictions and Appropriations

The Governor's actions to restrict fiscal year 2012 GRF expenditures violated the Missouri Constitution because actual revenues exceeded estimated revenues. Lawful mechanisms that would preserve the constitutionally-mandated separation of powers were available to address any crisis impacting the budget. When a significant event occurs that requires additional spending authority, all or most of that funding can be included in the next year's budget. For example, in fiscal year 2012, the Governor restricted approximately $172 million (excluding the $56 million Facilities Maintenance Reserve Fund transfer restriction) to pay for disaster recovery related to spring 2011 flooding and a massive tornado that struck the City of Joplin on May 22, 2011, but less than $7.8 million was actually spent on these disasters that year. The Governor could have lawfully reduced planned spending by vetoing line item budget items (subject to a potential override vote of the General Assembly). In addition, if additional spending authority is needed during a budget year, the Governor could recommend a supplemental appropriation(s), or utilize the Budget Reserve Fund.

If approved by voters in November, House Joint Resolution No. 72 will narrow the Governor's ability to violate constitutional provisions by giving the General Assembly the power to override the Governor's restrictions.

Estimated (E) Appropriations and Documentation	The use of E appropriations violated state law and allowed the Governor to spend from certain appropriations with no spending limits. Certain appropriations have been designated with an "E" because they are hard to estimate and/or could vary based on external factors. In fiscal year 2013, expenditures from 16 of 64 GRF E appropriations exceeded appropriation amounts in approved house bills by $35 million, while in fiscal year 2012, 26 of 79 exceeded approved amounts by $59 million. In June 2012, the Cole County Circuit Court ruled that the use of E appropriations specifically violates Article IV, Section 23, of the Constitution, which states each appropriation shall specify the amount and purpose of the appropriation. The Office of Administration (OA) does not prepare formal documentation or calculations to support the need for restrictions and does not use a formula to establish restriction amounts. According to the state Budget Director, the Governor and OA prioritize programs and restrict those of lower priority, and consider the programs' other funding sources when deciding upon restrictions. In fiscal year 2012, the Governor's most significant unrestored restrictions included $13.9 million from the Department of Social Services Medicaid appropriations, and $17 million from colleges and universities.
Accounting for Governor Withholdings	The OA has not recorded Governor withholding activities in the state's accounting system, SAM II, in a fully transparent manner. OA personnel record both reserve and restriction amounts in the "reverted" field in SAM II, making it impossible for users to separately identify reserves and restrictions. In addition, offsetting adjustments when the agencies redistribute reserve funds from one appropriation to another, are not separately identified. OA personnel prepare spreadsheets to separately record reserves, restrictions, and releases of restrictions, but these spreadsheets do not reflect the release of reserves or offsetting adjustments. Section 37.070.1, RSMo, requires each state department to carry out its mission with full transparency to the public.

Because of the limited objectives of this review, no overall rating is provided.

Governor's Withholdings and Estimated Appropriations
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
and
Douglas Nelson, Commissioner
Office of Administration
Jefferson City, Missouri

We have audited certain aspects related to Governor's Withholdings and Estimated Appropriations in fulfillment of our duties under Chapter 29, RSMo. The objectives of our audit were to determine:

1. Amounts restricted and subsequently released from General Revenue Fund appropriations during the fiscal years ended June 30, 2013, and 2012.

2. Whether actual General Revenue Fund revenues exceeded the consensus revenue estimates.

3. Whether amounts restricted from appropriated expenditures were accurately calculated and adequately supported.

4. Whether methods used to make withholdings and the utilization of estimated appropriations comply with applicable legal provisions.

We determined (1) all fiscal year 2013 amounts restricted were subsequently released, but fiscal year 2012 net General Revenue Fund restrictions totaled approximately $53.3 million; (2) actual General Revenue Fund revenues exceeded consensus revenue estimates in both years; (3) documentation to support the amounts restricted was not maintained; and (4) fiscal year 2012 restrictions and the utilization of estimated appropriations appear to violate constitutional provisions. We also determined the restrictions appear to circumvent the separation of powers of the Missouri Constitution, and withholding activities are not recorded in a fully transparent manner in the state's accounting system.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Kim Spraggs, CPA
In-Charge Auditor:	John Lieser, CPA

Governor's Withholdings and Estimated Appropriations Introduction

Background

Funding is provided annually to agencies of state government through the appropriation process. Appropriations provide a cap to the amount of spending for the various components of agency operations for the fiscal year, which begins each July 1st.

Constitutional provisions

Various sections of the Missouri Constitution establish the roles of the Governor and General Assembly related to setting appropriations for the upcoming fiscal year as follows.

- Article II, Section I, separates the powers of the state government into 3 branches - legislature, executive, and judiciary, and Article IV, Section I, vests supreme executive power with the Governor, and Article III, Section I, vests legislative power with the General Assembly.

- Article IV, Section 24, requires the Governor to submit to the General Assembly, within 30 days of it convening (usually in January each year), a budget for the ensuing fiscal year that contains the estimated available revenues, a complete and itemized plan of proposed expenditures of the state, and any recommendations of laws necessary to provide sufficient revenues to meet expenditures.

- Article IV, Section 23, authorizes the General Assembly to make appropriations and requires each appropriation bill specify the amount and purpose of each appropriation.

- Article IV, Section 26, authorizes the Governor to veto any portion of an appropriation bill while approving other portions of the bill. The Governor is required to attach a statement of the items or portions of items to which he objects.

- Article III, Section 32, allows the General Assembly to vote to override a Governor's veto, with a two-thirds majority needed in each house.

- Article IV, Section 27, grants the Governor the power (1) to control the rate at which any appropriation is expended during the year by allotment or other means, and (2) to reduce the expenditures below appropriated amounts (withhold) when actual revenues are less than the revenue estimates upon which the appropriations were based.

- Article IV, Section 27(a), establishes the Budget Reserve Fund. The Governor may request the General Assembly to appropriate emergency funds from this fund with certain restrictions, if there is a budget need due to a disaster.

- Article IV, Section 27(b), requires an annual transfer from the General Revenue Fund (GRF) to the Facilities Maintenance Reserve Fund

(FMRF) equal to one percent of the net GRF revenue collections of the preceding year. This section allows the Governor to reduce or eliminate the amount of the transfer during any year, or following a year the Governor made withholdings. The FMRF is to be used for maintenance, repair, or renovation of state facilities.

- Article IV, Section 28, and Article III, Section 36, provide that no state revenue may be diverted or withdrawn from the state treasury unless it is in accordance with an appropriation made by law.

House Joint Resolution No. 72

In May 2014, the General Assembly passed House Joint Resolution No. 72 (HJR 72), which proposes to amend Article IV, Sections 24 and 27 of the Constitution. These proposed amendments will be presented to state voters in November 2014.

If approved by voters, HJR 72 will not change existing state law which limits the Governor's authority to make restrictions, but will (1) prohibit the Governor from including new revenues that are dependent on proposed legislation in revenue estimates contained in the recommended budget, (2) require the Governor to notify the General Assembly of any expenditure restrictions, and (3) allow the General Assembly to override those restrictions with a two-thirds vote.

General Revenue Fund

The GRF is the chief operating fund of the state and accounts for all current financial resources not required by law or administrative action to be accounted for in another fund. Individual income and sales and use taxes comprise most of the receipts of the GRF. GRF collections occur throughout the year with collections in April typically being larger than other months as it coincides with the filing deadline for individual income taxes. Most state agencies receive funding (appropriations) from the GRF. During fiscal years 2013 and 2012, appropriations of the GRF represented about one-third of total appropriations from all funds, with federal and other restricted funds representing about two-thirds of the total.

Consensus revenue estimates

Since the early 1990s, the state has used a consensus revenue estimate (CRE) to estimate GRF revenues. The CRE was an amount agreed upon by the Governor and the General Assembly, based on recommendations prepared by the state Budget Director and the Directors of the House Appropriations and Senate Appropriations Committee Staff. The CRE would comprise a significant portion of the resources available from the GRF for appropriations by the General Assembly. A meeting was held in December each year to agree upon a CRE for the next fiscal year's budget and to revise the CRE for the current fiscal year. While these parties agreed on the CRE for fiscal years 2012 through 2014, they did not agree to a CRE for fiscal year 2015. The initial and revised CRE for fiscal years 2013 and 2012 are presented on Appendix A.

Governor's GRF Summary

The GRF budgets prepared by the Governor and submitted to the General Assembly included a summary analysis of the GRF activities for the previously ended fiscal year and estimates for the current and upcoming fiscal years. The summaries include beginning balances, sources (revenues) and uses (appropriations), and ending balances. The principal funding sources included in the analyses are the CRE, except for fiscal year 2015 when the CRE was not agreed upon and revenues were estimated by the Governor. The analyses also consider lapsed appropriation amounts, transfers, and expenditure restrictions. The data pertaining to fiscal years 2013 and 2012 included in the Governor's GRF Summary for fiscal years 2012 through 2015 are shown at Appendix A.

While the CRE was developed jointly by the Governor and General Assembly, the Governor estimates and adds other GRF revenues to CRE amounts. The Governor's budgets for fiscal years 2013 and 2012 included "other collections" from proposed legislation for tax amnesty and other legislation to enhance revenues. The legislation for most of these items was not approved by the General Assembly and consequently, the Governor reduced the revenue estimates for those items in the subsequent years' budgets.

Governor withholdings

Amounts withheld from appropriations by the Governor cannot be spent unless released by the Governor. There are two primary types of withholdings, reserves and restrictions. OA staff enter both reserves and restrictions in the "reverted" field in the state's accounting system, SAM II.

Reserves

Section 33.290, RSMo, provides that 3 percent of each appropriation, except for those for salaries fixed by law, shall be set aside as a reserve fund and expended only with approval by the Governor. An OA official indicated the 3 percent reserve is routinely applied to all appropriations at the beginning of each fiscal year, except for certain appropriations exempted from reserves. Exempt appropriations are those used:

- To pay debt.
- To refund overpayments.
- As maintenance of effort or matching for a federal program.
- To make court-ordered payments.
- To pay another state agency for a mandatory service.
- For a Governor determined high priority.
- To pay statutory salaries.
- To generate revenues.
- To make mandatory payments.
- In entirety every year (exempting the reserve avoids the need for supplemental appropriations).
- To fund elected officials, the General Assembly, or the judicial branch.

OA officials allow agencies to redistribute (offset) their total reserve amounts among their appropriations, as long as the total reserve amount is not changed. In addition, OA officials indicated reserve amounts can be increased throughout the year when it is determined appropriated amounts are not needed, such as contracts that are not awarded, proposed legislation that does not pass, or identification of other funding sources. Additionally, OA officials will release all or part of a reserve for some appropriations when determined necessary.

Restrictions

Governor withholdings beyond the 3 percent reserves are referred to as restrictions. To support restrictions imposed, the OA prepares documents listing restrictions, amounts, and a brief explanation of each restriction. Similar documentation is prepared for most restriction releases.

During fiscal years 2013 and 2012 the Governor made withholdings on appropriations of the GRF and other funds as noted below.

Appropriations and withholdings (millions)

	General Revenue Fund		Other Funds	
	Fiscal Year 2013	Fiscal Year 2012[1]	Fiscal Year 2013	Fiscal Year 2012[1]
Appropriation Authority[2]	$ 10,834.4	10,937.1	24,753.9	25,967.8
Withholdings				
Restrictions	81.9	113.2	9.3	117.3
Restrictions released	(81.9)	(59.9)	(8.4)	(9.7)
Net restrictions	0	(53.3)	(.9)	(107.6)
Reserves	79.0	80.5	14.0	111.1
Reserves released	(13.7)	(6.1)	(5.4)	(18.7)
Net reserves	(65.3)	(74.4)	(8.6)	(92.4)
Available Appropriations	$ 10,769.1	10,809.4	24,544.5	25,767.8

[1] Fiscal year 2012 restrictions made in June 2011, excluding the $56 million restriction of the FMRF transfer, totaled approximately $172 million.

[2] Biennial appropriations for capital improvements, except for the appropriated transfers for the FMRF, are presented entirely in the first year of the biennial period.

Our analysis of GRF activities noted the OA established the withholdings at the beginning of each year and releases were made primarily during the second half of the fiscal year. All restrictions were released during fiscal year 2013. During fiscal year 2012, the Governor released approximately half of the restrictions, leaving approximately $53 million in monies not released and not available for expenditure. Most of the restriction releases in fiscal year 2012 pertained to the appropriated transfer to the FMRF ($56 million), which was released entirely in accordance with Article IV, Section 27(b) of the Constitution. Detailed schedules of GRF restrictions, reserves, and releases are included in Appendix B and Appendix C.

Allotments

Section 33.290, RSMo, requires departments, within 2 weeks after approval of appropriation bills, to submit to the OA Budget Director requested allotments by quarterly periods for approval by the Governor. OA staff allot the appropriations, net any withhold amounts, into quarterly installments. OA staff enter these quarterly amounts into the "allotment" field in SAM II. Expenditures during any quarter cannot exceed the total allotments year-to-date for any appropriation. For most appropriations, the OA allots 40 percent to first quarter and 20 percent to each of the 3 succeeding quarters during the fiscal year. Section 33.290, RSMo, provides that at the end of a quarterly period, the Governor may reduce the allotments of any department if it appears revenues for the fund for the fiscal year will be less than revenue estimates.

Estimated appropriations

Appropriation bills passed by the General Assembly and signed by the Governor designate certain appropriations as estimated (E) appropriations. Expenditures for E appropriations can exceed the appropriation amount without further legislative approval. E appropriations are utilized as a budgetary practice for those appropriations where the amount is difficult to estimate and/or could vary based on external factors. E appropriations are included in the appropriation bills approved by the Governor and the General Assembly. A $1 E appropriation is typically used for expenditures that cannot be readily estimated such as tax refunds, disasters, and costs of the National Guard when ordered by the Governor to respond to emergency situations. In addition, many E appropriations have no net budgetary effect as they involve refunds or transfers of related receipts.

Extraordinary circumstances

Several extraordinary occurrences affected the GRF budget during the 2 state fiscal years ended June 30, 2013. In Spring 2011, immediately preceding fiscal year 2012 and while fiscal year 2012 appropriations bills were being legislated, the state experienced major natural disasters brought by floods and tornadoes, including the Joplin tornado. In addition, during fiscal years 2013 and 2012, the state's economy was recovering from the 2007 to 2009 recession; and according to the fiscal year 2015 budget summary, in fiscal year 2013, GRF revenues increased at the fastest rate in almost 20 years.

Court Decisions

The State Auditor filed a petition in August 2011 in Cole County Circuit Court contending the Governor unconstitutionally withheld more than $170 million from fiscal year 2012 appropriations (including $300,000 from the Auditor's appropriations) prior to the beginning of the fiscal year and reallocated the withholdings to E appropriations.

In June 2012, the Cole County Circuit Court (*Schweich v. Nixon*, 11 AC-CC00567) ruled the Governor may:

- control the rate of expenditures in any manner he chooses, by spending it all on one day or waiting to the end of the year to release it all or anything in between, regardless of whether revenues are lesser than budgeted.

- withhold expenditures below appropriations any time where actual revenues are less than revenue estimates.

- not increase or pay expenditures for any E appropriation beyond the numerical amount of that appropriation.

On appeal, the Supreme Court dismissed the Auditor's petition without prejudice, and ruled, in October 2013, the Auditor had standing to bring the case with respect to withholdings from the Auditor's budget. With respect to withholdings of other agencies' budgets, the Court held the Auditor had no standing at that time because the 2012 fiscal year had not ended before he brought the suit, and the Constitution does not allow the Auditor to conduct pre-audits of other state official's spending. Additionally, the court ruled the challenge regarding the withholdings from the Auditor's appropriations could not be brought before the end of the year as it could not be determined before year-end whether the Governor was reducing the Auditor's budget or merely controlling the rate of expenditure (*Schweich v. Nixon*, 408 S.W. 32 769 (Mo. 2013).

Scope and Methodology

We reviewed and analyzed the withholdings of the GRF for the 2 fiscal years ended June 30, 2013. The methodology to accomplish our objectives included:

1. Interviewing key personnel from the OA.
2. Reviewing appropriations and withholdings data from the SAM II system, and the OA's data and documentation regarding expenditure restrictions and reserves, and separately identifying restriction and release, reserve and release, and reserve offset activities.
3. Reviewing and evaluating certain applicable legal provisions.
4. Reviewing state budgets and appropriation house bills.
5. Reviewing other records as necessary.

We also determined the amounts of withholdings and releases from other funds, but our audit primarily focused on the GRF due to the size of the fund and its pervasive effect on the operations throughout much of the state government, and because CRE only relates to the GRF.

Governor's Withholdings and Estimated Appropriations Management Advisory Report State Auditor's Findings

1. General Revenue Fund Restrictions and Appropriations

The Governor's actions to restrict fiscal year 2012 General Revenue Fund (GRF) expenditures violated constitutional provisions because actual revenues exceeded estimated revenues. Lawful constitutional mechanisms were available that could have been utilized to address unforeseen circumstances impacting the budget, and would have provided the separation of powers provided for in the Constitution.

Restrictions

The Governor ordered restrictions totaling approximately $82 million and $113 million for the fiscal years 2013 and 2012. Approximately $70 million and $56 million of these amounts were restrictions related to the Facilities Maintenance Reserve Fund (FMRF) transfers as allowed by Article IV, Section 27(b), of the Constitution. While the Governor subsequently released all fiscal year 2013 restrictions, he released only $60 million (including all of the FMRF related restrictions) of the fiscal year 2012 restrictions. The Governor ordered the fiscal year 2012 restrictions in June 2011, and the fiscal year 2013 restrictions in June 2012, before the fiscal years had begun. These restrictions were entered as reverted amounts in SAM II, reducing applicable appropriations by those amounts.

Actual revenues exceeded revenue estimates for fiscal years 2013 and 2012, as noted in the following table.

Estimated and Actual Revenues (millions)

	Fiscal Year 2013			Fiscal Year 2012		
	Initial Estimate	Revised Estimate	Actual[1]	Initial Estimate	Revised Estimate	Actual[1]
Consensus Revenue Estimate (CRE)	$ 7,586	7,692		7,295	7,301	
Other collections[2]	90	19		59	0	
Total CRE and other collections	$ 7,676	7,711	8,083	7,354	7,301	7,341

[1] OA officials were unable to separately identify actual revenues for CRE and other collections.

[2] Amounts estimated by the Governor.

The OA Budget Director explained the OA and the Governor monitor the state's budget on an on-going basis and the restrictions were necessary to balance the budget because of a number of reasons, including the occurrence of unforeseen circumstances requiring additional expenditures. However, the Constitution allows expenditure restrictions only when revenue shortfalls occur. The Missouri Supreme Court, in three prior cases, has upheld such permanent restrictions only in cases involving actual revenues coming in below the CRE for that fiscal year.[1]

[1] *State ex re. Liberty School District v. Holden*, 121 S.W.3d 232, 233 (Mo. banc 2003)
Missouri Health Care Association v. Holden, 89 S.W.3d 504, 512 (Mo. 2002)
State ex re. Sikeston R-VI School District v. Ashcroft, 828 S.W.2d 372, 376 (Mo. banc 1992)

The Cole County Circuit Court ruled the Governor can make restrictions at any time of the year as long as the revenues received to date have not exceeded estimates; and release funds at the time revenues received to date equal or exceed estimates. The court explained in a perfectly balanced budget, this would occur on the last day of the fiscal year. Furthermore, the Missouri Supreme Court ruled the determination of revenue shortfalls cannot be made until the fiscal year has ended. However, from a financial management standpoint, it is not fiscally prudent to wait until the fiscal year has ended to determine whether shortfalls have occurred and restrictions/releases are needed.

Constitutional mechanisms for addressing budgetary needs

State law outlines lawful mechanisms to address budgetary needs.

The most obvious mechanism for reducing the budget provided for in the Constitution is the Governor's veto power. The Governor may veto line item budget items, subject to a potential override vote of the General Assembly. The Governor generally vetoes some budget items each year. In fiscal years 2013 and 2012, the Governor vetoed appropriated expenditures totaling $240,000 and $30,000, respectively. According to the state Budget Director, the Governor and the OA prefer to use the restriction process, rather than the veto process, because of their ability to release funds restricted later in the fiscal year. By approving budget items and not exercising the veto power, and instead restricting and not releasing the associated appropriations even when revenues exceed estimates, the Governor is effectively vetoing the budget items and precluding the General Assembly from overriding the veto, which circumvents the separation of powers of the Missouri Constitution.

The constitutional means for providing additional spending authority after the budget is approved is the supplemental appropriation process in which the Governor recommends and General Assembly approves supplemental appropriations. When additional spending authority is needed, this process should be utilized rather than spending from estimated appropriations (see MAR finding number 2), because it provides for separation of powers. Approximately $23 million of the $39 million (59 percent) in supplemental GRF appropriations recommended by the Governor were approved by the General Assembly in fiscal year 2013, and approximately $70 million of $72 million (97 percent) in fiscal year 2012.

When a significant event occurs that requires additional spending authority, all or most of that funding can be included in the next year's budget, without the need for supplemental appropriation(s) in the current year. For example, in fiscal year 2012, the Governor restricted approximately $172 million (includes approximately $117 million in non-GRF restrictions but excludes the $56 million FMRF transfer restriction) to pay for disaster recovery related to spring 2011 flooding and a massive tornado that struck the City of Joplin on May 22, 2011. However, according to officials of the Department

of Public Safety, State Emergency Management Agency, less than $7.8 million was spent related to these disasters during that year.

A final means available for funding emergency expenses, including disaster-related expenses, is to utilize the Budget Reserve Fund. This means is not the optimal means, but is available and should be considered only when the above three options are not feasible. This option requires the Governor to request an emergency appropriation and two-thirds of the members of each house of the General Assembly to approve it. During fiscal years 2012 and 2013, the Governor made no requests for emergency appropriations from the Budget Reserve Fund.

During fiscal year 2012, any of the above mechanisms were available to address the state's budgetary needs; however, the Governor utilized unconstitutional restrictions and E appropriations (see MAR finding number 2) instead.

HJR No. 72

HJR 72 includes provisions which narrow the Governor's ability to violate constitutional provisions by providing the General Assembly the power to override the Governor's restrictions. If approved by the voters in November 2014, HJR 72 will require the Governor to notify the General Assembly of any restrictions imposed as a result of actual revenues being less than revenue estimates upon which the appropriations were based, and provides for an override of those restrictions with a two-thirds vote in both the House and the Senate. HJR 72 would also prevent the Governor from estimating revenues in the budget dependent on proposed legislation.

Conclusions

Fiscal prudence, including close monitoring of the state budget and taking necessary actions in response to changes, is necessary; however, these procedures should be performed in compliance with constitutional provisions. The failure to adhere to constitutional provisions regarding the Governor's authority to restrict funds circumvents the checks and balances provided for in the Constitution, and could result in the Governor controlling certain appropriations without input or approval from the General Assembly. By determining which appropriations are subjected to restrictions and determining the amount of those restrictions, the Governor can effectively veto parts of appropriations and circumvent the legislative process.

Utilizing veto powers, requesting appropriations from the Budget Reserve Fund, and requesting supplemental appropriations involve both the Governor and the General Assembly in the budgetary decisions, and provides greater accountability and transparency for decisions related to revenue shortfalls or funding unanticipated obligations.

Recommendation

The Governor and the Office of Administration should ensure expenditure restrictions are imposed in accordance with state law.

Auditee's Response

Expenditure restrictions placed on appropriations by Governor Nixon have been in accordance with state law.

In several places, the audit conveys inaccurate information regarding the consensus revenue estimate (CRE) and its relevance to the Governor's responsibility to ensure the budget remains balanced. First, it is important to understand that the CRE is not created by statute or the constitution and does not legally bind anyone - Governor or General Assembly - in the budget writing process. Moreover, contrary to the audit's suggestion, the CRE is not an agreement between the Governor and the General Assembly. At no point does the General Assembly approve the CRE. Instead, in some years, the Governor and the chairs of the House Budget Committee and Senate Appropriations Committee agree to a revenue estimate as a matter of convenience for the budget process. Furthermore, the audit erroneously suggests that the CRE is equal to the amount of revenue that is available for the state budget. It is not. It is instead simply an estimate of net general revenue collections and does not include multiple other sources of revenue that make up the total revenue available for expenditure. The Governor's responsibility to ensure there is a balanced budget must take all sources of revenue into account.

The audit incorrectly indicates that the CRE is relevant to determining when the gubernatorial powers outlined in Article IV, Section 27 of the Constitution are triggered. This assertion is completely wrong. First, the CRE did not exist at the time Article IV, Section 27 was inserted in our Constitution and clearly is not a trigger contemplated by the framers of the Constitution. Moreover, the audit's assumption that the CRE is somehow equal to the amount of appropriations is wholly false. The General Assembly can appropriate more or less than the CRE. In addition, legislation passed during the legislative session - and after a CRE is determined - impacts revenue collection and is not accounted for in the CRE and frequently is not accounted for in the final budget. The Governor's authorities established in Article IV, Section 27 involve analyzing actual appropriations and the availability of revenue and are not founded on an estimate made several months before the start of a fiscal year.

The audit asserts that vetoes, supplemental appropriations, and the Budget Reserve Fund would have been better ways to deal with budget shortfalls than expenditure reductions. While the auditor is entitled to his opinion, it is not the auditor's responsibility to make such policy decisions. Moreover, this assertion is inaccurate for several reasons.

- *The suggestion that the use of supplemental budget appropriations is a tool to address budget shortfalls illustrates a fundamental lack of understanding of the budget process. Supplemental budget appropriations provide additional spending authority. In a time of budget shortfalls, the problem is a lack of revenue not spending*

authority. Creating more spending authority does not mitigate the need for expenditure restrictions when revenue is short but instead creates a larger shortfall and the need for more expenditure restrictions.

- *Line item vetoes are one method of reducing expenditures, but can only be used prior to a budget being enacted, not during a fiscal year. In addition, once an appropriation is vetoed, it is permanently extinguished. A line item veto does not provide flexibility to release money in the event revenue collections increase as the fiscal year progresses. Finally, it should be noted that vetoes can be used to reduce spending regardless of whether or not there is a revenue shortfall.*

- *While borrowing from the Budget Reserve Fund (BRF) is an option to find additional funding, such an action, which would require the concurrence of both the Governor and General Assembly, would put the state into debt. Such an approach is short-sighted and would merely push the fiscal problem into the next fiscal year when repayment of borrowed BRF dollars would need to start to be repaid.*

As a final note, the audit editorializes that HJR 72, which is to appear on the November 2014 ballot, is designed " ... to prevent the Governor from violating constitutional provisions." In fact, HJR 72 does not say that and the courts of this state have repeatedly ruled that the current and previous governors have acted within their constitutional authority when controlling the rate of expenditures to maintain balanced budgets.

Auditor's Comment

The Governor's response is clearly an attempt to muddy the issues at hand and to avoid agreeing on any measure designed to support compliance with constitutional provisions. The Governor argues the CRE is not relevant to the determination that actual revenues are less than budget revenue estimates. However, the revenue estimates (which include CRE) presented in the budgets, are the only documented revenue estimates prepared and retained by the Governor; the practice of utilizing the CRE in the budget process has existed for over 20 years; and the CRE has been recognized in Missouri Supreme Court cases challenging restrictions made by past Governors. In fact, the Governor while he was Attorney General, successfully argued on behalf of former Governor Holden ". . . that the only relevant estimate of revenues for constitutional withholding purposes is the consensus revenue estimate of general revenue . . ." [*Missouri Health Care Association v. Holden*, 89 S.W.3d 504, 510 (Mo. banc 2002)]. The Governor's assertion the SAO does not understand the concept of the CRE is inaccurate. Pages 5 and 6 of this audit report outline the CRE process, and page 6 clearly indicates additional amounts are added to the CRE to arrive at the total estimated amount that appropriations were based on. Finally, the Governor's response says the audit report points out better ways to deal with budgetary shortfalls than expenditure reductions; however, this report actually points out **lawful** ways to address budgeting needs.

2. Estimated (E) Appropriations and Documentation

The use of estimated appropriations violated state law. In addition, the OA did not prepare documentation to support the need for the expenditure restrictions imposed during the 2 years ended June 30, 2013.

E appropriations

The use of E appropriations violated state law and allowed the Governor to spend from certain appropriations with no spending limits.

In fiscal year 2013, expenditures from 16 of 64 GRF E appropriations having budgetary effect exceeded appropriation amounts in approved house bills by approximately $35 million, or 46 percent. Similarly, in fiscal year 2012, expenditures from 26 of 79 GRF E appropriations exceeded appropriations by approximately $59 million, or 36 percent.

In June 2012, the Cole County Circuit Court ruled that the use of E appropriations specifically violates the Article IV, Section 23, of the Constitution which states each appropriation shall specify the amount and purpose of the appropriation, and that allowing E appropriations permits the Governor to amend appropriation amounts without the separation of powers doctrine set out in the Constitution.

Documentation

The OA does not prepare formal documentation or calculations to support the need for restrictions, and does not use a formula to establish restriction amounts. Instead the Governor's office and the Budget Director negotiate restriction amounts and the amounts are ultimately based on what the Governor believes is necessary.

According to the state Budget Director, when making decisions regarding which appropriations to restrict and restriction amounts, the Governor and the OA prioritize programs, and restrict those of lower priority. In addition, the state Budget Director indicated the Governor and the OA consider programs' other funding sources when making these decisions. For example, restrictions were imposed on certain higher education institutions in 2012, because these institutions had imposed tuition increases, and could therefore handle the appropriation restrictions better than other agencies without such revenue sources. The restrictions imposed and reasons provided by the OA for some of the most significant restrictions are noted below:

- For both fiscal years 2013 and 2012, the Governor restricted most or all of the appropriated transfer from the GRF to the FMRF. These restrictions were included in the Governor's budget summaries for those years. For fiscal year 2013, the entire $70 million appropriation was restricted; and for fiscal year 2012, approximately $56 million of the appropriated $71 million was restricted. OA officials explained the restriction was needed to balance the budget and was authorized by Article IV, Section 27(b) of the Constitution.

- For fiscal year 2012, the Governor restricted college and university GRF appropriations at or below initial Governor-recommended appropriation amounts. The General Assembly had approved appropriations totaling approximately $785 million, or $12 million more than the approximately $773 million recommended by the Governor. Governor-imposed restrictions on these appropriations totaled approximately $17 million. According to OA officials, restrictions that reduced the available appropriation to amounts below the initial Governor-recommended appropriations were imposed on certain colleges and universities that had implemented tuition increases. For fiscal year 2013, the Governor imposed restrictions totaling about $9 million on these appropriations, effectively reducing the available appropriations to fiscal year 2012 levels. The 2013 restrictions imposed on the GRF appropriations represented about 1 percent of the total GRF and Lottery Fund appropriations for each institution.

- For the other fiscal year 2013 restrictions and many of the other fiscal year 2012 restrictions, the Governor restricted appropriations to the Governor-recommended amount or the previous year's appropriation or expenditure amount. For example, restrictions totaling about $13.9 million were imposed in fiscal year 2012 on Department of Social Services Medicaid appropriations, reducing those appropriations to fiscal year 2011 spending levels.

In fiscal year 2012 few restrictions were released, except for the FRMF transfer, which was released in full. In fiscal year 2013, all restrictions were released, with most releases made during February, May, and June 2013. OA officials indicated restrictions were released when it was prudent to do so based on revenues, available cash and appropriations.

To document compliance with constitutional provisions and ensure transparency of budgetary decisions, documented analyses should be prepared and retained to support the need for the restrictions.

Recommendation

The Governor and the Office of Administration discontinue proposing the use of E appropriations. In addition, the OA should prepare and retain documentation to support the need for any expenditure restrictions imposed.

Auditee's Response

The Governor and Office of Administration only use E appropriations that have been authorized by the General Assembly. The FY2015 appropriations bills, approved by the General Assembly, include over 100 lines with "E" appropriations. The Office of Administration only authorizes use of "E" appropriations based on the General Assembly's actions. Also, the audit references a ruling from the Cole County Circuit Court, a ruling that was vacated by the Missouri Supreme Court when it dismissed a case brought by the Auditor. Finally, the OA does maintain adequate documentation to

support the need for expenditure restrictions and such documentation was made available during the audit.

Auditor's Comment

The Governor's assertion that E appropriations are solely authorized by the General Assembly is disingenuous, as the budgets the Governor submitted to the General Assembly each year included E appropriations. In addition, while OA personnel did provide us with annual expenditure restriction/line item veto reports showing amounts and comments supporting appropriations restricted, at no point during the audit did they provide any calculations or other documentation to support (1) that actual revenues did not exceed estimated revenues, or (2) how the amounts restricted from each appropriation were determined.

3. Accounting for Governor Withholdings

The OA has not recorded Governor withholding activities in SAM II in a fully transparent manner.

Expenditure reserves and restrictions are not separately identified within SAM II. OA personnel record both reserve and restriction amounts in the "reverted" field in SAM II. Consequently, it is impossible for users to separately identify reserves and restrictions. In addition, offsetting adjustments to reserve amounts, for agency redistributions of reserve amounts among appropriations, are not separately denoted in the system. Consequently, reserves and restrictions cannot be effectively tracked by agencies, OA, and other users of SAM II.

OA personnel prepare spreadsheets to separately record reserve, restriction, and releases of restriction transactions; however the release of reserve transactions or offsetting reserve activity are not recorded on the spreadsheets. As a result, neither SAM II nor OA spreadsheets provide complete and transparent information regarding Governor withholdings.

Section 37.070.1, RSMo, requires that it shall be the policy of each state department to carry out its mission with full transparency to the public. Any data collected in the course of its duties shall be made available to the public in a timely fashion, and any data, reports, or other information resulting from any activities conducted by the department in the course of its duties shall be easily accessible by any member of the public. To allow for more complete and transparent information regarding expenditure reserve and restriction transactions, appropriate modifications should be made to the SAM II. Such modifications should provide for separate recording of reserves, restrictions, releases, and offsetting reserve activity. In July 2014, the OA implemented SAM II enhancements to separately account for restrictions and reserves; however, the modifications will not provide a separate accounting for offsetting reserve activity.

Recommendation

The Office of Administration utilize the modifications to SAM II to separately record reserves, restrictions, and releases. The OA should consider further modifications to SAM II to separately account for offsetting reserve activity transactions.

Auditee's Response

The Office of Administration has made modifications to the SAM II system to separately record reserves and restrictions and has begun using and will continue to use this modified accounting. The OA will consider further modifications to the accounting system to separately account for offsetting reserve activity and will make such modifications when it is determined such modifications would be economically viable.

Appendix A

Governor's Withholdings and Estimated Appropriations
Consensus Revenue Estimates and Budget Summary - General Revenue Fund

	Year Ended June 30,					
	2013			2012		
	Initial Estimate[5]	Revised Estimate[6]	Actual[7]	Initial Estimate[8]	Revised Estimate[5]	Actual[6]
Consensus Revenue Estimates						
COLLECTIONS						
Individual Income Tax	$ 6,084,700,000	6,103,000,000	6,367,971,141	5,904,600,000	5,835,000,000	5,844,676,938
Sales and Use Tax	1,940,600,000	1,915,000,000	1,897,543,412	1,884,900,000	1,875,000,000	1,873,305,715
Corporate Income/Franchise Tax	520,000,000	485,000,000	525,678,994	569,300,000	530,000,000	502,854,351
County Foreign Insurance Tax	200,000,000	200,000,000	191,234,333	205,000,000	190,000,000	191,832,380
Liquor Tax	26,000,000	26,000,000	26,075,287	30,000,000	25,500,000	25,579,812
Beer Tax	8,200,000	8,300,000	8,044,713	8,800,000	8,200,000	8,151,881
Interest on Deposits and Investments	6,000,000	7,000,000	7,038,083	13,000,000	6,000,000	7,091,824
Federal Reimbursements	26,300,000	21,400,000	18,433,426	80,400,000	31,300,000	16,490,091
All Other Sources	151,700,000	206,000,000	220,027,379	137,700,000	149,900,000	149,293,401
Total General Revenue Collections	8,963,500,000	8,971,700,000	9,262,046,768	8,833,700,000	8,650,900,000	8,619,276,393
REFUNDS	(1,377,900,000)	(1,280,000,000)	(1,179,360,199)	(1,538,400,000)	(1,350,000,000)	(1,278,687,045)
Net General Revenue Collections	$ 7,585,600,000	7,691,700,000	8,082,686,569	7,295,300,000	7,300,900,000	7,340,589,348
Budget Summary						
RESOURCES						
Beginning Balance	$ 0	64,351,126	64,056,028	155,234,746	168,931,183	168,931,183
Previous Year's Lapse[1]	125,627,411	139,820,067	139,663,383	133,032,471	208,140,134	208,140,137
Revenue Collections	8,963,500,000	8,971,700,000	9,262,046,768	8,833,700,000	8,650,900,000	8,619,276,393
Refunds	(1,377,900,000)	(1,280,000,000)	(1,179,360,199)	(1,538,400,000)	(1,350,000,000)	(1,278,687,045)
Federal Budget Stabilization Receipts	0	0	0	277,270,000	277,269,999	277,269,999
Other Collections[2]	90,350,000	19,200,000	0	58,600,000	0	0
Transfers to Fund	222,867,915	182,755,695	184,808,379	120,189,683	144,984,904	150,105,240
Total Resources Available	8,024,445,326	8,097,826,888	8,471,214,359	8,039,626,900	8,100,226,220	8,145,035,907
OBLIGATIONS						
Operating Appropriations	7,998,199,499	8,013,807,330	8,013,807,330	7,904,748,265	7,908,511,628	7,909,511,629
Disaster Recovery Appropriations[3]	31,187,501	0	0	0	72,000,001	0
Supplemental/Estimated Appropriations	0	58,546,813	57,668,344	120,000,000	92,302,576	134,881,752
Capital Appropriations	70,000,000	70,000,000	70,000,000	71,132,154	89,632,154	89,632,154
Expenditure Restrictions/Confirmed Lapse[4]	(75,000,000)	(44,527,255)	0	(56,257,759)	(62,220,139)	(53,340,754)
Total Obligations	8,024,387,000	8,097,826,888	8,141,475,674	8,039,622,660	8,100,226,220	8,080,684,781
Ending Balance	$ 58,326	0	329,738,685	4,240	0	64,351,126

Notes to Budget Summary:

[1] Unexpended appropriations are counted as a resource in the next fiscal year to avoid premature commitment of uncertain resources until actual lapses are known. This amount includes reserves authorized by Section 33.290, RSMo.

[2] Includes tax amnesty, centralized debt collection, integrated tax system, federal reciprocity, and other collection initiatives.

[3] Includes appropriations for the State's Emergency Management Agency within the Department of Public Safety and the National Guard within the Governor's Office.

[4] Initial amounts for fiscal years 2013 and 2012 include expenditure restrictions applied to the Facilities Maintenance Reserve Fund and the initial amount for fiscal year 2013 includes $5 million confirmed lapse in Judiciary appropriations.

Sources:

[5] Governor's 2013 budget

[6] Governor's 2014 budget

[7] Governor's 2015 budget

[8] Governor's 2012 budget

Appendix B-1

Governor's Withholdings and Estimated Appropriations
Appropriations and Withholdings - General Revenue Fund
Year Ended June 30, 2013

	Appropriation Authority	Restrictions			Reserves			Reserve Offsets[1]			Available Appropriation
		Withheld	Released	Net	Withheld	Released	Net	Withheld	Released	Net	
Agriculture	$ 14,847,497	0	0	0	297,536	0	297,536	1,528	(1,528)	0	14,549,961
Attorney General	14,733,807	0	0	0	23,984	0	23,984	0	0	0	14,709,823
Corrections	656,393,734	0	0	0	15,701,277	(2,594,221)	13,107,056	3,498,633	(3,498,633)	0	643,286,678
Economic Development	39,308,142	0	0	0	1,105,095	(246,797)	858,298	0	0	0	38,449,844
Elementary and Secondary Education	2,922,130,260	200,000	(200,000)	0	4,085,874	0	4,085,874	312,845	(312,845)	0	2,918,044,386
Governor	6,576,033	0	0	0	10,692	0	10,692	0	0	0	6,565,341
Health and Senior Services	273,259,145	814,098	(814,098)	0	1,513,671	(70,454)	1,443,217	169,638	(169,638)	0	271,815,928
Higher Education	850,556,119	8,876,560	(8,876,560)	0	31,514,836	(8,801,095)	22,713,741	16,683	(16,683)	0	827,842,378
Judiciary	173,205,453	0	0	0	71,575	0	71,575	0	0	0	173,133,878
Labor and Industrial Relations	2,139,935	0	0	0	54,336	0	54,336	16,604	(16,604)	0	2,085,599
Legislature	34,681,272	0	0	0	56,402	0	56,402	0	0	0	34,624,870
Lieutenant Governor	447,722	0	0	0	1,051	0	1,051	0	0	0	446,671
Mental Health	827,722,158	304,301	(304,301)	0	8,033,793	(588,597)	7,445,196	4,085,249	(4,085,249)	0	820,276,962
Natural Resources	11,361,072	30,000	(30,000)	0	302,097	0	302,097	88,642	(88,642)	0	11,058,975
Office of Administration	1,118,122,769	70,305,000	(70,305,000)	0	2,464,491	(30,000)	2,434,491	857,864	(857,864)	0	1,115,688,278
Public Defender	36,321,545	721,071	(721,071)	0	0	0	0	0	0	0	36,321,545
Public Safety	67,579,535	100,000	(100,000)	0	1,138,666	(299,544)	839,122	4,676	(4,676)	0	66,740,413
Revenue	1,471,627,200	0	0	0	5,398,901	(191,129)	5,207,772	360,000	(360,000)	0	1,466,419,428
Secretary of State	24,193,397	0	0	0	52,216	0	52,216	3,000	(3,000)	0	24,141,181
Social Services	2,265,797,262	282,440	(282,440)	0	7,139,660	(866,298)	6,273,362	10,686	(10,686)	0	2,259,523,900
State Auditor	6,665,056	0	0	0	6,815	0	6,815	0	0	0	6,658,241
State Treasurer	7,388,602	0	0	0	0	0	0	0	0	0	7,388,602
Transportation	9,344,129	250,000	(250,000)	0	43,324	0	43,324	0	0	0	9,300,805
Total	$ 10,834,401,844	81,883,470	(81,883,470)	0	79,016,292	(13,688,135)	65,328,157	9,426,048	(9,426,048)	0	10,769,073,687

[1] Agency redistributions of reserve amounts.

Appendix B-2

Governor's Withholdings and Estimated Appropriations
Appropriations and Withholdings - General Revenue Fund
Year Ended June 30, 2012

		Appropriation	Restrictions			Reserves			Reserve Offsets[1]			Available
		Authority	Withheld	Released	Net	Withheld	Released	Net	Withheld	Released	Net	Appropriation
Agriculture	$	26,758,185	120,000	0	120,000	798,455	(266,250)	532,205	1,585	(1,585)	0	26,105,980
Attorney General		14,568,471	0	0	0	26,951	0	26,951	0	0	0	14,541,520
Corrections		649,433,636	2,000,000	0	2,000,000	17,517,828	(1,473,500)	16,044,328	4,655,305	(4,655,305)	0	631,389,308
Economic Development		40,526,287	875,000	(267,690)	607,310	1,189,778	0	1,189,778	0	0	0	38,729,199
Elementary and Secondary Education		2,785,716,059	2,050,000	0	2,050,000	13,316,451	(3,604,872)	9,711,579	7,054	(7,054)	0	2,773,954,480
Governor		9,042,104	0	0	0	10,418	0	10,418	0	0	0	9,031,686
Health and Senior Services		284,056,031	1,566,620	(941,620)	625,000	1,614,635	0	1,614,635	15,467	(15,467)	0	281,816,396
Higher Education		834,653,796	19,825,300	0	19,825,300	24,520,331	(205,036)	24,315,295	0	0	0	790,513,201
Judiciary		172,505,441	6,000,000	(400,000)	5,600,000	70,398	0	70,398	2,750,599	(2,750,599)	0	166,835,043
Labor and Industrial Relations		1,971,236	0	0	0	89,448	0	89,448	1,799	(1,799)	0	1,881,788
Legislature		34,538,840	760,780	(306,876)	453,904	56,805	0	56,805	0	0	0	34,028,131
Lieutenant Governor		442,807	0	0	0	1,058	0	1,058	0	0	0	441,749
Mental Health		790,806,280	150,000	0	150,000	8,033,611	(108,579)	7,925,032	2,739,343	(2,739,343)	0	782,731,248
Natural Resources		10,989,305	0	0	0	290,801	(20,884)	269,917	47,321	(47,321)	0	10,719,388
Office of Administration		1,101,711,557	57,329,470	(56,257,759)	1,071,711	1,792,315	(31,822)	1,760,493	1,321,673	(1,321,673)	0	1,098,879,353
Public Defender		34,707,100	0	0	0	0	0	0	0	0	0	34,707,100
Public Safety		93,925,600	709,000	(216,781)	492,219	2,052,687	(87,149)	1,965,538	349,172	(349,172)	0	91,467,843
Revenue		1,625,512,518	3,579,708	0	3,579,708	1,499,570	(368,597)	1,130,973	0	0	0	1,620,801,837
Secretary of State		24,418,103	0	0	0	48,779	0	48,779	0	0	0	24,369,324
Social Services		2,375,916,791	16,978,102	(1,512,500)	15,465,602	7,543,725	0	7,543,725	8,321,000	(8,321,000)	0	2,352,907,464
State Auditor		6,892,755	300,000	0	300,000	7,114	0	7,114	0	0	0	6,585,641
State Treasurer		7,851,865	0	0	0	0	0	0	0	0	0	7,851,865
Transportation		10,191,896	1,000,000	0	1,000,000	35,824	0	35,824	0	0	0	9,156,072
Total	$	10,937,136,663	113,243,980	(59,903,226)	53,340,754	80,516,982	(6,166,689)	74,350,293	20,210,318	(20,210,318)	0	10,809,445,616

[1] Agency redistributions of reserve amounts.

Appendix C

Governor's Withholdings and Estimated Appropriations
Expenditure Restrictions and Releases - General Revenue Fund

	Year Ended June 30,					
	2013			2012		
	Initial Restriction	Funds Released	Net Restriction	Initial Restriction	Funds Released	Net Restriction
AGRICULTURE						
Veterinary Student Loan	$ 0	0	0	120,000	0	120,000
CORRECTIONS						
Corrections Overtime	0	0	0	2,000,000	0	2,000,000
ECONOMIC DEVELOPMENT						
Community Development Corporations	0	0	0	200,000	0	200,000
Film Commission	0	0	0	175,000	0	175,000
Trade Zone Facilities	0	0	0	500,000	(267,690)	232,310
ELEMENTARY AND SECONDARY EDUCATION						
Parents as Teachers	0	0	0	2,050,000	0	2,050,000
Scholars and Fine Arts Academies	200,000	(200,000)	0	0	0	0
HEALTH AND SENIOR SERVICES						
Alzheimer Non Profit Organizations	0	0	0	250,000	0	250,000
Area Agency on Aging Contracts	0	0	0	941,620	(941,620)	0
Area Health Education Centers	200,000	(200,000)	0	375,000	0	375,000
Core Public Health	564,098	(564,098)	0	0	0	0
Safe-Care Program Expansion	50,000	(50,000)	0	0	0	0
HIGHER EDUCATION						
Access Missouri Scholarship	0	0	0	1,000,000	0	1,000,000
Bright Flight Scholarship	0	0	0	2,000,000	0	2,000,000
Higher Education Institutions	8,476,559	(8,476,559)	0	16,775,300	0	16,775,300
Higher Education Institutions-Equity	300,001	(300,001)	0	0	0	0
Missouri Research and Education Network	0	0	0	50,000	0	50,000
State Historical Society	100,000	(100,000)	0	0	0	0
JUDICIARY						
Circuit Courts	0	0	0	6,000,000	(400,000)	5,600,000
LEGISLATURE						
House and Senate	0	0	0	760,780	(306,876)	453,904
MENTAL HEALTH						
Alcohol and Drug Abuse Offender Treatment Pilot	264,876	(264,876)	0	0	0	0
Eating Disorders Council	39,425	(39,425)	0	150,000	0	150,000
NATURAL RESOURCES						
Land Survey Restoration Project	30,000	(30,000)	0	0	0	0
OFFICE OF ADMINISTRATION						
Administrative Hearing Commission	30,000	(30,000)	0	0	0	0
Alternatives to Abortion Awareness	50,000	(50,000)	0	0	0	0
Facilities Maintenance Reserve Fund Transfer	70,000,000	(70,000,000)	0	56,257,759	(56,257,759)	0
Lease Purchase Debt Service	0	0	0	871,711	0	871,711
Office of Child Advocate	100,000	(100,000)	0	100,000	0	100,000
State Capitol Commission	125,000	(125,000)	0	100,000	0	100,000
PUBLIC DEFENDER						
Extraordinary/Conflict Case Expenses	721,071	(721,071)	0	0	0	0
PUBLIC SAFETY						
Air Search and Rescue	0	0	0	15,000	0	15,000
Boonville Readiness Center	0	0	0	316,000	(16,781)	299,219
Community Intervention	100,000	(100,000)	0	178,000	0	178,000
Firefighter Training	0	0	0	200,000	(200,000)	0
REVENUE						
Department of Revenue Taxation	0	0	0	3,579,708	0	3,579,708
SOCIAL SERVICES						
Children's Treatment Services	0	0	0	1,600,000	0	1,600,000
Crisis Care	0	0	0	800,000	(800,000)	0
Domestic Violence	0	0	0	712,500	(712,500)	0
Foster Care Outdoor Program	76,220	(76,220)	0	0	0	0
Foster Care Psychotropic Tracking	90,000	(90,000)	0	0	0	0
Hand Up Pilot Project	40,000	(40,000)	0	0	0	0
Medicaid	0	0	0	13,865,602	0	13,865,602
Pace Rate Increase	76,220	(76,220)	0	0	0	0
STATE AUDITOR						
State Auditor	0	0	0	300,000	0	300,000
TRANSPORTATION						
Port Financial Assistance	250,000	(250,000)	0	1,000,000	0	1,000,000
Total	$ 81,883,470	(81,883,470)	0	113,243,980	(59,903,226)	53,340,754

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Gasconade County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Gasconade County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-071

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013 AND 2012

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
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FINANCIAL SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Gasconade, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Gasconade ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2013, and 2012, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note I of the financial statements, the financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2013, and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the County as of December 31, 2013, and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2014, on our consideration of the County of Gasconade's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Gasconade's internal control over financial reporting and compliance.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 16, 2014

FINANCIAL STATEMENTS

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES -
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

FUND	CASH BALANCES JANUARY 1, 2013	RECEIPTS 2013	DISBURSEMENTS 2013	CASH BALANCES DECEMBER 31, 2013
General Revenue Fund	$ 261,574.54	$ 2,041,127.73	$ 1,962,759.40	$ 339,942.87
Special Road and Bridge Fund	314,424.09	1,889,811.18	1,868,949.23	335,286.04
Assessment Fund	434,128.21	232,336.84	182,026.92	484,438.13
Union Electric SOP Fund	125,920.90	76,513.05	31,196.12	171,237.83
Law Enforcement Training Fund	354.97	2,016.74	1,834.24	537.47
Prosecuting Attorney Training Fund	284.35	318.83	230.00	373.18
Prosecuting Attorney Bad Check Fund	4,971.09	7,871.19	1,886.94	10,955.34
Election Services Fund	2,681.34	10,112.63	11,106.62	1,687.35
Election Technology Fund	471.08	654.23	1,089.04	36.27
Recorder's Retention of Records Fund	14,747.02	15,709.69	14,481.94	15,974.77
Recorder's Technology Fund	6,462.35	4,654.92	4,200.00	6,917.27
Family Service and Justice Fund	44,495.03	5,094.57	17,170.00	32,419.60
Victims of Domestic Violence Fund	495.56	523.60	500.00	519.16
Sheriff's Law Enforcement Civil Fee Fund	22,599.24	29,829.20	30,616.91	21,811.53
Sheriff's Revolving CCW Fees Fund	12,622.63	12,611.37	19,457.85	5,776.15
Sheriff Deputy Salary Supplement Fund	70.00	6,708.44	6,678.44	100.00
Collector's Tax Maintenance Fund	103,313.55	27,532.00	35,762.63	95,082.92
TOTAL	$ 1,349,615.95	$ 4,363,426.21	$ 4,189,946.28	$ 1,523,095.88

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES -
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

FUND	CASH BALANCES JANUARY 1, 2012	RECEIPTS 2012	DISBURSEMENTS 2012	CASH BALANCES DECEMBER 31, 2012
General Revenue Fund	$ 188,316.61	$ 2,245,338.34	$ 2,172,080.41	$ 261,574.54
Special Road and Bridge Fund	381,217.27	1,905,676.41	1,972,469.59	314,424.09
Assessment Fund	361,327.02	226,922.86	154,121.67	434,128.21
Union Electric SOP Fund	113,649.68	59,330.55	47,059.33	125,920.90
Law Enforcement Training Fund	124.16	2,132.06	1,901.25	354.97
Prosecuting Attorney Training Fund	312.44	355.81	383.90	284.35
Prosecuting Attorney Bad Check Fund	1,706.71	8,124.62	4,860.24	4,971.09
Election Services Fund	967.66	24,535.00	22,821.32	2,681.34
Election Technology Fund	1,075.93	868.99	1,473.84	471.08
Recorder's Retention of Records Fund	12,095.50	13,733.07	11,081.55	14,747.02
Recorder's Technology Fund	7,628.27	4,477.00	5,642.92	6,462.35
Family Service and Justice Fund	50,168.63	5,246.40	10,920.00	44,495.03
Victims of Domestic Violence Fund	836.38	659.18	1,000.00	495.56
Sheriff's Law Enforcement Civil Fee Fund	11,567.68	36,220.57	25,189.01	22,599.24
Sheriff's Revolving CCW Fees Fund	15,795.12	10,164.90	13,337.39	12,622.63
Sheriff Deputy Salary Supplement Fund	260.00	8,624.20	8,814.20	70.00
Collector's Tax Maintenance Fund	109,339.59	26,107.00	32,133.04	103,313.55
TOTAL	$ 1,256,388.65	$ 4,578,516.96	$ 4,485,289.66	$ 1,349,615.95

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	GENERAL REVENUE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Sales Taxes	$ 1,591,700.00	$ 1,567,247.63	$ 1,593,900.00	$ 1,625,362.45
Intergovernmental	223,090.00	245,242.27	402,719.84	333,222.41
Charges for Services	163,620.00	92,583.67	167,347.00	174,987.82
Interest	8,600.00	8,444.28	7,500.00	9,013.48
Other	12,500.00	37,180.34	12,000.00	6,583.28
Transfers In	102,500.00	90,429.54	108,500.00	96,168.90
TOTAL RECEIPTS	2,102,010.00	2,041,127.73	2,291,966.84	2,245,338.34
DISBURSEMENTS				
County Commission	127,765.00	122,166.79	137,081.00	122,955.37
County Clerk	83,882.00	75,745.90	80,066.00	74,955.41
Elections	60,310.00	57,608.66	147,588.00	144,653.08
Buildings and Grounds	121,803.00	73,900.95	102,280.00	77,701.71
County Treasurer	53,829.00	52,520.94	54,225.00	52,837.99
Collector	148,497.00	141,527.59	150,827.00	144,682.84
Circuit Clerk/Recorder	96,391.00	82,405.14	100,332.00	85,551.37
Associate Circuit Court	10,000.00	4,477.46	7,250.00	2,331.20
Court Administration	34,750.00	28,196.77	32,700.00	31,998.78
Public Administrator	53,635.00	46,070.11	47,305.00	41,191.82
Sheriff	608,148.00	608,296.07	641,688.00	618,660.69
Jail	212,330.00	234,418.68	211,719.00	206,974.15
Prosecuting Attorney	172,993.00	167,632.04	170,045.00	166,238.90
Coroner	26,551.00	21,662.79	26,551.00	26,392.27
Surveyor	18,950.00	17,747.32	8,300.00	7,910.50
Transfers Out	63,060.00	-	-	-
Emergency Fund	-	-	64,236.00	-
Other	300,851.00	228,382.19	465,704.84	367,044.33
TOTAL DISBURSEMENTS	2,193,745.00	1,962,759.40	2,447,897.84	2,172,080.41
RECEIPTS OVER (UNDER) DISBURSEMENTS	(91,735.00)	78,368.33	(155,931.00)	73,257.93
CASH BALANCES, JANUARY 1	261,574.54	261,574.54	188,316.61	188,316.61
CASH BALANCES, DECEMBER 31	$ 169,839.54	$ 339,942.87	$ 32,385.61	$ 261,574.54

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SPECIAL ROAD AND BRIDGE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 1,144,500.00	$ 550,266.63	$ 558,500.00	$ 564,555.43
Sales Taxes	538,000.00	1,183,270.46	1,167,000.00	1,185,347.73
Intergovernmental	6,300.00	8,818.20	900.00	1,733.94
Charges for Services	-	-	-	-
Interest	3,200.00	3,095.37	3,500.00	2,964.29
Other	136,500.00	144,360.52	146,000.00	151,075.02
Transfers In	-	-	-	-
TOTAL RECEIPTS	1,828,500.00	1,889,811.18	1,875,900.00	1,905,676.41
DISBURSEMENTS				
Payroll	574,160.00	568,444.98	600,000.00	569,379.10
Office	15,250.00	9,501.06	18,425.00	10,579.25
Improvements & Repairs	1,387,550.00	1,199,161.35	1,481,750.00	1,297,616.91
Other	3,000.00	2,898.87	-	966.35
Transfers Out	100,000.00	88,942.97	105,000.00	93,927.98
TOTAL DISBURSEMENTS	2,079,960.00	1,868,949.23	2,205,175.00	1,972,469.59
RECEIPTS OVER (UNDER) DISBURSEMENTS	(251,460.00)	20,861.95	(329,275.00)	(66,793.18)
CASH BALANCES, JANUARY 1	314,424.09	314,424.09	381,217.27	381,217.27
CASH BALANCES, DECEMBER 31	$ 62,964.09	$ 335,286.04	$ 51,942.27	$ 314,424.09

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ASSESSMENT FUND				UNION ELECTRIC SOP FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 221,461.00	$ 225,102.73	$ 224,680.00	$ 222,195.66	$ 78,500.00	$ 75,475.60	$ 75,000.00	$ 58,617.19
Charges for Services	3,700.00	4,674.14	1,500.00	2,430.75	-	-	-	-
Interest	2,000.00	2,557.97	2,000.00	2,296.45	700.00	887.45	700.00	713.36
Other	-	2.00	-	-	-	150.00	200.00	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	227,161.00	232,336.84	228,180.00	226,922.86	79,200.00	76,513.05	75,900.00	59,330.55
DISBURSEMENTS								
Payroll	167,652.00	135,898.44	155,974.00	126,633.97	16,748.00	14,695.96	24,628.00	21,538.99
Office	78,200.00	44,808.51	56,100.00	26,766.12	80,600.00	14,706.59	49,600.00	19,152.53
Other	3,000.00	1,319.97	-	721.58	1,500.00	307.00	-	4,126.89
Transfers Out	-	-	-	-	-	1,486.57	3,500.00	2,240.92
TOTAL DISBURSEMENTS	248,852.00	182,026.92	212,074.00	154,121.67	98,848.00	31,196.12	77,728.00	47,059.33
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,691.00)	50,309.92	16,106.00	72,801.19	(19,648.00)	45,316.93	(1,828.00)	12,271.22
CASH BALANCES, JANUARY 1	434,128.21	434,128.21	361,327.02	361,327.02	125,920.90	125,920.90	113,649.68	113,649.68
CASH BALANCES, DECEMBER 31	$ 412,437.21	$ 484,438.13	$ 377,433.02	$ 434,128.21	$ 106,272.90	$ 171,237.83	$ 111,821.68	$ 125,920.90

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	LAW ENFORCEMENT TRAINING FUND				PROSECUTING ATTORNEY TRAINING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 1,350.00	$ 1,226.50	$ 1,400.00	$ 1,370.00	$ 250.00	$ 312.83	$ 200.00	$ 350.00
Charges for Services	-	-	-	-	-	-	-	-
Interest	50.00	6.00	5.00	5.81	-	6.00	-	5.81
Other	750.00	784.24	750.00	756.25	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	2,150.00	2,016.74	2,155.00	2,132.06	250.00	318.83	200.00	355.81
DISBURSEMENTS								
Office	1,900.00	1,834.24	2,100.00	1,901.25	500.00	230.00	500.00	383.90
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	1,900.00	1,834.24	2,100.00	1,901.25	500.00	230.00	500.00	383.90
RECEIPTS OVER (UNDER) DISBURSEMENTS	250.00	182.50	55.00	230.81	(250.00)	88.83	(300.00)	(28.09)
CASH BALANCES, JANUARY 1	354.97	354.97	124.16	124.16	284.35	284.35	312.44	312.44
CASH BALANCES, DECEMBER 31	$ 604.97	$ 537.47	$ 179.16	$ 354.97	$ 34.35	$ 373.18	$ 12.44	$ 284.35

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	PROSECUTING ATTORNEY BAD CHECK FUND				ELECTION SERVICES FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ -	$ -	$ -	$ -	$ 13,217.00	$ 10,078.55	$ 25,368.00	$ 24,496.60
Charges for Services	6,500.00	7,829.51	8,000.00	8,102.35	-	-	-	-
Interest	10.00	41.68	45.00	22.27	20.00	34.08	20.00	38.40
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	6,510.00	7,871.19	8,045.00	8,124.62	13,237.00	10,112.63	25,388.00	24,535.00
DISBURSEMENTS								
Office	2,750.00	1,886.94	2,750.00	1,894.80	15,910.00	9,585.65	25,078.00	21,427.57
Other	2,200.00	-	5,000.00	2,965.44	-	1,520.97	-	1,393.75
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	4,950.00	1,886.94	7,750.00	4,860.24	15,910.00	11,106.62	25,078.00	22,821.32
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,560.00	5,984.25	295.00	3,264.38	(2,673.00)	(993.99)	310.00	1,713.68
CASH BALANCES, JANUARY 1	4,971.09	4,971.09	1,706.71	1,706.71	2,681.34	2,681.34	967.66	967.66
CASH BALANCES, DECEMBER 31	$ 6,531.09	$ 10,955.34	$ 2,001.71	$ 4,971.09	$ 8.34	$ 1,687.35	$ 1,277.66	$ 2,681.34

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ELECTION TECHNOLOGY FUND				RECORDER'S RETENTION OF RECORDS FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 2,592.00	$ 647.73	$ 5,160.00	$ 862.75	$ 13,900.00	$ 15,623.93	$ 12,000.00	$ 13,666.26
Charges for Services	-	-	-	-	-	-	-	-
Interest	6.00	6.50	5.00	6.24	70.00	85.76	50.00	66.81
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	2,598.00	654.23	5,165.00	868.99	13,970.00	15,709.69	12,050.00	13,733.07
DISBURSEMENTS								
Office	2,595.00	1,089.04	5,520.00	1,473.84	14,650.00	14,481.94	12,550.00	11,081.55
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	2,595.00	1,089.04	5,520.00	1,473.84	14,650.00	14,481.94	12,550.00	11,081.55
RECEIPTS OVER (UNDER) DISBURSEMENTS	3.00	(434.81)	(355.00)	(604.85)	(680.00)	1,227.75	(500.00)	2,651.52
CASH BALANCES, JANUARY 1	471.08	471.08	1,075.93	1,075.93	14,747.02	14,747.02	12,095.50	12,095.50
CASH BALANCES, DECEMBER 31	$ 474.08	$ 36.27	$ 720.93	$ 471.08	$ 14,067.02	$ 15,974.77	$ 11,595.50	$ 14,747.02

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	RECORDER'S TECHNOLOGY FUND				FAMILY SERVICE AND JUSTICE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 4,545.00	$ 4,617.50	$ 4,000.00	$ 4,477.00	$ 5,000.00	$ 4,892.00	$ 4,515.00	$ 5,017.77
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	37.42	55.00	-	250.00	202.57	285.00	228.63
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	4,545.00	4,654.92	4,055.00	4,477.00	5,250.00	5,094.57	4,800.00	5,246.40
DISBURSEMENTS								
Office	4,200.00	4,200.00	6,300.00	5,642.92	26,500.00	17,170.00	23,500.00	10,920.00
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	4,200.00	4,200.00	6,300.00	5,642.92	26,500.00	17,170.00	23,500.00	10,920.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	345.00	454.92	(2,245.00)	(1,165.92)	(21,250.00)	(12,075.43)	(18,700.00)	(5,673.60)
CASH BALANCES, JANUARY 1	6,462.35	6,462.35	7,628.27	7,628.27	44,495.03	44,495.03	50,168.63	50,168.63
CASH BALANCES, DECEMBER 31	$ 6,807.35	$ 6,917.27	$ 5,383.27	$ 6,462.35	$ 23,245.03	$ 32,419.60	$ 31,468.63	$ 44,495.03

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	VICTIMS OF DOMESTIC VIOLENCE FUND				SHERIFF'S LAW ENFORCEMENT CIVIL FEE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 500.00	$ 515.00	$ 500.00	$ 650.00	$ 25,000.00	$ 29,711.20	$ 20,000.00	$ 23,832.62
Interest	-	8.60	-	9.18	100.00	118.00	80.00	99.10
Charges for Services	-	-	-	-	12,000.00	-	11,000.00	12,288.85
Other	-	-	-	-	-	-	2,000.00	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	500.00	523.60	500.00	659.18	37,100.00	29,829.20	33,080.00	36,220.57
DISBURSEMENTS								
Office	500.00	500.00	1,000.00	1,000.00	34,500.00	28,481.21	38,500.00	23,502.49
Other	-	-	-	-	2,500.00	2,135.70	2,500.00	1,686.52
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	500.00	500.00	1,000.00	1,000.00	37,000.00	30,616.91	41,000.00	25,189.01
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	23.60	(500.00)	(340.82)	100.00	(787.71)	(7,920.00)	11,031.56
CASH BALANCES, JANUARY 1	495.56	495.56	836.38	836.38	22,599.24	22,599.24	11,567.68	11,567.68
CASH BALANCES, DECEMBER 31	$ 495.56	$ 519.16	$ 336.38	$ 495.56	$ 22,699.24	$ 21,811.53	$ 3,647.68	$ 22,599.24

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THE COUNTY OF GASCONADE
HERMANN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SHERIFF'S REVOLVING CCW FEES FUND				SHERIFF DEPUTY SALARY SUPPLEMENT FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ -	$ -	$ -	$ -	$ 6,000.00	$ 4,158.44	$ 6,550.00	$ 5,864.20
Charges for Services	10,000.00	12,552.00	10,000.00	10,063.50	3,500.00	2,550.00	3,450.00	2,760.00
Interest	100.00	59.37	100.00	101.40	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	10,100.00	12,611.37	10,100.00	10,164.90	9,500.00	6,708.44	10,000.00	8,624.20
DISBURSEMENTS								
Office	19,500.00	19,054.36	16,000.00	12,560.89	9,500.00	6,678.44	10,260.00	8,814.20
Other	1,000.00	403.49	1,000.00	776.50	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	20,500.00	19,457.85	17,000.00	13,337.39	9,500.00	6,678.44	10,260.00	8,814.20
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,400.00)	(6,846.48)	(6,900.00)	(3,172.49)	-	30.00	(260.00)	(190.00)
CASH BALANCES, JANUARY 1	12,622.63	12,622.63	15,795.12	15,795.12	70.00	70.00	260.00	260.00
CASH BALANCES, DECEMBER 31	$ 2,222.63	$ 5,776.15	$ 8,895.12	$ 12,622.63	$ 70.00	$ 100.00	$ -	$ 70.00

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

COLLECTOR'S TAX MAINTENANCE FUND

	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 24,699.00	$ 26,970.00	$ 25,226.00	$ 25,522.00
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	175.00	562.00	225.00	585.00
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	24,874.00	27,532.00	25,451.00	26,107.00
DISBURSEMENTS				
Tax Maintenance	93,460.00	35,762.63	109,700.00	32,133.04
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	93,460.00	35,762.63	109,700.00	32,133.04
RECEIPTS OVER (UNDER) DISBURSEMENTS	(68,586.00)	(8,230.63)	(84,249.00)	(6,026.04)
CASH BALANCES, JANUARY 1	103,313.55	103,313.55	109,339.59	109,339.59
CASH BALANCES, DECEMBER 31	$ 34,727.55	$ 95,082.92	$ 25,090.59	$ 103,313.55

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2013

	Surplus Tax	Unclaimed Fees	School Fine	School Building	City Intangible	School Districts
ASSETS						
Cash and Cash Equivalents	$ 4,607.11	$ 719.56	$ 21,534.64	$ 500.00	$ 688.02	$ 7,771.98
Total Assets	4,607.11	719.56	21,534.64	500.00	688.02	7,771.98
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	4,607.11	719.56	21,534.64	500.00	688.02	7,771.98
TOTAL LIABILITIES AND FUND BALANCES	$ 4,607.11	$ 719.56	$ 21,534.64	$ 500.00	$ 688.02	$ 7,771.98

	Ambulances	Fire District	Morrison Levee	Herman Area Hospital	Gasconade County Health Dept	Senate Bill 40
ASSETS						
Cash and Cash Equivalents	$ 287.62	$ -	$ 0.78	$ 1,438.32	$ 197.96	$ 197.96
Total Assets	287.62	-	0.78	1,438.32	197.96	197.96
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	287.62	-	0.78	1,438.32	197.96	197.96
TOTAL LIABILITIES AND FUND BALANCES	$ 287.62	$ -	$ 0.78	$ 1,438.32	$ 197.96	$ 197.96

	Gasconade County Mental	Library	CERF	Collector	Sheriff's	Prosecuting Attorney Restitution
ASSETS						
Cash and Cash Equivalents	$ 163.77	$ 197.96	$ -	$ -	$ 523.77	$ 330.95
Total Assets	163.77	197.96	-	-	523.77	330.95
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	163.77	197.96	-	-	523.77	330.95
TOTAL LIABILITIES AND FUND BALANCES	$ 163.77	$ 197.96	$ -	$ -	$ 523.77	$ 330.95

	Total Agency Funds
ASSETS	
Cash and Cash Equivalents	$ 39,160.40
Total Assets	39,160.40
LIABILITIES AND FUND BALANCES	
TOTAL LIABILITIES	-
UNRESERVED FUND BALANCES	39,160.40
TOTAL LIABILITIES AND FUND BALANCES	$ 39,160.40

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2012

	Surplus Tax	Unclaimed Fees	School Fine	School Building	City Intangible	School Districts
ASSETS						
Cash and Cash Equivalents	$ 6,969.40	$ 1,097.66	$ 19,697.40	$ 1,269.50	$ 2,730.63	$ 15,191.39
Total Assets	6,969.40	1,097.66	19,697.40	1,269.50	2,730.63	15,191.39
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	6,969.40	1,097.66	19,697.40	1,269.50	2,730.63	15,191.39
TOTAL LIABILITIES AND FUND BALANCES	$ 6,969.40	$ 1,097.66	$ 19,697.40	$ 1,269.50	$ 2,730.63	$ 15,191.39

	Ambulances	Fire District	Morrison Levee	Herman Area Hospital	Gasconade County Health Dept	Senate Bill 40
ASSETS						
Cash and Cash Equivalents	$ 498.37	$ 2.02	$ -	$ 1,380.74	$ 385.65	$ 385.65
Total Assets	498.37	2.02	-	1,380.74	385.65	385.65
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	498.37	2.02	-	1,380.74	385.65	385.65
TOTAL LIABILITIES AND FUND BALANCES	$ 498.37	$ 2.02	$ -	$ 1,380.74	$ 385.65	$ 385.65

	Gasconade County Mental	Library	CERF	Collector	Sheriff's	Prosecuting Attorney Restitution
ASSETS						
Cash and Cash Equivalents	$ 319.65	$ 385.65	$ 1,898.96	$ -	$ 561.67	$ 2,050.40
Total Assets	319.65	385.65	1,898.96	-	561.67	2,050.40
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	319.65	385.65	1,898.96	-	561.67	2,050.40
TOTAL LIABILITIES AND FUND BALANCES	$ 319.65	$ 385.65	$ 1,898.96	$ -	$ 561.67	$ 2,050.40

	Total Agency Funds
ASSETS	
Cash and Cash Equivalents	$ 54,824.74
Total Assets	54,824.74
LIABILITIES AND FUND BALANCES	
TOTAL LIABILITIES	-
UNRESERVED FUND BALANCES	54,824.74
TOTAL LIABILITIES AND FUND BALANCES	$ 54,824.74

The accompanying notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Gasconade, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1820 by an Act of the Missouri Territory. In addition to the three Commissioners, there are 10 elected Constitutional Officers: Assessor, County Clerk, Collector, Coroner, Treasurer, County Surveyor, Circuit Clerk/Recorder of Deeds, Sheriff, Public Administrator and Prosecuting Attorney.

As discussed further in Note I, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of the County.

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, transportation, economic development, and social and recreation services.

The financial statements referred to above include only the primary government of Gasconade County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

The County is also responsible for appointing a majority of the members of the board of the Community Mental Health Services Board but the County's accountability for this organization does not extend beyond making appointments.

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri law, which include a Statement of Receipts, Disbursements and Changes in Cash Balances – All Governmental Funds, a Comparative Statement of Receipts and Disbursements – Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following fund types are used by the County:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similar to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other officeholders.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

As a result of using this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.

2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets.

4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.

6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

   Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

7. Budgets are prepared and adopted on the cash basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2013 and 2012, for purposes of taxation, was:

	2013	2012
Real Estate	$ 151,028,930	$ 151,444,890
Personal Property	40,731,984	40,220,414
Railroad and Utilities	22,933,720	21,831,664
	$ 214,694,634	$ 213,496,968

The County Commission approved a $0.4274 and $0.4180, respectively, tax levy per $100 of assessed valuation of tangible taxable property for the calendar year 2013 and 2012, for purposes of County taxation, as follows:

	2013	2012
General Revenue Fund	$ 0.1602	$ 0.1516
Special Road and Bridge Fund	0.2672	0.2664
	$ 0.4274	$ 0.4180

F. Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash and investments applicable to a particular fund are readily identifiable. Some County offices also hold cash and investments in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are eliminated due to reporting the financial statements on the regulatory basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

G. Interfund Transactions (concluded)

Legally required transfers are reported as “transfers in” by the recipient fund and as “transfers out” by the disbursing fund.

II. CASH AND INVESTMENTS

The County maintains a cash investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and Equivalents" under each fund's caption. Deposits with maturities greater than three months are considered investments. In addition, cash is separately held by several of the County’s funds.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013, and 2012, the carrying amounts of the County's deposits were $1,523,095.88 and $1,349,615.95, and the bank balances were $1,498,789.59 and $1,242,943.16, respectively. The total bank balances as of December 31, 2013, and 2012 were insured through the Federal Deposit Insurance Corporation and securities set by the County’s financial institutions.

SUMMARY OF CARRYING VALUES

The carrying values of deposits shown above are included in the financial statements at December 31, 2013, as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash – Governmental Funds	
Deposits	$ 1,523,095.88
Total Deposits as of December 31, 2013	1,523,095.88

The carrying values of deposits and investments at December 31, 2012, are as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash – Governmental Funds	
Deposits	$ 1,349,615.95
Total Deposits as of December 31, 2012	1,349,615.95

II. CASH AND INVESTMENTS (concluded)

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013, and 2012.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's investments were not exposed to concentration of investment credit risk for the years ended December 31, 2013, and 2012.

III. CAPITAL LEASES

On June 9, 2010, the County entered into a lease purchase agreement with Ford Motor Credit for a 2010 Chevrolet Tahoe 4x4. The total cost was $29,435 with 12 consecutive quarterly payments of $2,700.66 and an interest rate of 7.20%. The maturity date is March 9, 2013. These payments are made out of the Sheriff's Law Enforcement Civil Fee Fund.

On December 30, 2010, the County entered into a lease purchase agreement with Ford Motor Credit for three 2011 Chevrolet Impalas. The total cost was $58,994 with 12 consecutive quarterly payments of $5,307.69, and an interest rate of 5.70%. The maturity date is September 30, 2013. These payments are made out of General Revenue Fund.

III. CAPITAL LEASES (continued)

On October 19, 2011, the County entered into a lease purchase agreement with the Ford Motor Credit for two 2012 Chevrolet Impalas and one 2012 Chevrolet Silverado 1500 4x4. The total cost was $71,077 with 12 consecutive quarterly payments of $6,436.88 and interest rate of 6.20%. The maturity date is July 19, 2014. These payments are made out of the General Revenue Fund.

On May 16, 2013, the County entered into a lease purchase agreement with Ford Motor Credit for one 2013 Ford Police Interceptor Utility and one 2013 Ford Escape. The total cost was $50,893 with 12 consecutive quarterly payments of $4,644.10 and an interest rate of 5.70%. The maturity date is May 16, 2016. These payments are made out of the Sheriff's Law Enforcement Civil Fee Fund.

The change in capital lease obligations for the year ended December 31, 2013 is as follows:

Capital Leases	Balance 12/31/12	Additions	Payments	Balance 12/31/13	Interest Paid
1- 2010 Chevrolet Tahoe	$ 2,653.11	$ -	$ 2,653.11	$ -	$ 47.55
3- 2011 Chevrolet Impalas	15,479.92	-	15,479.92	-	443.15
2- 2012 Chevrolet Impalas & 1 - 2012 Silverado	42,389.59	-	23,662.47	18,727.12	2,085.05
1- 2013 Ford Police Interceptor & 1 – 2013 Escape	-	50,893.00	7,893.59	42,999.41	1,394.61
	$ 60,522.62	$ 50,893.00	$49,689.09	$61,726.53	$ 3,970.36

As of December 31, 2013, the schedule of future payments for the capital leases of the County is as follows:

Year Ending December 31,	Interest	Principal	Total
2014	$ 2,686.51	$ 35,200.53	$ 37,887.04
2015	1,143.76	17,432.64	18,576.40
2016	194.83	9,093.36	9,288.19
	$ 4,025.10	$ 61,726.53	$ 65,751.63

The change in capital lease obligations for the year ended December 31, 2012 is as follows:

Capital Leases	Balance 12/31/11	Additions	Payments	Balance 12/31/12	Interest Paid
1- 2010 Chevrolet Tahoe	$ 12,803.87	$ -	$ 10,150.76	$ 2,653.11	$ 651.88
3- 2011 Chevrolet Impalas	39,863.21	-	24,383.29	15,479.92	2,155.16
2- 2012 Chevrolet Impalas & 1 - 2012 Silverado	64,640.12	-	22,250.53	42,389.59	3,496.99
	$ 117,307.20	$ -	$ 56,784.58	$ 60,522.62	$ 6,304.03

III. CAPITAL LEASES (concluded)

As of December 31, 2012, the schedule of future payments for the capital leases of the County is as follows:

Year Ending December 31,	Interest	Principal	Total
2013	$ 2,575.75	$ 41,795.50	$ 44,371.25
2014	583.52	18,727.12	19,310.64
	$ 3,159.27	$ 60,522.62	$ 63,681.89

IV. LONG-TERM DEBT

On November 14, 2012, the County entered into a promissory note with Missouri Department of Natural Resources in the amount of $17,298.27 with 0% interest and a maturity date of August 1, 2020. The funds are to be used to implement Energy Conservation Measures. These payments are made out of the General Revenue Fund.

The change in long-term debt obligations for the year ended December 31, 2013 is as follows:

Promissory Note	Balance 12/31/12	Additions	Payments	Balance 12/31/13	Interest Paid
MO DNR Loan	$ 17,298.27	$ -	$ 2,272.00	$ 15,026.27	$ -
	$ 17,298.27	$ -	$ 2,272.00	$ 15,026.27	$ -

As of December 31, 2013, the schedule of future payments for the promissory note of the County is as follows:

Year Ending December 31,	Interest	Principal	Total
2014	$ -	$ 2,272.00	$ 2,272.00
2015	-	2,272.00	2,272.00
2016	-	2,272.00	2,272.00
2017	-	2,272.00	2,272.00
2018	-	2,272.00	2,272.00
2019-2020	-	3,666.27	3,666.27
	$ -	$ 15,026.27	$ 15,026.27

The change in long-term debt obligations for the year ended December 31, 2012 is as follows:

Promissory Note	Balance 12/31/11	Additions	Payments	Balance 12/31/12	Interest Paid
MO DNR Loan	$ -	$ 17,298.27	$ -	$ 17,298.27	$ -
	$ -	$ 17,298.27	$ -	$ 17,298.27	$ -

IV. LONG-TERM DEBT (concluded)

As of December 31, 2012, the schedule of future payments for the promissory note of the County is as follows:

Year Ending December 31,	Interest	Principal	Total
2013	$ -	$ 2,272.00	$ 2,272.00
2014	-	2,272.00	2,272.00
2015	-	2,272.00	2,272.00
2016	-	2,272.00	2,272.00
2017	-	2,272.00	2,272.00
2018-2020	-	5,938.27	5,938.27
	$ -	$ 17,298.27	$ 17,298.27

V. OPERATING LEASES

During 2012, the Sheriff had a storage locker which cost $95 per month. The total fee paid in 2012 was $1,140. The lease did not exist in 2013.

During 2013 and 2012, the County paid $200 per year to store stock piles at various locations: during 2013, Scott Ruffner and St. John's UCC – Bem received $200 each and John and David VanBooven received $400 ($200 for 2013 and $200 for 2012); during 2012, Scott Ruffner and St. John's UCC – Bem received $200 each.

VI. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2013, and 2012 are as follows:

	2013		2012	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	$ 90,429.54	$ -	$ 96,168.90	$ -
Special Road and Bridge Fund	-	88,942.97	-	93,927.98
Union Electric SOP Fund	-	1,486.57	-	2,240.92
TOTAL	$ 90,429.54	$ 90,429.54	$ 96,168.90	$ 96,168.90

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Revenue Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VII. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system.

CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

VII. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (concluded)

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Total contributions remitted to CERF for the years ended December 31, 2013, and 2012 were $24,963.68 and $23,554.88, respectively.

VIII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

A. Plan Description

Gasconade County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and governed by statute section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Status

Full-time employees of Gasconade County do not contribute to the pension plan. The June 30th statutorily required contribution rates are 9.0% (General) and 10.7% (Police) for 2013 and 10.3% (General) and 11.5% (Police) for 2012, of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

VIII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current years 2013 and 2012 were as follows:

2013

Annual required contribution	$	130,365
Interest on net pension obligation		749
Adjustment to annual required contribution		(890)
Annual pension cost		130,224
Actual contributions		130,365
Increase (decrease) in NPO		(141)
NPO beginning of year		10,331
NPO end of year	$	10,190

The annual required contribution (ARC) was determined as part of the February 28, 2011, and February 29, 2012, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011 was 15 years for the General division and 15 years for the Police division. The amortization period as of February 29, 2012 was 15 years for the General division and 16 years for the Police division.

THREE-YEAR TREND INFORMATION

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 140,617	96.3%	$ 10,480
2012	142,367	100.1	10,331
2013	130,224	100.1	10,190

VIII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
2/28/2011	$2,762,537	$3,085,150	$ 322,613	90%	$1,401,604	23%
2/29/2012	3,083,168	3,230,381	147,213	95	1,367,129	11
2/28/2013	3,486,974	3,395,543	(91,431)	103	1,204,964	

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

2012

Annual required contribution	$	142,516
Interest on net pension obligation		760
Adjustment to annual required contribution		(909)
Annual pension cost		142,367
Actual contributions		142,516
Increase (decrease) in NPO		(149)
NPO beginning of year		10,480
NPO end of year	$	10,331

The annual required contribution (ARC) was determined as part of the February 28, 2010, and February 28, 2011, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010, was 19 years for the General division and 15 years for the Police division. The amortization period as of February 28, 2011, was 15 years for the General division and 15 years for the Police division.

VIII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (concluded)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (concluded)

THREE-YEAR TREND INFORMATION

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$ 122,847	95.7%	$ 5,282
2011	140,617	96.3	10,480
2012	142,367	100.1	10,331

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
2/28/2010	$2,423,848	$2,746,445	$ 322,597	88%	$1,362,009	24%
2/28/2011	2,762,537	3,085,150	322,613	90	1,401,604	23
2/29/2012	3,083,168	3,230,381	147,213	95	1,367,129	11

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

IX. POST EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. The County had one COBRA participant at December 31, 2013, and one COBRA participant at December 31, 2012, with respective employee premiums of $5,361.36 and $135.90.

X. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed $2,244 and $2,244, respectively, for the years ended December 31, 2013 and 2012.

XI. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is not involved in pending litigation as of the audit report date.

B. Compensated Absences

The County provides employees with up to four weeks of paid vacation based upon the number of years of continuous service. This ranges from getting two weeks after the first year of service. Upon termination from county employment, an employee is reimbursed for unused vacation and overtime, if applicable. All regular full-time employees, working 30 hours a week or more, in the County earn four hours of sick leave for each calendar month of employment. Sick leave for new and terminated full time employees is prorated based on when the employee starts or terminates employment during the month. The employee receives one hour of sick leave for each week worked the first and last month of employment. Upon termination from county employment, an employee is reimbursed for unused sick leave, if applicable.

C. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

XII. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. Insurance is obtained from commercial insurance companies. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

XIII. SUBSEQUENT EVENTS

There were no subsequent events to report as of the audit report date.

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

SCHEDULE OF STATE FINDINGS

There were no state findings noted for the year ended December 31, 2013, and 2012.

INTERNAL CONTROL AND COMPLIANCE SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the County Commission
The County of Gasconade, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Gasconade ("County") as of and for the years ended December 31, 2013, and 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. [FS 13/12-01, FS 13/12-02, FS 13/12-03]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 16, 2014

I. FINANCIAL STATEMENT FINDINGS

FS 13/12-01

Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification,* considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The County Clerk's Office (Lesa Lietzow) will consider preparing the needed documentation to document their internal control structure and risk assessment in conformity with the COSO framework under the guidance given by the County Commission. The County Clerk's office phone number is (573) 486-5427.

FS 13/12-02

Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

I. FINANCIAL STATEMENT FINDINGS (concluded)

FS 13/12-02 Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of responsible officials and planned corrective actions: The County Clerk's Office (Lesa Lietzow) will consider preparing the needed documentation to document their internal control structure and risk assessment in conformity with the COSO framework under the guidance given by the County Commission. The County Clerk's office phone number is (573) 486-5427.

FS 13/12-03 Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit*: An Amendment to SAS No. 55.

Condition: Lack of sufficient segregation of duties within the office of the Collector's and Treasurer's offices.

Context: During the engagement, we noted that an individual is allowed to receive, record, deposit, as well as write, approve, sign and reconcile expenditures and receipts to the bank statement.

Effect: The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within each of the corresponding departments.

Recommendation: These areas should be reviewed periodically and consideration should be given to improving the segregation of duties.

Views of responsible officials and planned corrective actions: The Collector's and Treasurer's offices will continue to be monitored and additional personnel will be added when possible. The County Collector is Shawn Schlottach and her office phone number is (573) 486-2711 and the County Treasurer is Joey Gross and his office phone number is (573) 486-2411.

THE COUNTY OF GASCONADE
HERMANN, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2013 AND 2012

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

There were no prior year financial statement findings to report. The State Auditor's office completed an audit of the County for the year ended December 31, 2009.

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

June 16, 2014

To the Board of Commissioners
County of Gasconade

In planning and performing our audit of the regulatory based financial statements of the County of Gasconade (the "County") as of and for the years ended December 31, 2013, and December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in County's internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination0 of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the County's internal control to be significant deficiencies as noted in section I:

Our comments concerning internal control and other significant matters are presented as follows:

I. Deficiencies Considered to be Significant
II. Information Required by Professional Standards

The County's management has provided written responses to the findings in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the County Commission, County Office Holders, the Missouri State Auditor and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 13/12-01 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification,* considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The County Clerk's Office (Lesa Lietzow) will consider preparing the needed documentation to document their internal control structure and risk assessment in conformity with the COSO framework under the guidance given by the County Commission. The County Clerk's office phone number is (573) 486-5427.

FS 13/12-02 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (concluded)

FS 13/12-02 Views of responsible officials and planned corrective actions: The County Clerk's Office (Lesa Lietzow) will consider preparing the needed documentation to document their internal control structure and risk assessment in conformity with the COSO framework under the guidance given by the County Commission. The County Clerk's office phone number is (573) 486-5427.

FS 13/12-03 Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit*: An Amendment to SAS No. 55.

Condition: Lack of sufficient segregation of duties within the office of the Collector's and Treasurer's offices.

Context: During the engagement, we noted that an individual is allowed to receive, record, deposit, as well as write, approve, sign and reconcile expenditures and receipts to the bank statement.

Effect: The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within each of the corresponding departments.

Recommendation: These areas should be reviewed periodically and consideration should be given to improving the segregation of duties.

Views of responsible officials and planned corrective actions: The Collector's and Treasurer's offices will continue to be monitored and additional personnel will be added when possible. The County Collector is Shawn Schlottach and her office phone number is (573) 486-2711 and the County Treasurer is Joey Gross and his office phone number is (573) 486-2411.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 5, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2013-2012 fiscal years. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (continued)

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the County applying the regulatory basis of accounting, no estimates are made during the preparation of financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 16, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

Other Matters

We were engaged to report on the schedule of state findings, schedule of findings and responses and the summary of prior year findings and responses, which accompany the financial statements but are not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves

We noted during our audit certain matters that were not considered to be significant deficiencies or material weaknesses. Several county offices have limited numbers of staff which inherently increases the risk of misstatement. Office holders appear to have mitigating controls in place to lower these risks to an acceptable level but the commission does need to be aware of these risks and offices need to remain vigilant in deterring the potential for erroneous or fraudulent activity.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Miller County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Miller County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-072

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013 AND 2012

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
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FINANCIAL SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Miller, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Miller ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2013, and 2012, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note I of the financial statements, the financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2013, and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the County as of December 31, 2013, and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Miller's basic financial statements. The schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2014, on our consideration of the County of Miller's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Miller's internal control over financial reporting and compliance.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 13, 2014

FINANCIAL STATEMENTS

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

FUND	CASH AND INVESTMENT BALANCES JANUARY 1, 2013	RECEIPTS 2013	DISBURSEMENTS 2013	CASH AND INVESTMENT BALANCES DECEMBER 31, 2013
GENERAL REVENUE FUND	$ 124,874.49	$ 3,095,214.97	$ 3,022,122.56	$ 197,966.90
SPECIAL ROAD AND BRIDGE FUND	96,160.25	2,012,426.29	2,055,461.53	53,125.01
ASSESSMENT FUND	214,313.83	361,946.84	345,579.26	230,681.41
LAW ENFORCEMENT TRAINING FUND	2,489.56	6,311.57	8,375.16	425.97
PROSECUTING ATTORNEY TRAINING FUND	6,319.92	1,299.39	568.50	7,050.81
PROSECUTING ATTORNEY BAD CHECK FUND	96,404.56	26,401.85	21,493.00	101,313.41
EMERGENCY MANAGEMENT FUND	2,370.44	13,809.89	16,104.51	75.82
911 FUND	(22,468.58)	561,413.47	674,349.05	(135,404.16)
CAPITAL IMPROVEMENT FUND	241,870.68	1,795,278.29	1,456,162.60	580,986.37
SENIOR CITIZENS SERVICE FUND	114,337.83	172,828.48	174,856.78	112,309.53
SHERIFF'S DISCRETIONARY FUND	9,938.62	57,457.54	44,348.92	23,047.24
PROSECUTING ATTORNEY DELINQUENT SALES TAX FUND	18,182.09	542.58	-	18,724.67
SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE FUND	32,032.98	6,851.92	-	38,884.90
HOUSE BILL 786 FUND	21,050.57	14,081.24	22,860.00	12,271.81
MARINA TAX FUND	43,440.27	14,844.44	21,880.83	36,403.88
LAKE JA-HA NID FUND	210.25	4,360.09	4,238.91	331.43
FAMILY ACCESS MOTION FUND	496.54	14.82	-	511.36
DRUG AWARENESS AND RESISTANCE EDUCATION FUND	38.19	3,882.48	2,995.57	925.10
W-12 CONSTRUCTION MAINTENANCE FUND	30,128.26	22,843.11	34,813.69	18,157.68
PORT BAGNELL ROAD NID FUND	19,679.74	42,527.88	39,315.00	22,892.62
FEMA DISASTER MONEY FUND	206,414.64	21,955.36	195,499.66	32,870.34
NORMAN ROAD/HAND LANE NID FUND	2,753.33	14,722.91	14,850.00	2,626.24
SHERIFF'S DEPUTY SALARY SUPPLEMENT FUND	(2,743.99)	104,549.54	109,501.45	(7,695.90)
TIF 3 - OSAGE NATIONAL RETAIL OUTLET FUND	603.94	1,015.71	1,259.22	360.43
W-15C NID FUND	15,262.72	12,256.51	14,650.00	12,869.23
BAGNELL SPECIAL MARINA TAX FUND	76,512.21	43,904.14	33,565.67	86,850.68
KAISER SPECIAL ROAD DISTRICT MARINA TAX FUND	13,054.50	2,103.40	-	15,157.90
LOCAL EMERGENCY PREPAREDNESS FUND	18,687.07	558.11	1,478.13	17,767.05
MILLER COUNTY COLLECTOR TAX MAINTENANCE FUND	113,064.67	44,162.00	37,440.07	119,786.60
POST COMMISSION FUND	2,026.62	2,105.89	-	4,132.51
ELECTION SERVICES FUND	25,447.06	6,020.94	837.56	30,630.44
OAK TERRACE NID FUND	552.74	8,748.53	8,800.00	501.27
RECORDER'S TECHNOLOGY FUND	36,605.58	7,339.48	16,572.41	27,372.65
JAIL FUND	(43,503.19)	1,073,804.58	1,161,154.75	(130,853.36)
INMATE SECURITY FUND	8,039.92	8,327.71	7,481.01	8,886.62
TIME PAYMENT FEE FUND	107.19	3.19	-	110.38
NORMAN ROAD/HAND LANE MAINTENANCE NID FUND	2,466.49	1,878.72	2,240.00	2,105.21
TIF - SPECIAL ACCOUNT FOR DEVELOPER FUND	7.66	0.16	-	7.82
TOTAL	$ 1,527,229.65	$ 9,567,794.02	$ 9,550,855.80	$ 1,544,167.87

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

FUND	CASH AND INVESTMENT BALANCES JANUARY 1, 2012	RECEIPTS 2012	DISBURSEMENTS 2012	CASH AND INVESTMENT BALANCES DECEMBER 31, 2012
GENERAL REVENUE FUND	$ 187,578.39	$ 2,954,739.56	$ 3,017,443.46	$ 124,874.49
SPECIAL ROAD AND BRIDGE FUND	78,933.84	2,436,430.44	2,419,204.03	96,160.25
ASSESSMENT FUND	177,251.74	373,770.70	336,708.61	214,313.83
LAW ENFORCEMENT TRAINING FUND	8,388.41	4,514.65	10,413.50	2,489.56
PROSECUTING ATTORNEY TRAINING FUND	5,034.69	1,285.23	-	6,319.92
PROSECUTING ATTORNEY BAD CHECK FUND	92,303.80	25,756.28	21,655.52	96,404.56
EMERGENCY MANAGEMENT FUND	(986.65)	27,142.96	23,785.87	2,370.44
911 FUND	(3,115.26)	613,760.30	633,113.62	(22,468.58)
CAPITAL IMPROVEMENT FUND	280,612.57	1,660,191.97	1,698,933.86	241,870.68
SENIOR CITIZENS SERVICE FUND	119,154.68	179,332.19	184,149.04	114,337.83
SHERIFF'S DISCRETIONARY FUND	8,100.13	50,734.75	48,896.26	9,938.62
PROSECUTING ATTORNEY DELINQUENT SALES TAX FUND	17,346.66	835.43	-	18,182.09
SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE FUND	25,323.88	6,709.10	-	32,032.98
HOUSE BILL 786 FUND	9,767.15	34,143.42	22,860.00	21,050.57
MARINA TAX FUND	30,228.36	17,669.65	4,457.74	43,440.27
LAKE JA-HA NID FUND	103.67	4,353.82	4,247.24	210.25
FAMILY ACCESS MOTION FUND	478.83	17.71	-	496.54
DRUG AWARENESS AND RESISTANCE EDUCATION FUND	42.24	3,413.03	3,417.08	38.19
W-12 CONSTRUCTION MAINTENANCE FUND	44,638.98	22,496.85	37,007.57	30,128.26
PORT BAGNELL ROAD NID FUND	17,607.64	46,887.10	44,815.00	19,679.74
FEMA DISASTER MONEY FUND	3,601.15	317,044.00	114,230.51	206,414.64
NORMAN ROAD/HAND LANE NID FUND	3,219.50	16,608.83	17,075.00	2,753.33
SHERIFF'S DEPUTY SALARY SUPPLEMENT FUND	1,595.34	102,590.72	106,930.05	(2,743.99)
TIF 3 - OSAGE NATIONAL RETAIL OUTLET FUND	938.57	23.67	358.30	603.94
W-15C NID FUND	20,609.47	9,953.25	15,300.00	15,262.72
BAGNELL SPECIAL MARINA TAX FUND	56,313.84	52,518.56	32,320.19	76,512.21
KAISER SPECIAL ROAD DISTRICT MARINA TAX FUND	10,589.51	2,464.99	-	13,054.50
LOCAL EMERGENCY PREPAREDNESS FUND	19,168.90	711.58	1,193.41	18,687.07
MILLER COUNTY COLLECTOR TAX MAINTENANCE FUND	94,402.00	44,705.00	26,042.33	113,064.67
POST COMMISSION FUND	1.40	2,175.22	150.00	2,026.62
ELECTION SERVICES FUND	11,890.11	13,556.95	-	25,447.06
OAK TERRACE NID FUND	1,476.50	8,226.24	9,150.00	552.74
RECORDER'S TECHNOLOGY FUND	32,145.64	7,849.03	3,389.09	36,605.58
JAIL FUND	(6,581.67)	1,083,648.66	1,120,570.18	(43,503.19)
INMATE SECURITY FUND	6,919.68	4,458.38	3,338.14	8,039.92
TIME PAYMENT FEE FUND	103.36	3.83	-	107.19
NORMAN ROAD/HAND LANE MAINTENANCE NID FUND	-	3,612.49	1,146.00	2,466.49
TIF - SPECIAL ACCOUNT FOR DEVELOPER FUND	7.48	0.18	-	7.66
TOTAL	$ 1,355,194.53	$ 10,134,336.72	$ 9,962,301.60	$ 1,527,229.65

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	GENERAL REVENUE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 255,000.00	$ 337,375.29	$ 236,000.00	$ 318,592.48
Sales Taxes	1,730,000.00	1,734,557.27	1,613,000.00	1,498,109.21
Intergovernmental	450,231.53	409,935.93	387,230.53	477,539.14
Charges for Services	611,000.00	568,774.47	649,500.00	615,371.52
Interest	5,405.00	12,155.81	5,070.37	10,275.26
Other	36,000.00	32,168.77	21,000.00	34,426.97
Transfers In	-	247.43	-	424.98
TOTAL RECEIPTS	3,087,636.53	3,095,214.97	2,911,800.90	2,954,739.56
DISBURSEMENTS				
County Commission	130,250.00	131,271.38	127,573.61	126,465.59
County Clerk	100,286.56	104,972.46	97,886.56	98,459.84
Elections	97,179.23	86,208.95	228,779.23	193,309.04
Buildings and Grounds	216,600.00	311,393.44	200,806.80	160,515.75
Employee Fringe Benefits	422,025.00	433,728.79	416,472.00	436,914.47
County Treasurer	48,100.00	48,175.01	49,690.84	49,349.95
County Collector	118,065.00	117,015.33	117,705.00	119,284.62
Recorder of Deeds	70,025.00	69,143.50	68,457.00	68,862.83
Circuit Clerk	15,400.00	6,587.99	15,583.36	8,002.86
Associate Circuit Court	63,000.00	17,282.24	38,000.00	15,135.76
Court Administration	14,527.62	9,662.15	14,527.62	8,110.60
Public Administrator	35,529.39	34,138.06	31,700.00	31,395.15
Other General County Government	229,337.00	190,460.36	237,388.80	236,989.47
Sheriff	600,328.80	664,181.87	615,057.84	720,000.71
Prosecuting Attorney	225,437.39	217,011.35	219,417.55	224,841.83
Juvenile Officer	92,194.25	60,609.04	75,000.00	80,375.53
County Coroner	26,147.11	22,461.01	26,452.92	26,949.10
Health and Welfare	-	-	-	-
Emergency Fund	92,629.10	-	87,354.03	-
Transfers Out	152,000.00	152,822.98	105,000.00	88,400.22
Other	315,000.00	344,996.65	-	324,080.14
TOTAL DISBURSEMENTS	3,064,061.45	3,022,122.56	2,772,853.16	3,017,443.46
RECEIPTS OVER (UNDER) DISBURSEMENTS	23,575.08	73,092.41	138,947.74	(62,703.90)
CASH AND INVESTMENT BALANCES, JANUARY 1	124,874.49	124,874.49	187,578.39	187,578.39
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 148,449.57	$ 197,966.90	$ 326,526.13	$ 124,874.49

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SPECIAL ROAD AND BRIDGE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 560,000.00	$ 525,288.33	$ 555,000.00	$ 539,079.50
Intergovernmental	1,257,051.04	1,085,440.78	1,615,350.00	1,759,396.54
Charges for Services	-	-	-	-
Interest	8,545.00	9,401.11	6,000.00	9,566.18
Other	25,000.00	56,259.68	108,000.00	53,388.22
Transfers In	205,000.00	336,036.39	155,000.00	75,000.00
TOTAL RECEIPTS	2,055,596.04	2,012,426.29	2,439,350.00	2,436,430.44
DISBURSEMENTS				
Salaries	500,000.00	478,385.18	480,000.00	465,667.98
Employee Fringe Benefits	242,400.00	279,591.41	237,981.36	250,005.06
Supplies	377,000.00	402,426.23	388,000.00	381,014.01
Insurance	16,000.00	17,103.52	20,619.72	16,257.03
Road and Bridge Materials	140,000.00	84,037.41	50,000.00	28,991.31
Equipment Repairs	175,000.00	161,689.51	135,000.00	180,411.13
Rentals	-	-	-	-
Equipment Purchases	344,000.00	332,995.84	340,000.00	297,705.83
Road and Bridge Construction	315,000.00	267,351.87	773,000.00	783,040.89
Other Expenditures	14,080.13	31,880.56	10,100.00	16,110.79
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	2,123,480.13	2,055,461.53	2,434,701.08	2,419,204.03
RECEIPTS OVER (UNDER) DISBURSEMENTS	(67,884.09)	(43,035.24)	4,648.92	17,226.41
CASH AND INVESTMENT BALANCES, JANUARY 1	96,160.25	96,160.25	78,933.84	78,933.84
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 28,276.16	$ 53,125.01	$ 83,582.76	$ 96,160.25

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ASSESSMENT FUND				LAW ENFORCEMENT TRAINING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	$ 29,000.00	$ 30,002.41	$ 25,000.00	$ 29,870.44	$ -	$ -	$ -	$ -
Intergovernmental	370,300.00	322,311.71	338,951.00	327,993.74	-	-	-	-
Charges for Services	-	-	-	-	5,400.00	6,265.26	3,700.00	4,250.00
Interest	8,000.00	9,594.07	6,000.00	9,732.14	250.00	46.31	179.00	264.65
Other	1,000.00	38.65	500.00	6,174.38	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	408,300.00	361,946.84	370,451.00	373,770.70	5,650.00	6,311.57	3,879.00	4,514.65
DISBURSEMENTS								
Assessor	406,062.00	345,579.26	362,586.18	336,708.61	-	-	-	-
Sheriff	-	-	-	-	8,050.00	8,375.16	8,050.00	10,413.50
Transfers Out	1,000.00	-	500.00	-	-	-	-	-
TOTAL DISBURSEMENTS	407,062.00	345,579.26	363,086.18	336,708.61	8,050.00	8,375.16	8,050.00	10,413.50
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,238.00	16,367.58	7,364.82	37,062.09	(2,400.00)	(2,063.59)	(4,171.00)	(5,898.85)
CASH AND INVESTMENT BALANCES, JANUARY 1	214,313.83	214,313.83	177,251.74	177,251.74	2,489.56	2,489.56	8,388.41	8,388.41
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 215,551.83	$ 230,681.41	$ 184,616.56	$ 214,313.83	$ 89.56	$ 425.97	$ 4,217.41	$ 2,489.56

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	PROSECUTING ATTORNEY TRAINING FUND				PROSECUTING ATTORNEY BAD CHECK FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	$ 1,000.00	$ 1,108.86	$ 950.00	$ 1,080.20	$ 22,500.00	$ 23,358.14	$ 34,500.00	$ 22,265.56
Interest	125.00	190.53	-	205.03	3,000.00	3,043.71	3,000.00	3,490.72
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	1,125.00	1,299.39	950.00	1,285.23	25,500.00	26,401.85	37,500.00	25,756.28
DISBURSEMENTS								
Prosecuting Attorney	2,000.00	568.50	2,000.00	-	87,000.00	21,493.00	89,230.00	21,655.52
Transfers Out	1,085.00	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	3,085.00	568.50	2,000.00	-	87,000.00	21,493.00	89,230.00	21,655.52
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,960.00)	730.89	(1,050.00)	1,285.23	(61,500.00)	4,908.85	(51,730.00)	4,100.76
CASH AND INVESTMENT BALANCES, JANUARY 1	6,319.92	6,319.92	5,034.69	5,034.69	96,404.56	96,404.56	92,303.80	92,303.80
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 4,359.92	$ 7,050.81	$ 3,984.69	$ 6,319.92	$ 34,904.56	$ 101,313.41	$ 40,573.80	$ 96,404.56

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	EMERGENCY MANAGEMENT FUND				911 FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Phone Taxes	$ -	$ -	$ -	$ -	$ 234,684.90	$ 220,336.76	$270,000.00	$ 234,684.90
Intergovernmental	1,500.00	-	-	3,734.88	20,025.00	18,479.71	20,500.00	15,243.72
Charges for Services	-	-	-	-	-	-	-	-
Interest	6.00	66.48	-	12.47	49.65	-	40.00	49.65
Other	8,402.60	13,743.41	50.00	12,230.39	13,782.03	5,527.00	500.00	13,782.03
Transfers In	15,900.00	-	15,900.00	11,165.22	400,000.00	317,070.00	340,000.00	350,000.00
TOTAL RECEIPTS	25,808.60	13,809.89	15,950.00	27,142.96	668,541.58	561,413.47	631,040.00	613,760.30
DISBURSEMENTS								
Emergency Management	18,941.05	16,104.51	14,952.24	23,785.87	-	-	-	-
911	-	-	-	-	644,239.34	674,101.62	627,718.62	632,688.64
Transfers Out	-	-	-	-	-	247.43	-	424.98
TOTAL DISBURSEMENTS	18,941.05	16,104.51	14,952.24	23,785.87	644,239.34	674,349.05	627,718.62	633,113.62
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,867.55	(2,294.62)	997.76	3,357.09	24,302.24	(112,935.58)	3,321.38	(19,353.32)
CASH AND INVESTMENT BALANCES, JANUARY 1	2,370.44	2,370.44	(986.65)	(986.65)	(22,468.58)	(22,468.58)	(3,115.26)	(3,115.26)
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 9,237.99	$ 75.82	$ 11.11	$ 2,370.44	$ 1,833.66	$ (135,404.16)	$ 206.12	$ (22,468.58)

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	CAPITAL IMPROVEMENT FUND				SENIOR CITIZENS SERVICE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$150,000.00	$ 143,426.79	$169,000.00	$ 149,069.55
Sales Taxes	1,500,000.00	1,444,306.00	1,453,000.00	1,352,807.14	-	-	-	-
Intergovernmental	330,000.00	319,919.19	-	285,087.79	24,000.96	23,452.28	20,173.96	23,774.60
Charges for Services	-	-	-	-	-	-	-	-
Interest	12,500.00	12,039.70	11,500.00	12,823.17	6,540.50	5,949.41	5,345.34	6,488.04
Other	10,000.00	19,013.40	247,000.00	9,473.87	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	1,852,500.00	1,795,278.29	1,711,500.00	1,660,191.97	180,541.46	172,828.48	194,519.30	179,332.19
DISBURSEMENTS								
Capital Improvements	1,834,377.50	691,631.60	1,665,160.00	698,933.86	-	-	-	-
Senior Citizens Service Expenses	-	-	-	-	236,447.00	174,856.78	219,740.00	184,149.04
Transfers Out	-	764,531.00	-	1,000,000.00	-	-	-	-
TOTAL DISBURSEMENTS	1,834,377.50	1,456,162.60	1,665,160.00	1,698,933.86	236,447.00	174,856.78	219,740.00	184,149.04
RECEIPTS OVER (UNDER) DISBURSEMENTS	18,122.50	339,115.69	46,340.00	(38,741.89)	(55,905.54)	(2,028.30)	(25,220.70)	(4,816.85)
CASH AND INVESTMENT BALANCES, JANUARY 1	241,870.68	241,870.68	280,612.57	280,612.57	114,337.83	114,337.83	119,154.68	119,154.68
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 259,993.18	$ 580,986.37	$ 326,952.57	$ 241,870.68	$ 58,432.29	$ 112,309.53	$ 93,933.98	$ 114,337.83

The accompanying notes to the financial statements are an integral part of this statement.

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	SHERIFF'S DISCRETIONARY FUND				PROSECUTING ATTORNEY DELINQUENT SALES TAX FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 50,000.00	$ 56,638.30	$ 50,968.00	$ 50,260.99	$ 150.00	$ -	$ 200.00	$ 189.26
Charges for Services	275.00	-	-	-	-	-	-	-
Interest	-	559.75	275.00	278.86	500.00	542.58	500.00	646.17
Other	200.00	259.49	200.00	194.90	-	-	-	-
TOTAL RECEIPTS	50,475.00	57,457.54	51,443.00	50,734.75	650.00	542.58	700.00	835.43
DISBURSEMENTS								
Sheriff	60,350.00	44,348.92	59,000.00	48,896.26	-	-	-	-
Prosecuting Attorney	-	-	-	-	5,000.00	-	4,500.00	
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	60,350.00	44,348.92	59,000.00	48,896.26	5,000.00	-	4,500.00	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,875.00)	13,108.62	(7,557.00)	1,838.49	(4,350.00)	542.58	(3,800.00)	835.43
CASH AND INVESTMENT BALANCES, JANUARY 1	9,938.62	9,938.62	8,100.13	8,100.13	18,182.09	18,182.09	17,346.66	17,346.66
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 63.62	$ 23,047.24	$ 543.13	$ 9,938.62	$ 13,832.09	$ 18,724.67	$ 13,546.66	$ 18,182.09

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	SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE FUND				HOUSE BILL 786 FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 5,675.49	$ 5,833.50	$ 4,930.00	$ 5,675.49	$ 13,500.00	$ 13,549.17	$ 13,500.00	$ 33,277.61
Charges for Services	-	-	-	-	-	-	-	-
Interest	1,033.61	1,018.42	600.00	1,033.61	800.00	532.07	1,063.00	865.81
TOTAL RECEIPTS	6,709.10	6,851.92	5,530.00	6,709.10	14,300.00	14,081.24	14,563.00	34,143.42
DISBURSEMENTS								
Domestic Violence	38,000.00	-	29,000.00	-	-	-	-	-
House Bill 786	-	-	-	-	31,860.00	22,860.00	22,860.00	22,860.00
TOTAL DISBURSEMENTS	38,000.00	-	29,000.00	-	31,860.00	22,860.00	22,860.00	22,860.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(31,290.90)	6,851.92	(23,470.00)	6,709.10	(17,560.00)	(8,778.76)	(8,297.00)	11,283.42
CASH AND INVESTMENT BALANCES, JANUARY 1	32,032.98	32,032.98	25,323.88	25,323.88	21,050.57	21,050.57	9,767.15	9,767.15
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 742.08	$ 38,884.90	$ 1,853.88	$ 32,032.98	$ 3,490.57	$ 12,271.81	$ 1,470.15	$ 21,050.57

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	MARINA TAX FUND				LAKE JA-HA NID FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Marina Taxes	$ 17,000.00	$ 13,645.52	$ 15,000.00	$ 16,379.08	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	1,000.00	1,198.92	692.00	1,290.57	28.00	45.09	28.00	38.82
Other	-	-	-	-	4,626.00	4,315.00	4,626.00	4,315.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	18,000.00	14,844.44	15,692.00	17,669.65	4,654.00	4,360.09	4,654.00	4,353.82
DISBURSEMENTS								
Marina Tax	54,000.00	21,880.83	18,000.00	4,457.74	-	-	-	-
Lake Ja-Ha NID	-	-	-	-	4,757.00	4,238.91	4,757.00	4,247.24
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	54,000.00	21,880.83	18,000.00	4,457.74	4,757.00	4,238.91	4,757.00	4,247.24
RECEIPTS OVER (UNDER) DISBURSEMENTS	(36,000.00)	(7,036.39)	(2,308.00)	13,211.91	(103.00)	121.18	(103.00)	106.58
CASH AND INVESTMENT BALANCES, JANUARY 1	43,440.27	43,440.27	30,228.36	30,228.36	210.25	210.25	103.67	103.67
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 7,440.27	$ 36,403.88	$ 27,920.36	$ 43,440.27	$ 107.25	$ 331.43	$ 0.67	$ 210.25

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	FAMILY ACCESS MOTION FUND				DRUG AWARENESS AND RESISTANCE EDUCATION FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ -	$ -	$ -	$ -	$ 5,000.00	$ 2,130.11	$ 4,200.00	$ 2,961.94
Charges for Services	-	-	-	-	-	-	-	-
Interest	17.00	14.82	14.00	17.71	10.00	7.37	24.00	6.09
Other	-	-	-	-	445.00	1,745.00	1,800.00	445.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	17.00	14.82	14.00	17.71	5,455.00	3,882.48	6,024.00	3,413.03
DISBURSEMENTS								
Family Access Motion	400.00	-	400.00	-	-	-	-	-
D.A.R.E.	-	-	-	-	5,400.00	2,995.57	5,000.00	3,417.08
TOTAL DISBURSEMENTS	400.00	-	400.00	-	5,400.00	2,995.57	5,000.00	3,417.08
RECEIPTS OVER (UNDER) DISBURSEMENTS	(383.00)	14.82	(386.00)	17.71	55.00	886.91	1,024.00	(4.05)
CASH AND INVESTMENT BALANCES, JANUARY 1	496.54	496.54	478.83	478.83	38.19	38.19	42.24	42.24
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 113.54	$ 511.36	$ 92.83	$ 496.54	$ 93.19	$ 925.10	$ 1,066.24	$ 38.19

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	W-12 CONSTRUCTION MAINTENANCE FUND				PORT BAGNELL ROAD NID FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ 24,000.00	$ 22,082.61	$ 24,000.00	$ 21,213.58	$ -	$ -	$ -	$ -
Intergovernmental	1,660.00	-	1,660.00	-	46,100.00	41,737.84	44,581.81	46,014.25
Interest	1,432.00	760.50	1,432.00	1,283.27	731.00	790.04	524.00	872.85
Other	-	-	-	-	-	-	-	-
Transfer In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	27,092.00	22,843.11	27,092.00	22,496.85	46,831.00	42,527.88	45,105.81	46,887.10
DISBURSEMENTS								
W-12	56,350.00	34,813.69	71,050.00	37,007.57	-	-	-	-
Port Bagnell NID	-	-	-	-	65,655.00	39,315.00	61,655.00	44,815.00
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	56,350.00	34,813.69	71,050.00	37,007.57	65,655.00	39,315.00	61,655.00	44,815.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(29,258.00)	(11,970.58)	(43,958.00)	(14,510.72)	(18,824.00)	3,212.88	(16,549.19)	2,072.10
CASH AND INVESTMENT BALANCES, JANUARY 1	30,128.26	30,128.26	44,638.98	44,638.98	19,679.74	19,679.74	17,607.64	17,607.64
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 870.26	$ 18,157.68	$ 680.98	$ 30,128.26	$ 855.74	$ 22,892.62	$ 1,058.45	$ 19,679.74

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	FEMA DISASTER MONEY FUND				NORMAN ROAD/HAND LANE NID FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$206,731.00	$ 21,955.36	$ 229,500.00	$317,044.00	$16,300.00	$14,401.02	$16,000.00	$16,223.58
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	380.00	321.89	-	385.25
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	206,731.00	21,955.36	229,500.00	317,044.00	16,680.00	14,722.91	16,000.00	16,608.83
DISBURSEMENTS								
Federal Disasters	206,031.93	64,463.27	229,500.00	114,230.51	-	-	-	-
Norman Road/ Hand Lane NID	-	-	-	-	19,000.00	14,850.00	19,000.00	17,075.00
Transfers Out	-	131,036.39	-	-	-	-	-	-
TOTAL DISBURSEMENTS	206,031.93	195,499.66	229,500.00	114,230.51	19,000.00	14,850.00	19,000.00	17,075.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	699.07	(173,544.30)	-	202,813.49	(2,320.00)	(127.09)	(3,000.00)	(466.17)
CASH AND INVESTMENT BALANCES, JANUARY 1	206,414.64	206,414.64	3,601.15	3,601.15	2,753.33	2,753.33	3,219.50	3,219.50
CASH AND INVESTMENT BALANCES, DECEMBER 31	$207,113.71	$ 32,870.34	$ 3,601.15	$206,414.64	$ 433.33	$ 2,626.24	$ 219.50	$ 2,753.33

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	SHERIFF'S DEPUTY SALARY SUPPLEMENT FUND				TIF 3 - OSAGE NATIONAL RETAIL OUTLET FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ 1,000.00	$ -	$ -
Intergovernmental	167,500.00	104,549.54	152,500.00	102,590.72	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	39.00	15.71	39.00	23.67
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	167,500.00	104,549.54	152,500.00	102,590.72	39.00	1,015.71	39.00	23.67
DISBURSEMENTS								
Sheriff's Deputy Salary Supplement	164,172.41	109,501.45	142,172.41	106,930.05	-	-	-	-
TIF 3 - Osage National Retail Outlet	-	-	-	-	4,000.00	1,259.22	3,000.00	358.30
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	164,172.41	109,501.45	142,172.41	106,930.05	4,000.00	1,259.22	3,000.00	358.30
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,327.59	(4,951.91)	10,327.59	(4,339.33)	(3,961.00)	(243.51)	(2,961.00)	(334.63)
CASH AND INVESTMENT BALANCES, JANUARY 1	(2,743.99)	(2,743.99)	1,595.34	1,595.34	603.94	603.94	938.57	938.57
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 583.60	$ (7,695.90)	$ 11,922.93	$ (2,743.99)	$(3,357.06)	$ 360.43	$ (2,022.43)	$ 603.94

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	W-15C NID FUND				BAGNELL SPECIAL MARINA TAX FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 15,000.00	$ 11,543.72	$ 15,000.00	$ 9,299.90	$50,000.00	$41,505.12	$53,000.00	$ 49,819.70
Charges for Services	-	-	-	-	-	-	-	-
Interest	583.00	476.08	583.00	653.35	2,000.00	2,399.02	1,600.00	2,698.86
Other	-	236.71	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	15,583.00	12,256.51	15,583.00	9,953.25	52,000.00	43,904.14	54,600.00	52,518.56
DISBURSEMENTS								
W-15C NID	30,787.50	14,650.00	35,787.50	15,300.00	-	-	-	-
Bagnell Special Marina Tax	-	-	-	-	120,000.00	33,565.67	110,000.00	32,320.19
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	30,787.50	14,650.00	35,787.50	15,300.00	120,000.00	33,565.67	110,000.00	32,320.19
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,204.50)	(2,393.49)	(20,204.50)	(5,346.75)	(68,000.00)	10,338.47	(55,400.00)	20,198.37
CASH AND INVESTMENT BALANCES, JANUARY 1	15,262.72	15,262.72	20,609.47	20,609.47	76,512.21	76,512.21	56,313.84	56,313.84
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 58.22	$ 12,869.23	$ 404.97	$ 15,262.72	$ 8,512.21	$86,850.68	$ 913.84	$ 76,512.21

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	KAISER SPECIAL ROAD DISTRICT MARINA TAX FUND				LOCAL EMERGENCY PREPAREDNESS FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Marina Taxes	$ 2,000.00	$ 1,705.69	$ 2,100.00	$ 2,047.38	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	5,840.00	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	400.00	397.71	260.00	417.61	600.00	541.11	-	690.58
Other	-	-	-	-	-	17.00	-	21.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	2,400.00	2,103.40	2,360.00	2,464.99	600.00	558.11	5,840.00	711.58
DISBURSEMENTS								
Kaiser Special Road District Marina Tax	14,900.00	-	12,900.00	-	-	-	-	-
Local Emergency Preparedness	-	-	-	-	1,850.00	1,478.13	25,000.00	1,193.41
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	14,900.00	-	12,900.00	-	1,850.00	1,478.13	25,000.00	1,193.41
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,500.00)	2,103.40	(10,540.00)	2,464.99	(1,250.00)	(920.02)	(19,160.00)	(481.83)
CASH AND INVESTMENT BALANCES, JANUARY 1	13,054.50	13,054.50	10,589.51	10,589.51	18,687.07	18,687.07	19,168.90	19,168.90
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 554.50	$ 15,157.90	$ 49.51	$ 13,054.50	$ 17,437.07	$ 17,767.05	$ 8.90	$ 18,687.07

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	MILLER COUNTY COLLECTOR TAX MAINTENANCE FUND				POST COMMISSION FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ -	$ -	$ -	$ -	$ 2,000.00	$ 2,039.40	$ 1,600.00	$ 2,012.21
Charges for Services	40,600.00	41,085.00	43,203.00	41,325.00	-	-	-	-
Interest	3,400.00	3,077.00	2,800.00	3,380.00	13.00	66.49	2.00	13.01
Other	-	-	-	-	-	-	-	150.00
Transfers In	-	-	-	-	5,900.00	-	5,900.00	-
TOTAL RECEIPTS	44,000.00	44,162.00	46,003.00	44,705.00	7,913.00	2,105.89	7,502.00	2,175.22
DISBURSEMENTS								
Collector	36,000.00	37,440.07	38,003.00	26,042.33	-	-	-	-
Post Commission	-	-	-	-	7,500.00	-	7,500.00	150.00
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	36,000.00	37,440.07	38,003.00	26,042.33	7,500.00	-	7,500.00	150.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,000.00	6,721.93	8,000.00	18,662.67	413.00	2,105.89	2.00	2,025.22
CASH AND INVESTMENT BALANCES, JANUARY 1	113,064.67	113,064.67	94,402.00	94,402.00	2,026.62	2,026.62	1.40	1.40
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 121,064.67	$ 119,786.60	$ 102,402.00	$ 113,064.67	$ 2,439.62	$ 4,132.51	$ 3.40	$ 2,026.62

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ELECTION SERVICES FUND				OAK TERRACE NID FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ -	$ 5,195.10	$ 2,231.45	$ 12,784.79	$ -	$ -	$ -	$ -
Charges for Services	-	-	-	-	-	-	-	-
Interest	650.00	825.84	-	-	10.50	26.83	10.50	29.04
Other	-	-	285.00	772.16	8,100.00	5,898.72	8,100.00	5,962.20
Transfers In	-	-	-	-	1,000.00	2,822.98	-	2,235.00
TOTAL RECEIPTS	650.00	6,020.94	2,516.45	13,556.95	9,110.50	8,748.53	8,110.50	8,226.24
DISBURSEMENTS								
Election Services	26,066.00	837.56	14,400.00	-	-	-	-	-
Oak Terrace NID	-	-	-	-	9,500.00	8,800.00	9,500.00	9,150.00
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	26,066.00	837.56	14,400.00	-	9,500.00	8,800.00	9,500.00	9,150.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,416.00)	5,183.38	(11,883.55)	13,556.95	(389.50)	(51.47)	(1,389.50)	(923.76)
CASH AND INVESTMENT BALANCES, JANUARY 1	25,447.06	25,447.06	11,890.11	11,890.11	552.74	552.74	1,476.50	1,476.50
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 31.06	$ 30,630.44	$ 6.56	$ 25,447.06	$ 163.24	$ 501.27	$ 87.00	$ 552.74

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	RECORDER'S TECHNOLOGY FUND				JAIL FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 6,600.00	$ 6,364.01	$ 8,200.00	$ 6,591.68	$ 446,375.00	$ 642,222.48	$ 400,475.00	$ 393,981.76
Charges for Services	-	-	-	-	-	-	-	-
Interest	1,260.00	975.47	1,095.00	1,257.35	-	-	5.00	-
Other	-	-	-	-	40,400.00	39,121.10	26,200.00	39,666.90
Transfers In	-	-	-	-	625,630.00	392,461.00	650,000.00	650,000.00
TOTAL RECEIPTS	7,860.00	7,339.48	9,295.00	7,849.03	1,112,405.00	1,073,804.58	1,076,680.00	1,083,648.66
DISBURSEMENTS								
Recorder's Technology	41,150.00	16,572.41	31,150.00	3,389.09	-	-	-	-
Jail	-	-	-	-	1,068,901.00	1,161,154.75	1,070,559.16	1,120,570.18
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	41,150.00	16,572.41	31,150.00	3,389.09	1,068,901.00	1,161,154.75	1,070,559.16	1,120,570.18
RECEIPTS OVER (UNDER) DISBURSEMENTS	(33,290.00)	(9,232.93)	(21,855.00)	4,459.94	43,504.00	(87,350.17)	6,120.84	(36,921.52)
CASH AND INVESTMENT BALANCES, JANUARY 1	36,605.58	36,605.58	32,145.64	32,145.64	(43,503.19)	(43,503.19)	(6,581.67)	(6,581.67)
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 3,315.58	$ 27,372.65	$ 10,290.64	$ 36,605.58	$ 0.81	$ (130,853.36)	$ (460.83)	$ (43,503.19)

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	INMATE SECURITY FUND				TIME PAYMENT FEE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 4,200.00	$ 8,086.99	$ 3,650.00	$ 4,192.50	$ -	$ -	$ -	$ -
Charges for Services	-	-	-	-	-	-	-	-
Interest	270.00	240.72	200.00	265.88	3.50	3.19	3.02	3.83
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	4,470.00	8,327.71	3,850.00	4,458.38	3.50	3.19	3.02	3.83
DISBURSEMENTS								
Inmate Security	12,250.00	7,481.01	10,000.00	3,338.14	-	-	-	-
Time Payment Fee	-	-	-	-	110.34	-	103.34	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	12,250.00	7,481.01	10,000.00	3,338.14	110.34	-	103.34	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,780.00)	846.70	(6,150.00)	1,120.24	(106.84)	3.19	(100.32)	3.83
CASH AND INVESTMENT BALANCES, JANUARY 1	8,039.92	8,039.92	6,919.68	6,919.68	107.19	107.19	103.36	103.36
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 259.92	$ 8,886.62	$ 769.68	$ 8,039.92	$ 0.35	$ 110.38	$ 3.04	$ 107.19

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	NORMAN ROAD/HAND LANE MAINTENANCE NID FUND				TIF-SPECIAL ACCOUNT FOR DEVELOPER FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 3,600.00	$ 1,800.00	$ -	$ 3,600.00	$ -	$ -	$ -	$ -
Charges for Services	-	-	-	-	-	-	-	-
Interest	12.49	78.72	-	12.49	0.18	0.16	0.17	0.18
TOTAL RECEIPTS	3,612.49	1,878.72	-	3,612.49	0.18	0.16	0.17	0.18
DISBURSEMENTS								
Norman Road/Hand Lane Maintenance NID	5,600.00	2,240.00	-	1,146.00	-	-	-	-
TIF-Special Account For Developer	-	-	-	-	7.84	-	7.65	-
TOTAL DISBURSEMENTS	5,600.00	2,240.00	-	1,146.00	7.84	-	7.65	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,987.51)	(361.28)	-	2,466.49	(7.66)	0.16	(7.48)	0.18
CASH AND INVESTMENT BALANCES, JANUARY 1	2,466.49	2,466.49	-	-	7.66	7.66	7.48	7.48
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 478.98	$ 2,105.21	$ -	$ 2,466.49	$ -	$ 7.82	$ -	$ 7.66

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2013

	CLERK	TIF 1 NORTHPOINT	TIF 2 PREWITT'S POINT	MARY'S HOME SEWER CDBG GRANT	FINANCIAL INSTITUTION TAX
ASSETS					
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ 7,340.58
Investments	5,276.65	-	-	-	-
Total Assets	5,276.65	-	-	-	7,340.58
LIABILITIES AND FUND BALANCES					
TOTAL LIABILITIES	-	-	-	-	-
UNRESERVED FUND BALANCES	5,276.65	-	-	-	7,340.58
TOTAL LIABILITIES AND FUND BALANCES	$ 5,276.65	$ -	$ -	$ -	$ 7,340.58

	OVER PLUS	SCHOOL FUND	UNCLAIMED FEES	CERF	SHERIFF
ASSETS					
Cash and Cash Equivalents	$ 19,008.99	$ 237,895.13	$ 6,387.73	$ -	$ 30,407.88
Investments	-	-	-	-	-
Total Assets	19,008.99	237,895.13	6,387.73	-	30,407.88
LIABILITIES AND FUND BALANCES					
TOTAL LIABILITIES	-	-	-	-	-
UNRESERVED FUND BALANCES	19,008.99	237,895.13	6,387.73	-	30,407.88
TOTAL LIABILITIES AND FUND BALANCES	$ 19,008.99	$ 237,895.13	$ 6,387.73	$ -	$ 30,407.88

	PROSECUTING ATTORNEY	COLLECTOR	RECORDER	TOTAL AGENCY FUNDS
ASSETS				
Cash and Cash Equivalents	$ 35,445.95	$ 17,243,839.02	$ 13,651.47	$ 17,593,976.75
Investments	-	-	-	5,276.65
Total Assets	35,445.95	17,243,839.02	13,651.47	17,599,253.40
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	35,445.95	17,243,839.02	13,651.47	17,599,253.40
TOTAL LIABILITIES AND FUND BALANCES	$ 35,445.95	$ 17,243,839.02	$ 13,651.47	$ 17,599,253.40

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2012

	CLERK	TIF 1 NORTHPOINT	TIF 2 PREWITT'S POINT	MARY'S HOME SEWER CDBG GRANT	FINANCIAL INSTITUTION TAX
ASSETS					
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ 20,510.71
Investments	5,272.67	-	-	-	-
Total Assets	5,272.67	-	-	-	20,510.71
LIABILITIES AND FUND BALANCES					
TOTAL LIABILITIES	-	-	-	-	-
UNRESERVED FUND BALANCES	5,272.67	-	-	-	20,510.71
TOTAL LIABILITIES AND FUND BALANCES	$ 5,272.67	$ -	$ -	$ -	$ 20,510.71

	OVER PLUS	SCHOOL FUND	UNCLAIMED FEES	CERF	SHERIFF
ASSETS					
Cash and Cash Equivalents	$ 37,842.70	$ 33,849.82	$ 223.98	$ -	$ 38,038.98
Investments	-	-	-	-	-
Total Assets	37,842.70	33,849.82	223.98	-	38,038.98
LIABILITIES AND FUND BALANCES					
TOTAL LIABILITIES	-	-	-	-	-
UNRESERVED FUND BALANCES	37,842.70	33,849.82	223.98	-	38,038.98
TOTAL LIABILITIES AND FUND BALANCES	$ 37,842.70	$ 33,849.82	$ 223.98	$ -	$ 38,038.98

	PROSECUTING ATTORNEY	COLLECTOR	RECORDER	TOTAL AGENCY FUNDS
ASSETS				
Cash and Cash Equivalents	$ 34,683.59	$ 12,786,579.59	$ 18,129.45	$ 12,969,858.82
Investments	-	-	-	5,272.67
Total Assets	34,683.59	12,786,579.59	18,129.45	12,975,131.49
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	34,683.59	12,786,579.59	18,129.45	12,975,131.49
TOTAL LIABILITIES AND FUND BALANCES	$ 34,683.59	$ 12,786,579.59	$ 18,129.45	$ 12,975,131.49

The accompanying notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Miller, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1837 by an Act of the Missouri Territory. In addition to the three Commissioners, there are 11 elected constitutional officers: County Clerk, Treasurer, Circuit Clerk, Collector of Revenue, County Surveyor, Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

As discussed further in Note I, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of the County.

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, transportation, economic development, and social and recreation services.

The financial statements referred to above include only Miller County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri law, which include a Statement of Receipts, Disbursements and Changes in Cash and Investment Balances – All Governmental Funds, a Comparative Statement of Receipts and Disbursements – Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following fund types are used by the County:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similar to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other officeholders.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

As a result of using this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.

2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets.

4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.

6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

   Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

7. Budgets are prepared and adopted on the cash basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

E. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2013 and 2012, for purposes of taxation was:

	2013	2012
Real Estate	$ 307,234,386	$ 301,732,230
Personal Property	80,802,849	74,858,615
Railroad and Utilities	18,348,790	17,883,740
	$ 406,386,025	$ 394,474,585

The County Commission approved a $0.4861 and $0.3886, respectively, tax levy per $100 of assessed valuation of tangible taxable property for the calendar year 2013 and 2012, for purposes of County taxation, as follows:

	2013	2012
General Revenue Fund	$ 0.1840	$ 0.0845
Special Road and Bridge Fund	0.2559	0.2557
Senior Citizens Service Fund	0.0462	0.0484
	$ 0.4861	$ 0.3886

F. Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash and investments applicable to a particular fund are readily identifiable. Some county offices also hold cash and investments in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are eliminated due to reporting the financial statements on the regulatory basis of accounting.

Legally required transfers are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

II. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and Investments" under each fund's caption. Deposits with maturities greater than three months are considered investments. In addition, cash and investments are separately held by several of the County's funds. Investments of the County consist of certificates of deposit with local banking institutions.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013, and 2012, the carrying amount of the County's deposits was $1,544,167.87 and $1,527,229.65, and the bank balance was $11,074,468.45 and $10,500,390.78, respectively. The total bank balances as of December 31, 2013, and 2012 were insured through the Federal Deposit Insurance Corporation and securities set by the County's financial institutions.

SUMMARY OF CARRYING VALUES

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2013, as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances -		
Deposits	$	1,544,167.87
Investments		-
Total Deposits and Investments as of December 31, 2013	$	1,544,167.87

The carrying values of deposits and investments at December 31, 2012, are as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances -		
Deposits	$	1,527,229.65
Investments		-
Total Deposits and Investments as of December 31, 2012	$	1,527,229.65

II. CASH AND INVESTMENTS (concluded)

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013, and 2012.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments. All investments, evidenced by individual securities, are registered in the name of the County or of a type not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's investments were not exposed to concentration of investment credit risk for the years ended December 31, 2013, and 2012.

III. CAPITAL LEASES

In May of 2005, a capital lease of $339,736.80 was obtained for a John Deere Grader. The lease matured on June 1, 2013, and the interest rate was 4.55%.

In August of 2008, a capital lease of $405,750 was obtained for a John Deer Grader. The lease matures on August 22, 2015, and the interest rate is 5.15%.

In March of 2009, a capital lease of $27,836.40 was obtained for a 2009 Chevrolet truck. The lease matured on May 24, 2012, and the interest rate was 4.25%.

In June of 2011, a capital lease of $94,100 was obtained for a John Deere Grader. The lease matures on June 29, 2016, and the interest rate is 3.55%.

III. CAPITAL LEASES (continued)

In October of 2011, a capital lease of $80,000 was obtained for a 2013 International 7500 SFA. The lease matures on October 31, 2016, and the interest rate is 3.523%.

In November of 2012, a capital lease of $35,872 was obtained for a 2012 Chevrolet truck. The lease matures on July 15, 2017, and the interest rate is 3.50%.

In January of 2013, a capital lease of $25,576.50 was obtained for 2013 Chevrolet truck. The lease matures on January 9, 2014, and the interest rate is 3.00%.

In June of 2013, a capital lease of $145,901 was obtained for a John Deere Grader. The lease matures on May 1, 2018, and the interest rate is 2.80%.

The change in capital lease obligations for the year ended December 31, 2013 is as follows:

Capital Leases	Balance 12/31/12	Additions	Payments	Balance 12/31/13	Interest Paid
John Deere Grader - 2005	$ 36,932.95	$ -	$ 36,932.95	$ -	$ 1,715.94
John Deere Grader - 2008	191,871.66	-	60,699.69	131,171.97	10,118.10
Chevrolet Truck - 2009	-	-	-	-	-
John Deere Grader - 2011	76,590.08	-	18,141.76	58,448.32	2,763.62
2013 International - 2012	65,105.32	-	15,427.91	49,677.41	2,330.76
Chevrolet Truck - 2012	35,872.00	-	7,247.96	28,624.04	746.44
Chevrolet Truck - 2013	-	25,576.50	12,693.87	12,882.63	672.69
John Deere Grader - 2013	-	145,901.00	-	145,901.00	-
	$406,372.01	$171,477.50	$151,144.14	$426,705.37	$18,347.55

As of December 31, 2013, the schedule of future payments for the capital leases of the County is as follows:

Year Ending December 31,	Interest	Principal	Total
2014	$ 16,036.83	$ 146,159.63	$ 162,196.46
2015	10,311.03	138,626.32	148,937.35
2016	4,415.57	73,703.06	78,118.63
2017	1,989.26	37,465.34	39,454.60
2018	870.15	30,751.02	31,621.17
	$ 33,622.84	$ 426,705.37	$ 460,328.21

The change in capital lease obligations for the year ended December 31, 2012 is as follows:

Capital Leases	Balance 12/31/11	Additions	Payments	Balance 12/31/12	Interest Paid
John Deere Grader - 2005	$ 72,500.00	$ -	$ 35,567.05	$ 36,932.95	$ 3,081.84
John Deere Grader - 2008	249,530.78	-	57,659.12	191,871.66	13,158.67
Chevrolet Truck - 2009	7,061.73	-	7,061.73	-	412.74
John Deere Grader - 2011	94,100.00	-	17,509.92	76,590.08	3,395.46
2013 International - 2012	80,000.00	-	14,894.68	65,105.32	2,863.99
Chevrolet Truck - 2012	-	35,872.00	-	35,872.00	-
	$503,192.51	$35,872.00	$132,692.50	$406,372.01	$22,912.70

III. CAPITAL LEASES (concluded)

As of December 31, 2012, the schedule of future payments for the capital leases of the County is as follows:

Year Ending December 31,	Interest	Principal	Total
2013	$ 17,781.07	$ 138,344.06	$ 156,125.13
2014	11,826.36	105,487.75	117,314.11
2015	6964.13	110,351.02	117,315.15
2016	1,870.62	44,625.80	46,496.42
2017	268.99	7,563.38	7,832.37
	$ 38,711.17	$ 406,372.01	$ 445,083.18

IV. LONG-TERM DEBT

Lease Certificates of Participation:

Series 2010 Lease Certificates of Participation were issued on November 1, 2010 between the County and BOK Financial for $4,295,000 for the Miller County Courthouse and Jail Project. The C.O.P. matures fully in October 2030 with an interest rate varying from 1.75% to 4.80%.

The change in C.O.P.'s debt obligations for the year ended December 31, 2013 is as follows:

Description	Balance 12/31/2012	Current Year Additions	Current Year Deletions & Payments	Balance 12/31/2013	Interest Paid Current Year
SERIES 2010	$ 4,140,000.00	$ -	$ 165,000.00	$ 3,975,000.00	$ 169,847.50
TOTAL	$ 4,140,000.00	$ -	$ 165,000.00	$ 3,975,000.00	$ 169,847.50

As of December 31, 2013, the schedule of future payments of C.O.P.'s is as follows:

C.O.P. Summary			
Year Ending December 31,	Interest	Principal	Total
2014	$ 166,547.50	$ 170,000.00	$ 336,547.50
2015	162,552.50	175,000.00	337,552.50
2016	158,002.50	180,000.00	338,002.50
2017	152,602.50	190,000.00	342,602.50
2018	146,427.50	195,000.00	341,427.50
2019-2023	611,312.50	1,115,000.00	1,726,312.50
2024-2028	338,925.00	1,365,000.00	1,703,925.00
2029-2030	42,240.00	585,000.00	627,240.00
TOTAL	$ 1,778,610.00	$ 3,975,000.00	$ 5,753,610.00

IV. LONG-TERM DEBT (continued)

Lease Certificate of Participation: (concluded)

The change in C.O.P.'s debt obligations for the year ended December 31, 2012 is as follows:

Description	Balance 12/31/2011	Current Year Additions	Current Year Deletions & Payments	Balance 12/31/2012	Interest Paid Current Year
SERIES 2010	$ 4,295,000.00	$ -	$ 155,000.00	$ 4,140,000.00	$ 172,560.00
TOTAL	$ 4,295,000.00	$ -	$ 155,000.00	$ 4,140,000.00	$ 172,560.00

As of December 31, 2012, the schedule of future payments of C.O.P.'s is as follows:

C.O.P. Summary

Year Ending December 31,	Interest	Principal	Total
2013	$ 169,847.50	$ 165,000.00	$ 334,847.50
2014	166,547.50	170,000.00	336,547.50
2015	162,552.50	175,000.00	337,552.50
2016	158,002.50	180,000.00	338,002.50
2017	152,602.50	190,000.00	342,602.50
2018-2022	654,675.00	1,065,000.00	1,719,675.00
2023-2027	399,990.00	1,320,000.00	1,719,990.00
2028-2030	84,240.00	875,000.00	959,240.00
TOTAL	$ 1,948,457.50	$ 4,140,000.00	$ 6,088,457.50

Neighborhood Improvement District Bonds:

Series 1994 Neighborhood Improvement District Bonds were issued in March of 1995, to fund the W-12 Road Project in the amount of $262,500. The interest rates vary from 5.25% to 7.50%, and the bonds mature on March 1, 2014.

Series 1999 Neighborhood Improvement District Bonds were issued in November of 1999, to fund the W-15C street improvements in the amount of $135,000. The interest rate is 6.50% and the bonds mature on March 1, 2019.

Series 2003 Neighborhood Improvement District Bonds were issued in October of 2003, to fund the Lake Ja-Ha Subdivision Sewer project in the amount of $51,500. The interest rate is 5.50% and the bonds mature on March 1, 2023.

Series 2006 Neighborhood Improvement District Bonds were issued in January of 2006, to fund the Oak Terrace Homeowner's Association project in the amount of $66,000. The interest rate is 5.00% and the bonds mature on March 1, 2016.

IV. LONG-TERM DEBT (continued)

Neighborhood Improvement District Bonds: (continued)

Series 2007 Neighborhood Improvement District Bonds were issued in October of 2006, to fund the Norman Road Hand Lane project in the amount of $110,000. The interest rate varies from 4.25% to 4.50%, and the bonds mature on September 1, 2017.

Series 2008 Neighborhood Improvement District Bonds were issued in April of 2008, to fund the Port Bagnell project in the amount of $317,000. The interest rate varies from 3.80% to 4.90%, and the bonds mature on March 1, 2018.

The change in Neighborhood Improvement District Bonds debt obligations for the year ended December 31, 2013 is as follows:

Description	Balance 12/31/2012	Current Year Additions	Current Year Deletions & Payments	Balance 12/31/2013	Interest Paid Current Year
SERIES 1994	$ 70,000.00	$ -	$ 30,000.00	$ 40,000.00	$ 4,125.00
SERIES 1999	70,000.00	-	10,000.00	60,000.00	4,225.00
SERIES 2003	34,777.00	-	2,365.00	32,412.00	1,873.91
SERIES 2006	31,000.00	-	7,000.00	24,000.00	1,375.00
SERIES 2007	60,000.00	-	10,000.00	50,000.00	2,700.00
SERIES 2008	210,000.00	-	30,000.00	180,000.00	8,890.00
TOTAL	$ 475,777.00	-	$ 89,365.00	$ 386,412.00	$ 23,188.91

As of December 31, 2013, the schedule of future payments of Neighborhood Improvement District Bonds is as follows:

N.I.D. Summary

Year Ending December 31,	Interest	Principal	Total
2014	$ 17,698.94	$ 100,499.00	$ 118,197.94
2015	13,157.62	65,640.00	78,797.62
2016	9,933.29	70,790.00	80,723.29
2017	6,485.49	67,948.00	74,433.49
2018	3,053.79	53,114.00	56,167.79
2019-2023	2,969.22	28,421.00	31,390.22
TOTAL	$ 53,298.35	$ 386,412.00	$ 439,710.35

IV. LONG-TERM DEBT (continued)

Neighborhood Improvement District Bonds: (concluded)

The change in Neighborhood Improvement District Bonds debt obligations for the year ended December 31, 2012 is as follows:

Description	Balance 12/31/2011	Current Year Additions	Current Year Deletions & Payments	Balance 12/31/2012	Interest Paid Current Year
SERIES 1994	$ 100,000.00	$ -	$ 30,000.00	$ 70,000.00	$ 6,375.00
SERIES 1999	80,000.00	-	10,000.00	70,000.00	4,875.00
SERIES 2003	37,016.00	-	2,239.00	34,777.00	2,008.24
SERIES 2006	38,000.00	-	7,000.00	31,000.00	1,725.00
SERIES 2007	70,000.00	-	10,000.00	60,000.00	3,125.00
SERIES 2008	240,000.00	-	30,000.00	210,000.00	10,075.00
TOTAL	$ 565,016.00	-	$ 89,239.00	$ 475,777.00	$ 28,183.24

As of December 31, 2012, the schedule of future payments of Neighborhood Improvement District Bonds is as follows:

N.I.D. Summary			
Year Ending December 31,	Interest	Principal	Total
2013	$ 23,188.91	$ 89,365.00	$ 112,553.91
2014	17,698.94	100,499.00	118,197.94
2015	13,157.62	65,640.00	78,797.62
2016	9,933.29	70,790.00	80,723.29
2017	6,485.49	67,948.00	74,433.49
2018-2022	5,910.26	77,435.00	83,345.26
2023	112.75	4,100.00	4,212.75
TOTAL	$ 76,487.26	$ 475,777.00	$ 552,264.26

Line of Credit

The County opened a line of credit from Citizen's Bank of Eldon in March of 2003. The total amount of credit issued to the County was $750,000 with variable interest rates ranging from 2.58% to 4.25%. As of December 31, 2013, and 2012 the balance was $296,931.49 and $256,767.66, respectively.

The change in line of credit obligations for the year ended December 31, 2013 is as follows:

Description	Balance 12/31/2012	Current Year Additions	Current Year Deletions & Payments	Balance 12/31/2013	Interest Paid Current Year
L.O.C. - 2003	$ 256,767.66	$ 116,017.00	$ 75,853.17	$ 296,931.49	$ 7,373.35
TOTAL	$ 256,767.66	116,017.00	$ 75,853.17	$ 296,931.49	$ 7,373.35

IV. LONG-TERM DEBT (concluded)

Line of Credit: (concluded)

The change in line of credit obligations for the year ended December 31, 2012 is as follows:

Description	Balance 12/31/2011	Current Year Additions	Current Year Deletions & Payments	Balance 12/31/2012	Interest Paid Current Year
L.O.C. - 2003	$ 180,957.66	$ 85,810.00	$ 10,000.00	$ 256,767.66	$ 7,204.90
TOTAL	$ 180,957.66	85,810.00	$ 10,000.00	$ 256,767.66	$ 7,204.90

The County opened a line of credit from Citizen's Bank of Eldon in March 2013 to purchase five 2013 vehicles for the Sheriff's office. The total amount of credit issued to the County was $142,700 with interest rate of 2.58%. As of December 31, 2013, the balance was $113,176.85.

The change in line of credit obligations for the year ended December 31, 2013 is as follows:

Description	Balance 12/31/2012	Current Year Additions	Current Year Deletions & Payments	Balance 12/31/2013	Interest Paid Current Year
L.O.C. - 2013	$ -	$ 141,716.85	$ 28,540.00	$ 113,176.85	$ 1,664.42
TOTAL	$ -	141,716.85	$ 28,540.00	$ 113,176.85	$ 1,664.42

V. OPERATING LEASES

On December 31, 2013, the County entered into a 48-month financing agreement with Gibbs Technology Company for a Ricoh Aficio copier. The lease payments are made quarterly for $150.00.

On August 22, 2012, the County entered into a 60-month financing agreement with Ricoh USA to lease a MPC 400SR copier. The monthly payment for the lease is $198.00.

On January 5, 2013, the County entered into a 60-month financing agreement with Ricoh USA to lease a MPC 5002 copier. The monthly payment for the lease is $147.27.

On May 2, 2013, the County entered into a 60-month financing agreement with Ricoh USA to lease a Ricoh Aficio copier. The monthly payment for the lease is $156.48.

On November 15, 2013, the County entered into a 48-month financing agreement with GreatAmerican Financial Services for a Lemark XM7163 copier. The monthly payment for the lease is $117.00.

V. OPERATING LEASES (concluded)

The future payments for operating leases entered into by the County for the year ended December 31, 2013, are as follows:

Year Ending December 31,		Future Lease Payments
2014	$	7,875.00
2015		7,425.00
2016		7,425.00
2017		6,516.00
2018		929.67
TOTAL	$	30,171.67

The future payments for operating leases entered into by the County for the year ended December 31, 2012, are as follows:

Year Ending December 31,		Future Lease Payments
2013	$	5,808.33
2014		7,875.00
2015		7,425.00
2016		7,425.00
2017		6,516.00
2018		929.67
TOTAL	$	35,979.00

VI. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2013, and 2012 are as follows:

	2013		2012	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	$ 247.43	$ 152,822.98	$ 424.98	$ 88,400.22
Special Road and Bridge Fund	336,036.39	-	75,000.00	-
Emergency Management Fund	-	-	11,165.22	-
911 Fund	317,070.00	247.43	350,000.00	424.98
Capital Improvement Fund	-	764,531.00	-	1,000,000.00
FEMA Disaster Money Fund	-	131,036.39	-	-
Oak Terrace NID Fund	2,822.98	-	2,235.00	-
Jail Fund	392,461.00	-	650,000.00	-
TOTAL	$ 1,048,637.80	$ 1,048,637.80	$ 1,088,825.20	$ 1,088,825.20

VI. INTERFUND TRANSFERS (concluded)

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Revenue Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VII. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system.

CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of

VII. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (concluded)

B. Contributions (concluded)

6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Total contributions remitted to CERF for the years ended December 31, 2013, and 2012 were $99,586.39 and $102,646.20, respectively.

VIII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

A. Plan Description

Miller County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and governed by statute section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Status

Full-time employees of Miller County contribute 4% of their gross pay to the pension plan. The June 30th statutorily required contribution rates are 8.2% (General) and 0.3% (Police) for 2013 and 8.5% (General) and 0.3% (Police) for 2012, of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

VIII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current years 2013 and 2012 were as follows:

2013

Annual required contribution	$	159,114
Interest on net pension obligation		5,301
Adjustment to annual required contribution		(7,581)
Annual pension cost		156,834
Actual contributions		155,454
Increase (decrease) in NPO		1,380
NPO beginning of year		73,122
NPO end of year	$	74,502

The annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011 was 30 years for the General division and 19 years for the Police division. The amortization period as of February 29, 2012 was 1 year for the General division and 18 years for the Police division.

THREE-YEAR TREND INFORMATION

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 165,809	79.4%	$ 55,491
2012	168,706	89.5	73,122
2013	156,834	99.1	74,502

VIII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
2/28/2011	$3,449,271	$3,161,836	$ (287,435)	109%	$2,145,830	
2/29/2012	3,659,628	3,311,929	(347,699)	110	2,117,274	
2/28/2013	3,742,233	3,318,012	(424,221)	113	2,133,050	

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

2012

Annual required contribution	$	168,988
Interest on net pension obligation		4,023
Adjustment to annual required contribution		(4,305)
Annual pension cost		168,706
Actual contributions		151,075
Increase (decrease) in NPO		17,631
NPO beginning of year		55,491
NPO end of year	$	73,122

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010 was 30 years for the General division and 14 years for the Police division. The amortization period as of February 28, 2011 was 30 years for the General division and 19 years for the Police division.

VIII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (concluded)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (concluded)

THREE-YEAR TREND INFORMATION

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$ 139,882	84.7%	$ 21,402
2011	165,809	79.4	55,491
2012	168,706	89.5	73,122

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
2/28/2010	$3,170,999	$2,937,186	$ (233,813)	108%	$2,184,284	
2/28/2011	3,449,271	3,161,836	(287,435)	109	2,145,830	
2/29/2012	3,659,628	3,311,929	(347,699)	110	2,117,274	

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

IX. POST EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. The County had two COBRA participants at December 31, 2013, and two participants at December 31, 2012.

X. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed $7,752 and $7,752, respectively, for the years ended December 31, 2013 and 2012.

XI. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is not involved in pending litigation as of the audit report date.

B. Compensated Absences

The County provides employees with annual leave. Each employee earns leave based upon his or her term of service with the County earning one day per month for the first ten years, 1.25 days per month for 10-15 years of service, 1.5 days per month for 15-20 years of service, 1.75 days per month for 20–25 years of service, and 2 days per month for over 25 years of service. Annual leave must be used in the year it is earned; however, 100 hours leave may be carried over from year to year for employees with 1–5 years of service, 180 hours for employees with 6-15 years of service, and 240 hours for employees with over 15 years of service. Any unused leave time in excess of these amounts will be forfeited at the end of the calendar year. Annual leave accrual shall commence with the employee's date of employment with Miller County.

In the event an employee becomes ill and requires the use of accrued vacation time along with sick leave, he or she may do so with the understanding that accrued vacation time cannot be used in excess of what is remaining and due given the employees' tenure and the aforementioned schedule. During a scheduled vacation, sick leave shall not be granted. As vacation is granted for a period of recreation, no employee shall be permitted to waive such leave for the purpose of receiving double pay. Upon termination of employment, any employee who has accumulated vacation time shall be paid for unused time at the final regular rate received by such employee. This terminates all prior service with the County. Sick time is not reimbursable upon termination of employment with the County.

C. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

XII. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. Insurance is obtained from commercial insurance companies. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

XII. RISK MANAGEMENT (concluded)

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

XIII. SUBSEQUENT EVENTS

Miller County entered into a line of credit with the Citizen's Bank of Eldon on February 28, 2014 for a maximum principal balance of $460,000 with an interest rate of 2.58% paid on the outstanding principal balance at December 31, 2014. The County has borrowed $119,923.17 of the line as of the audit report date.

The County also entered into a lease agreement with the Central Trust Bank on January 17, 2014, to purchase a Chevrolet C3500 Truck, for a principal balance of $33,310.60 and an annual interest rate of 2.75%. Two annual payments of $17,345.43 are payable starting January 17, 2015.

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

SCHEDULE OF STATE FINDINGS

A. For the year ended December 31, 2013, the TIF 3 – Osage National Retail Outlet Fund was deficit budgeted. For the year ended December 31, 2012 the TIF 3 – Osage National Retail Outlet Fund and the Jail Fund were deficit budgeted.

B. For the year ended December 31, 2013, expenditures exceeded those budgeted for the following funds: Law Enforcement Training Fund, 911 Fund, Miller County Collector Tax Maintenance Fund, Jail Fund.

C. For the year ended December 31, 2012, expenditures exceeded those budgeted for the following funds: General Revenue Fund, Law Enforcement Training Fund, Emergency Management Fund, 911 Fund, Capital Improvement Fund, Jail Fund.

D. For the year ended December 31, 2012, the County did not prepare a budget for the following fund: Norman Road/Hand Lane Maintenance NID Fund.

E. For the year ended December 31, 2013, the County's budgets were not properly amended to reflect the available cash balances of the County, resulting in unreconciled differences in the Special Road and Bridge Fund, 911 Fund, Jail Fund.

F. For the year ended December 31, 2012, the County's budgets were not properly amended to reflect the available cash balances of the County, resulting in unreconciled differences in the Emergency Management Fund.

FEDERAL COMPLIANCE SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the County Commission
The County of Miller, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Miller ("County") as of and for the years ended December 31, 2013, and 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. [FS 13/12-01, FS 13/12-02, FS 13/12-03, FS 13/12-04, FS 13/12-05, FS 13/12-06]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 13, 2014

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

To The County Commission
The County of Miller, Missouri

Report on Compliance for Each Major Federal Program

We have audited the County of Miller's ("County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the years ended December 31, 2013, and 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

3510 JEFFCO BOULEVARD • SUITE 200 • ARNOLD, MISSOURI 63010-3999 • 636-464-1330 • FAX 636-464-3076

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2013, and 2012.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item SA 13/12-01. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item SA 13/12-01, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 13, 2014

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY NUMBER	FEDERAL EXPENDITURES DECEMBER 31, 2013	FEDERAL EXPENDITURES DECEMBER 31, 2012
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through State:				
Highway and Transportation Commission				
Highway Planning and Construction	20.205	BO66(15)22200181	-	737,632.64
Highway Planning and Construction	20.205	BO66(16)00200051	226,109.27	22,753.16
Highway Planning and Construction	20.205	BO66(17)2120022	10,109.99	-
Highway Planning and Construction	20.205	BO66(18)0590011	10,058.76	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through State:				
Office of the Secretary of State				
Community Development Block Grant	93.569	08-PF-37	-	8,600.00
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through State:				
Department of Public Safety				
Disaster Grants - Public Assistance Grants				
(Presidentially Declared Disasters)	97.036	DR-1980-PA FED	195,499.66	116,130.91
Emergency Management Performance Grant	97.042	812PGAEM100562	7,469.69	1,193.41
Citizens-Community Resilience Innovation Challenge	97.053		-	3,734.88
				-
Total Expenditures of Federal Awards			$ 449,247.37	$ 890,045.00

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each major program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Miller County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistanc*e means assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means federal financial assistance and federal cost-reimbursement contracts that non-Federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and, if applicable, noncash awards.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

NOTE 2 – SUB-RECIPIENTS

The County did not provide federal awards to sub-recipients during the years ended December 31, 2013, and 2012.

THE COUNTY OF MILLER
TUSCUMBIA, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified – Regulatory Basis

2. Internal control over financial reporting:

a. Material weakness(es) identified?	2013 ___	Yes	X No
	2012 ___	Yes	X No
b. Significant deficiencies identified?	2013 X	Yes	___ None Reported
	2012 X	Yes	___ None Reported

3. Noncompliance material to financial statements noted?

	2013 ___	Yes	X No
	2012 ___	Yes	X No

B. Federal Awards

1. Internal control over major programs:

a. Material weakness(es) identified?	2013 ___	Yes	X No
	2012 ___	Yes	X No
b. Significant deficiencies identified?	2013 X	Yes	___ None Reported
	2012 X	Yes	___ None Reported

2. Type of auditor's report issued on compliance for major programs:

2013 - Unmodified

2012 - Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of *Circular A-133*?

	2013 X	Yes	___ No
	2012 X	Yes	___ No

I. SUMMARY OF AUDITOR'S RESULTS (concluded)

B. Federal Awards (concluded)

4. Identification of major programs:

Year	CFDA Number(s)	Name of Federal Program or Cluster
2013/2012	97.036	Disaster Grants – Public Assistance Grants
2013/2012	20.205	Highway Planning and Construction

5. Dollar threshold used to distinguish between type A and type B programs: $ 300,000

6. Auditee qualified as low-risk auditee? 2013 ___ Yes X No

2012 ___ Yes X No

II. FINANCIAL STATEMENT FINDINGS

FS 13/12-01 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification,* considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The County will begin the process of internal control documentation in 2014. The County Clerk's (Clayton Jenkins) office phone number is (573)369-1905.

II. FINANCIAL STATEMENT FINDINGS (continued)

FS 13/12-02 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of responsible officials and planned corrective actions: The County will begin the process of internal control documentation in 2014. The County Clerk's (Clayton Jenkins) office phone number is (573)369-1905.

FS 13/12-03 Criteria: The County should maintain sufficient summary schedules and other related documentation for all debt.

Condition: The County does not maintain a debt schedule detailing all debt owed by the County.

Context: During the audit it became evident that the County did not maintain adequate debt schedules to track the County's debt.

Effect: Lack of documentation resulted in the County making a debt payment twice.

Cause: The County did not maintain proper amortization schedules to properly report and budget debt expenditures nor maintain a debt schedule listing.

Recommendation: We recommend that the County obtain sufficient documentation for all debt leases, notes, short-term notes, etc. to properly record and account for expenditures and to also maintain a debt schedule so that debt may be adequately tracked.

II. FINANCIAL STATEMENT FINDINGS (continued)

FS 13/12-03 Views of responsible officials and planned corrective actions: The County was able to provide the auditors will all of the documentation required. Going forward the County will actively track and maintain all of its debt. The County Clerk's (Clayton Jenkins) office phone number is (573)369-1905.

FS 13/12-04 Criteria: Bank reconciliations must be prepared monthly on a timely basis by all County Offices. Bank reconciliations must include a detail of the reconciling items which may include outstanding checks and deposits in transit.

Condition: During our testing, the Sheriff's administrative office was unable to provide us with bank reconciliations for the Adult Detention Center account for the years ended December 31, 2013 and 2012.

Context: This deficiency became apparent through our testing of cash accounts for the County and Sheriff's accounts.

Effect: Not preparing accurate bank reconciliations does not allow for the timely recognition of errors, therefore errors and differences are not able to be corrected in a timely manner.

Cause: Management does not prepare bank reconciliations in sufficient detail to note all outstanding items.

Recommendation: We recommend that management seek appropriate training to prepare bank reconciliations in a manner useful for making future decisions related to the cash balances of the County Accounts.

Views of Responsible Officials and Planned Corrective Actions: The Sheriff's Department is currently preparing monthly bank reconciliations for this account. The County Sheriff's (William Abbot) office phone number is (573)369-2341.

FS 13/12-05 Criteria: Reconciliations must be performed to ensure proper cash handling and cash management for all funds.

Condition: During our testing, we noted that the 911 Fund, Sheriff's Deputy Salary Supplement Fund and Jail Fund had deficit cash balances at December 31, 2013 and December 31, 2012.

Context: This deficiency became apparent through our testing of cash accounts for the County's accounts.

Effect: Not monitoring accurate cash balances can create a negative balance which could hinder the financial reporting process and cause funds to not be maintained properly.

II. FINANCIAL STATEMENT FINDINGS (concluded)

FS 13/12-05 Cause: Management does not maintain proper bank reconciliations to ensure the positive fund balances.

Recommendation: We recommend that management maintain positive fund balances within all governmental funds.

Views of Responsible Officials and Planned Corrective Actions: The Treasurer's and Clerk's office will work to maintain positive fund balances in the future by monitoring fund balances. The County Clerk's (Clayton Jenkins) office phone number is (573)369-1905 and the Treasurer's (Phil Lawson) office phone number is (573)369-1920.

FS 13/12-06 Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit*: An Amendment to SAS No. 55.

Condition: Lack of sufficient segregation of duties within the Treasurer's office.

Context: During the engagement, we noted that an individual is allowed to receive, record, deposit, as well as write, approve, sign and reconcile expenditures and receipts to the bank statement.

Effect: The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within each of the corresponding departments.

Recommendation: These areas should be reviewed periodically and consideration should be given to improving the segregation of duties.

Views of responsible officials and planned corrective actions: The Treasurer's office will continue to be monitored and additional personnel will be will be added when possible. The Treasurer's (Phil Lawson) office phone number is (573)369-1920.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012

The following findings, recommendations, and questioned costs are the results of the single audit of Miller County, Missouri for the fiscal years ended December 31, 2013 and 2012. Each finding is referenced with a two-digit number representing the fiscal years audited, an "SA" to indicate that it is a single audit finding, and a sequential number. The findings are presented by federal program and are classified according to federal and state department, type of compliance requirement, category of internal control weakness, and category of noncompliance.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012 (continued)

A. Category of Internal Control Weakness (concluded)

If the finding represents a weakness in internal control, one of the following designations will appear:

1. Significant Deficiency: A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

2. Material Weakness: A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

B. Category of Noncompliance Findings

If the finding represents an instance of noncompliance, one of the following designations will appear:

1. Material Noncompliance: A material noncompliance finding is a finding related to a major federal program which discusses conditions representing noncompliance with federal laws, regulations, contracts, or grants, the effects of which have a material effect in relation to a type of compliance requirement or audit objective identified in OMB Circular A-133 *Compliance Supplement*.

2. Questioned Cost Finding: A questioned cost finding is a finding which discusses known or likely questioned costs that are greater than $10,000 for a type of compliance requirement, unless the conditions giving rise to the questioned costs are otherwise reported as a material noncompliance finding.

C. Federal Award Findings and Questioned Costs

SA 13/12-01 Untimely filing of the Schedule of Expenditures of Federal Awards with the Federal Clearinghouse –2011 and 2010 audit

Federal Grantor: U.S. Department of Justice, U.S. Department of Transportation, U.S. Department of Homeland Security and U.S. Department of Housing and Urban Development

Pass-Through Grantor: Department of Public Safety, Highway and Transportation Commission and Office of Secretary of State.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012 (continued)

C. Federal Award Findings and Questioned Costs (concluded)

SA 13/12-01 Federal CFDA Number: All

Program Title: All programs

Award Years: 2011 and 2010

Criteria: The Office of Management and Budget (OMB) Circular A-133, Subpart C, Section 320 requires the County to submit to the Federal Clearinghouse within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Condition: The 2011-2010 audit report was untimely filed to the Federal Clearinghouse.

Questioned Costs: None

Context: The single audit report was not timely filed with the Federal Clearinghouse.

Effect: Federal Clearinghouse submission deadline was not met.

Cause: The prior year submission was untimely due to the lateness of performing the audit.

Recommendation: We recommend the County become familiar with reporting deadlines as it is ultimately responsible for these deadlines.

Views of responsible officials and planned corrective actions: The County is familiar with the reporting deadlines and will strive to report the submission in a timely manner going forward. The County Clerk's (Clayton Jenkins) office phone number is (573)369-1905.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 11/10-01 Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 115, Communicating Internal Control Related Matters Identified in an Audit, which is effective for periods ending on or after December 15, 2009, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency. SAS No. 115 supersedes SAS No. 112.

Condition: During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to the financial statements.

Context: During discussions with management, we noted that we will be assisting the County with the preparation of its audited financial statements and footnotes.

Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 115 indicates that conditions necessitating the entity's auditor to provide such assistance are at least indicative of a significant deficiency in internal control over financial reporting.

Cause: Management did not prepare the financial statements or the notes to the financial statements.

Recommendation: Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

Views of responsible officials and planned corrective actions: Miller County will look into corrective Action.

Status: The County resolved this finding in the current year.

FS 11/10-02 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 115 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (continued)

FS 11/10-02 Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The County will look into information regarding internal control.

Status: This finding is repeated in the current year audit as FS 13/12-01.

FS 11/10-03 Criteria: Antifraud programs and controls are the policies and procedures an organization puts in place to ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our engagement, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of responsible officials and planned corrective actions: The County will look into risk assessments being adopted per office holder.

Status: This finding is repeated in the current year audit as FS 13/12-02.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (continued)

FS 11/10-04 Criteria: The Collector's annual settlement should be filed on the first Monday in March of 2010 and 2011.

Condition: The Collector's annual settlement was filed on December 16, 2011 for the 2010 year and the settlement for 2011 had not been submitted as of the conclusion of field work.

Context: During discussions with the Collector, we noted the annual settlements were not timely filed.

Effect: Because the annual settlements were not filed according to statute deadlines, the Collector's office is not compliant with reporting requirements.

Cause: There have been balancing issues with Equitech that must be resolved before preparing the annual settlement.

Recommendation: We recommend that the Collector establish procedures to ensure that future settlements are submitted by the required date.

Views of responsible officials and planned corrective actions: The Collector will strive to submit future settlements by the required date and work quickly to resolve any reconciling issues with Equitech on a timely basis.

Status: This finding has been moved to a management comment as it has been deemed less severe than a significant deficiency.

FS 11/10-05 Criteria: The County should maintain sufficient summary schedules and other related documentation for all debt.

Condition: The County does not maintain a debt schedule detailing all debt owed by the County.

Context: As noted in Note III to the financial statements, it became evident that the County did not maintain adequate debt schedules to allow us to test and form the proper disclosures nor were all payment schedules made available to us for testing.

Effect: Lack of documentation may result in inaccurate balances being budgeted for future expenditures and potential overpayment of debt balances.

Cause: The County did not maintain proper amortization schedules to properly report and budget debt expenditures, nor did it maintain a debt schedule listing.

Recommendation: We recommend that the County obtain sufficient documentation for all debt leases, notes, short-term notes, etc. to properly record and account for expenditures and to also maintain a debt schedule so that debt may be adequately tracked.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (continued)

FS 11/10-05 Views of responsible officials and planned corrective actions: The County now has the information and we will work on making it more accessible.

Status: This finding is repeated in the current year as FS 13/12-03.

FS 11/10-06 Criteria: Interfund transfers must be properly tracked and balanced with amounts recorded in the County's general ledger detail.

Condition: The County was unable to provide us with support for interfund transfers that occurred for the period we were engaged to audit.

Context: We were unable to examine interfund transfers due the fact the County was unable to provide us with the proper supporting documentation.

Effect: We are unable to present a presumably mandatory disclosure.

Cause: Management has not prepared documentation for the purpose of tracking and properly recording interfund transfers.

Recommendations: We recommend that the County periodically review interfund transfers and supporting documentation to ensure they are in balance with the amounts recorded in the general ledger.

Views of responsible officials and planned corrective actions: We will work on transfer documentation.

Status: The County resolved this finding in the current year.

FS 11/10-07 Criteria: Bank reconciliations must be prepared monthly on a timely basis by all County Offices. Bank reconciliations must include a detail of the reconciling items which may include outstanding checks and deposits in transit.

Condition: During our testing, the Sheriff's administrative office was unable to provide us with bank reconciliations for the Adult Detention Center account for the years ended December 31, 2011 and 2010.

Context: This deficiency became apparent through our testing of cash accounts for the County and Sheriff's accounts.

Effect: Not preparing accurate bank reconciliations does not allow for the timely recognition of errors, therefore errors and differences are not able to be corrected in a timely manner.

Cause: Management does not prepare bank reconciliations in sufficient detail to note all outstanding items.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (continued)

FS 11/10-07 Recommendation: We recommend that management seek appropriate training to prepare bank reconciliations in a manner useful for making future decisions related to the County's account cash balances.

Views of Responsible Officials and Planned Corrective Actions: The Sheriff's department is currently preparing monthly bank reconciliations for this account.

Status: This finding is repeated in the current year as FS 13/12-04.

FS 11/10-08 Criteria: Analytical testing is used to form an understanding of the financial relationships amongst the County's funds and is performed as a part of the planning phase of the engagement.

Condition: The County was unable to provide the required supporting documentation for the analytical variances selected during our testing.

Context: During our testing, the County did not provide us with required supporting documentation for the variances selected in our analytical testing of the County's funds for the years ended December 31, 2011 and 2010.

Effect: The inability to review the required supporting documentation for the selected analytical variances limited the scope of our testing.

Cause: The County was unable to provide us with adequate support for variances selected in our analytical testing of its funds.

Recommendation: We recommend that management take steps to ensure all supporting schedules and supporting documentation are made readily available during an audit.

Views of Responsible Officials and Planned Corrective Actions: The County will make an effort to provide the adequate information.

Status: The County resolved this finding in the current year.

FS 11/10-09 Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit*: An Amendment to SAS No. 55.

Condition: Lack of sufficient segregation of duties within the Sheriff's office.

Context: During the engagement, we noted that an individual is allowed to receive, record, deposit, as well as write, approve, sign and reconcile expenditures and receipts to the bank statement.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (concluded)

FS 11/10-09 Effect: The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within each of the corresponding departments.

Recommendation: These areas should be reviewed periodically and consideration should be given to improving the segregation of duties.

Views of responsible officials and planned corrective actions: The Sheriff's department is understaffed in all areas and it is not cost beneficial to hire additional personnel at this time. All areas will continue to be monitored and additional personnel will be added when possible.

Status: This finding was resolved by the Sheriff's office in the current year.

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SA 11/10-01 Incorrect Schedule of Expenditure of Federal Awards

Federal Grantor: U.S Department of Homeland Security
Pass-Through Grantor: Missouri Department of Public Safety
Federal CFDA Number: 97.036
Program Title: Disaster Grants - Public Assistance Grants
Pass Through Entity Identifying Number: 131-99131-00
Award Years: 2011

Criteria: The Office of Management and Budget (OMB) Circular A-133, Subpart C, Section 300(A) requires the County to prepare the Schedule of Expenditures of Federal Awards based on expenditures.

Condition: The 2011 Schedule of Expenditures of Federal Awards inaccurately reported funds received from the Department of Homeland Security rather than funds expended. The amounts of expenditures for these Disaster Grant funds should have been amounts expended during the 2011 year as required by the Office of Management and Budget (OMB) Circular A-133, Subpart C, Section 300(A).

Questioned Costs: None

Context: During our testing of the Disaster Grants – Public Assistance Grants, we noted the Schedule of Expenditures of Federal Awards incorrectly reported receipts instead of expenditures however, corrections were made and the Schedule of Expenditures of Federal Awards is properly reported in this audit report.

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

SA 11/10-01 Effect: Expenditures were previously understated however, corrections have been made and expenditures are currently properly reported.

Cause: The County improperly reported 2011 Disaster Grants – Public Assistance Grants using receipts instead of expenditures.

Recommendation: We recommend that the County ensure that revenues and expenditures related to federal awards are recorded correctly and in conformity with the cash basis of accounting.

Views of responsible officials and planned corrective actions: The County will properly record expenditures on the Schedule of Expenditures of Federal Awards in the future.

Status: This finding has been resolved by the County in the current year.

SA 11/10-02 Untimely filing of the Schedule of Expenditures of Federal Awards with the Federal Clearinghouse – 2009 and 2008 audit, 2011 and 2010 audit

Federal Grantor: U.S. Department of Justice, U.S. Department of Transportation, General Services Administration, Election Assistance Commission and U.S. Department of Homeland Security and U.S. Department of Housing and Urban Development
Pass-Through Grantor: Department of Public Safety, Highway and Transportation Commission, Office of Secretary of State and Department of Social Services.

Federal CFDA Number: All
Program Title: All programs
Award Years: 2009 and 2008, 2011 and 2010

Criteria: The Office of Management and Budget (OMB) Circular A-133, Subpart C, Section 320 requires the County to submit to the Federal Clearinghouse within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Condition: The 2009-2008 audit report dated April 9, 2010, and was not submitted to the Federal Clearinghouse until November 9, 2010. The 2011-2010 audit report was also untimely filed to the Federal Clearinghouse.

Questioned Costs: None

Context: During our planning of the current year single audit, we noted that the prior year audit report was not timely filed with the Federal Clearinghouse. The current year audit report was also not timely filed with the Federal Clearinghouse.

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (concluded)

SA 11/10-02 Effect: Federal Clearinghouse submission deadline was not met.

Cause: There was a lack of communication between the County and prior year auditors relating to the submission to the Federal Clearinghouse. The current year submission was untimely due to the lateness of performing the audit.

Recommendation: We recommend the County become familiar with reporting deadlines as it is ultimately responsible for these deadlines.

Views of responsible officials and planned corrective actions: The County is familiar with the reporting deadlines and will strive to report the submission in a timely manner going forward.

Status: This finding is repeated in the current year as SA 13/12-01.

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

June 13, 2014

To the Board of Commissioners
County of Miller

In planning and performing our audit of the regulatory based financial statements of the County of Miller (the "County") as of and for the years ended December 31, 2013, and December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in County's internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the County's internal control to be significant deficiencies as noted in section I:

Our comments concerning internal control and other significant matters are presented as follows:

I. Deficiencies Considered to be Significant
II. Information Required by Professional Standards

The County's management has provided written responses to the findings in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the County Commission, County Office Holders, the Missouri State Auditor and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 13/12-01 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification,* considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The County will begin the process of internal control documentation in 2014. The County Clerk's (Clayton Jenkins) office phone number is (573)369-1905.

FS 13/12-02 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

FS 13/12-02 Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of responsible officials and planned corrective actions: The County will begin the process of internal control documentation in 2014. The County Clerk's (Clayton Jenkins) office phone number is (573)369-1905.

FS 13/12-03 Criteria: The County should maintain sufficient summary schedules and other related documentation for all debt.

Condition: The County does not maintain a debt schedule detailing all debt owed by the County.

Context: During the audit it became evident that the County did not maintain adequate debt schedules to track the County's debt.

Effect: Lack of documentation resulted in the County making a debt payment twice.

Cause: The County did not maintain proper amortization schedules to properly report and budget debt expenditures nor maintain a debt schedule listing.

Recommendation: We recommend that the County obtain sufficient documentation for all debt leases, notes, short-term notes, etc. to properly record and account for expenditures and to also maintain a debt schedule so that debt may be adequately tracked.

Views of responsible officials and planned corrective actions: The County was able to provide the auditors will all of the documentation required. Going forward the County will actively track and maintain all of its debt. The County Clerk's (Clayton Jenkins) office phone number is (573)369-1905.

FS 13/12-04 Criteria: Bank reconciliations must be prepared monthly on a timely basis by all County Offices. Bank reconciliations must include a detail of the reconciling items which may include outstanding checks and deposits in transit.

Condition: During our testing, the Sheriff's administrative office was unable to provide us with bank reconciliations for the Adult Detention Center account for the years ended December 31, 2013 and 2012.

Context: This deficiency became apparent through our testing of cash accounts for the County and Sheriff's accounts.

Effect: Not preparing accurate bank reconciliations does not allow for the timely recognition of errors, therefore errors and differences are not able to be corrected in a timely manner.

Cause: Management does not prepare bank reconciliations in sufficient detail to note all outstanding items.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

FS 13/12-04 Recommendation: We recommend that management seek appropriate training to prepare bank reconciliations in a manner useful for making future decisions related to the cash balances of the County Accounts.

Views of Responsible Officials and Planned Corrective Actions: The Sheriff's Department is currently preparing monthly bank reconciliations for this account. The County Sheriff's (William Abbot) office phone number is (573)369-2341.

FS 13/12-05 Criteria: Reconciliations must be performed to ensure proper cash handling and cash management for all funds.

Condition: During our testing, we noted that the 911 Fund, Sheriff's Deputy Salary Supplement Fund and Jail Fund had deficit cash balances at December 31, 2013 and December 31, 2012.

Context: This deficiency became apparent through our testing of cash accounts for the County's accounts.

Effect: Not monitoring accurate cash balances can create a negative balance which could hinder the financial reporting process and cause funds to not be maintained properly.

Cause: Management does not maintain proper bank reconciliations to ensure the positive fund balances.

Recommendation: We recommend that management maintain positive fund balances within all governmental funds.

Views of Responsible Officials and Planned Corrective Actions: The Treasurer's and Clerk's office will work to maintain positive fund balances in the future by monitoring fund balances. The County Clerk's (Clayton Jenkins) office phone number is (573)369-1905 and the Treasurer's (Phil Lawson) office phone number is (573)369-1920.

FS 13/12-06 Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit*: An Amendment to SAS No. 55.

Condition: Lack of sufficient segregation of duties within the Treasurer's office.

Context: During the engagement, we noted that an individual is allowed to receive, record, deposit, as well as write, approve, sign and reconcile expenditures and receipts to the bank statement.

Effect: The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within each of the corresponding departments.

Recommendation: These areas should be reviewed periodically and consideration should be given to improving the segregation of duties.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (concluded)

FS 13/12-06 Views of responsible officials and planned corrective actions: The Treasurer's office will continue to be monitored and additional personnel will be will be added when possible. The Treasurer's (Phil Lawson) office phone number is (573)369-1920.

SA 13/12-01	Federal Grantor:	U.S. Department of Justice, U.S. Department of Transportation, U.S. Department of Homeland Security and U.S. Department of Housing and Urban Development
Other Information	Pass-Through Grantor:	Department of Public Safety, Highway and Transportation Commission and Office of Secretary of State.
Significant Deficiency	Federal CFDA Number:	All
	Program Title:	All Programs

Information on the federal program: Untimely filing of the Schedule of Expenditures of Federal Awards with the Federal Clearinghouse –2011 and 2010 audit

Criteria: The Office of Management and Budget (OMB) Circular A-133, Subpart C, Section 320 requires the County to submit to the Federal Clearinghouse within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Condition: The 2011-2010 audit report was untimely filed to the Federal Clearinghouse.

Questioned Costs: None

Context: The single audit report was not timely filed with the Federal Clearinghouse.

Effect: Federal Clearinghouse submission deadline was not met.

Cause: The prior year submission was untimely due to the lateness of performing the audit.

Recommendation: We recommend the County become familiar with reporting deadlines as it is ultimately responsible for these deadlines.

Views of responsible officials and planned corrective actions: The County is familiar with the reporting deadlines and will strive to report the submission in a timely manner going forward. The County Clerk's (Clayton Jenkins) office phone number is (573)369-1905.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 21, 2014. Professional standards also require that we communicate to you the following information related to our audit.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (continued)

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2013-2012 fiscal years. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the County applying the regulatory basis of accounting, no estimates are made during the preparation of financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 13, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

Other Matters

We were engaged to report on the schedule of expenditures of federal awards which accompany the financial statements but are not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We noted during our audit a certain matter that was not considered to be a significant deficiency or material weakness. During our audit, we noted that the Collector is not submitting settlements on a timely basis, which has also been an issue in previous audits. We recommend that the Collector submit annual settlements by the established due date.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Perry County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Perry County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-073

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013 AND 2012

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
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FINANCIAL SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Perry, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Perry ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2013, and 2012, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note I of the financial statements, the financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2013, and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the County as of December 31, 2013, and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2014, on our consideration of the County of Perry's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Perry's internal control over financial reporting and compliance.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 17, 2014

FINANCIAL STATEMENTS

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES -
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

FUND	CASH AND INVESTMENT BALANCES JANUARY 1, 2013	RECEIPTS 2013	DISBURSEMENTS 2013	CASH AND INVESTMENT BALANCES DECEMBER 31, 2013
General Revenue Fund	$ 75,100.52	$ 3,187,570.40	$ 3,184,786.34	$ 77,884.58
Special Road and Bridge Fund	318,020.50	1,664,773.22	1,805,568.23	177,225.49
Assessment Fund	226,786.97	304,817.45	247,364.48	284,239.94
Transfer Station Fund	102,909.12	546,282.37	566,783.26	82,408.23
911 Telephone Tax Fund	109,521.94	236,680.61	203,682.08	142,520.47
Road and Bridge Sales Tax Fund	384,948.25	932,822.66	849,664.98	468,105.93
Mental Health Fund	187,295.11	276,039.92	304,636.14	158,698.89
Recycling Center Fund	107,512.06	153,142.00	191,522.77	69,131.29
Law Enforcement Training Fund	1,826.93	5,433.03	4,955.40	2,304.56
Prosecuting Attorney Training Fund	167.80	949.16	782.97	333.99
Sheriff's Revolving Fund	8,696.86	25,603.51	11,864.01	22,436.36
Recorder's User Fee Fund	22,868.39	13,671.89	6,615.17	29,925.11
Election Services Fund	4,548.14	10,063.44	4,133.77	10,477.81
Sheriff's Civil Fee Fund	3,669.26	76,675.41	50,954.76	29,389.91
Senate Bill 40 Fund	45,990.45	278,650.84	234,519.08	90,122.21
Sheriff's Reserve Fund	9,584.83	2,427.35	2,122.06	9,890.12
Collector's Tax Maintenance Fund	14,049.20	17,186.98	14,088.92	17,147.26
Senior Citizens Sales Tax Fund	140,660.22	310,560.31	304,078.16	147,142.37
Youth Sales Tax Fund	347,860.13	312,379.69	308,735.65	351,504.17
Local Park Sales Tax Fund	357,757.04	1,443,013.27	1,559,509.60	241,260.71
Inmate Security Fund	14,405.20	4,955.10	3,350.21	16,010.09
Prosecuting Attorney Bad Check Fund	131.63	14,896.06	13,208.56	1,819.13
Law Enforcement Sales Tax Fund	356,974.58	629,697.79	797,214.58	189,457.79
Law Enforcement Restitution Fund	15,651.60	8,641.49	5,000.00	19,293.09
TOTAL	$ 2,856,936.73	$ 10,456,933.95	$ 10,675,141.18	$ 2,638,729.50

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES -
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

FUND	CASH AND INVESTMENT BALANCES JANUARY 1, 2012	RECEIPTS 2012	DISBURSEMENTS 2012	CASH AND INVESTMENT BALANCES DECEMBER 31, 2012
General Revenue Fund	$ 190,422.46	$ 3,212,852.09	$ 3,328,174.03	$ 75,100.52
Special Road and Bridge Fund	529,898.20	1,512,074.38	1,723,952.08	318,020.50
Assessment Fund	182,147.59	300,942.73	256,303.35	226,786.97
Transfer Station Fund	105,163.63	604,821.56	607,076.07	102,909.12
911 Telephone Tax Fund	59,066.66	236,385.17	185,929.89	109,521.94
Road and Bridge Sales Tax Fund	281,125.35	871,286.02	767,463.12	384,948.25
Mental Health Fund	225,173.52	275,493.63	313,372.04	187,295.11
Recycling Center Fund	150,024.50	144,955.24	187,467.68	107,512.06
Law Enforcement Training Fund	320.00	11,077.00	9,570.07	1,826.93
Prosecuting Attorney Training Fund	937.28	1,042.89	1,812.37	167.80
Sheriff's Revolving Fund	3,725.37	13,008.30	8,036.81	8,696.86
Recorder's User Fee Fund	12,324.54	13,919.19	3,375.34	22,868.39
Election Services Fund	1,936.82	5,698.31	3,086.99	4,548.14
Sheriff's Civil Fee Fund	11,641.48	57,076.93	65,049.15	3,669.26
Senate Bill 40 Fund	67,399.49	274,276.42	295,685.46	45,990.45
Sheriff's Reserve Fund	9,397.75	187.08	-	9,584.83
Collector's Tax Maintenance Fund	9,182.23	19,706.85	14,839.88	14,049.20
Senior Citizens Sales Tax Fund	168,238.75	304,193.60	331,772.13	140,660.22
Youth Sales Tax Fund	297,018.82	356,160.55	305,319.24	347,860.13
Local Park Sales Tax Fund	483,819.67	1,159,985.86	1,286,048.49	357,757.04
Inmate Security Fund	13,331.71	4,264.17	3,190.68	14,405.20
Prosecuting Attorney Bad Check Fund	2,795.78	13,891.60	16,555.75	131.63
Law Enforcement Sales Tax Fund	208,381.82	579,550.60	430,957.84	356,974.58
Law Enforcement Restitution Fund	20,381.04	10,193.56	14,923.00	15,651.60
TOTAL	$ 3,033,854.46	$ 9,983,043.73	$ 10,159,961.46	$ 2,856,936.73

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES -BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	GENERAL REVENUE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 625,000.00	$ 581,597.43	$ 630,000.00	$ 579,705.33
Sales Taxes	1,165,000.00	1,241,114.40	1,160,000.00	1,161,109.48
Intergovernmental	713,600.00	632,443.67	623,450.00	615,546.39
Charges for Services	401,320.24	397,196.56	386,125.00	400,198.48
Interest Income	2,100.00	1,362.97	2,000.00	2,087.38
Other	217,800.00	198,855.37	188,018.75	329,205.03
Transfers In	176,000.00	135,000.00	160,000.00	125,000.00
TOTAL RECEIPTS	3,300,820.24	3,187,570.40	3,149,593.75	3,212,852.09
DISBURSEMENTS				
County Commission	103,029.00	102,566.00	103,029.00	103,046.65
County Clerk	126,784.44	119,830.80	99,823.48	100,445.60
Elections	50,000.00	9,965.84	104,100.00	51,479.81
Buildings and Grounds	199,167.00	181,230.71	182,708.50	154,182.27
Employee Fringe Benefits	623,000.00	626,756.89	624,150.00	640,510.17
County Treasurer	52,505.00	52,007.41	51,443.60	52,641.36
Collector	91,263.00	90,161.74	89,650.20	91,132.40
Recorder of Deeds	80,790.20	80,377.29	84,038.00	78,723.30
Circuit Clerk	15,500.00	16,030.41	15,000.00	18,425.40
Associate Circuit Court	-	-	-	-
Court Administration	46,900.00	48,786.77	48,000.00	50,333.34
Public Administrator	84,457.80	81,635.63	75,581.60	81,337.30
Sheriff	516,727.60	504,060.45	468,937.20	495,712.03
Jail	358,500.00	437,460.68	347,000.00	375,874.35
Prosecuting Attorney	148,398.00	143,919.66	141,814.00	142,777.33
Juvenile Officer	60,000.00	76,393.87	55,000.00	65,511.40
Coroner	16,276.00	15,240.45	15,876.00	17,856.50
Dispatch Operations	155,000.00	148,816.03	150,000.00	148,270.56
General County Government	156,500.00	153,770.95	151,184.40	152,752.95
Health and Welfare	2,000.00	9,034.40	1,000.00	2,816.83
Transfers Out	176,000.00	-	160,000.00	85,359.41
Emergency Fund	95,000.00	-	95,000.00	-
Other	143,422.00	286,740.36	192,322.00	418,985.07
TOTAL DISBURSEMENTS	3,301,220.04	3,184,786.34	3,255,657.98	3,328,174.03
RECEIPTS OVER (UNDER) DISBURSEMENTS	(399.80)	2,784.06	(106,064.23)	(115,321.94)
CASH AND INVESTMENT BALANCES, JANUARY 1	75,100.52	75,100.52	190,422.46	190,422.46
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 74,700.72	$ 77,884.58	$ 84,358.23	$ 75,100.52

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES -BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SPECIAL ROAD AND BRIDGE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 950,000.00	$ 902,315.96	$ 955,000.00	$ 899,022.57
Sales Taxes	-	-	-	-
Intergovernmental	770,750.00	601,447.80	563,300.00	578,270.79
Charges for Services	15,000.00	21,614.00	30,000.00	14,121.50
Interest Income	3,000.00	2,297.62	6,000.00	3,686.10
Other	13,475.00	37,097.84	13,505.00	16,973.42
Transfers In	-	100,000.00	-	-
TOTAL RECEIPTS	1,752,225.00	1,664,773.22	1,567,805.00	1,512,074.38
DISBURSEMENTS				
Salaries	500,000.00	477,750.46	485,000.00	465,586.34
Employee Fringe Benefits	237,750.00	213,741.25	251,921.00	247,226.34
Supplies	223,500.00	174,363.10	221,500.00	200,797.27
Insurance	36,000.00	31,115.57	32,000.00	32,946.64
Materials	75,000.00	15,759.25	100,000.00	19,733.80
Equipment Repairs	111,000.00	141,648.10	101,500.00	118,483.96
Equipment Purchases	284,959.63	275,495.55	339,519.88	142,658.28
Construction	119,000.00	155,684.17	85,500.00	128,081.00
Rentals	7,500.00	130,950.53	1,500.00	7,600.00
Debt Service	54,060.25	54,060.25	-	104,060.25
Other	131,200.00	-	123,600.00	131,778.20
Transfers Out	135,000.00	135,000.00	125,000.00	125,000.00
TOTAL DISBURSEMENTS	1,914,969.88	1,805,568.23	1,867,040.88	1,723,952.08
RECEIPTS OVER (UNDER) DISBURSEMENTS	(162,744.88)	(140,795.01)	(299,235.88)	(211,877.70)
CASH AND INVESTMENT BALANCES, JANUARY 1	318,020.50	318,020.50	529,898.20	529,898.20
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 155,275.62	$ 177,225.49	$ 230,662.32	$ 318,020.50

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES -BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ASSESSMENT FUND				TRANSFER STATION FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 288,422.00	$ 294,931.70	$ 283,676.31	$ 290,288.94	$ -	$ -	$ 25,000.00	$ 16,451.42
Charges for Services	9,000.00	7,982.64	7,000.00	9,246.73	575,000.00	545,798.71	675,000.00	578,223.50
Interest Income	1,250.00	1,226.60	1,200.00	1,406.37	600.00	463.66	600.00	670.13
Other	-	676.51	-	0.69	500.00	20.00	-	9,476.51
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	298,672.00	304,817.45	291,876.31	300,942.73	576,100.00	546,282.37	700,600.00	604,821.56
DISBURSEMENTS								
Salaries	134,843.00	127,353.86	136,562.20	128,253.88	73,000.00	73,640.88	73,500.00	72,214.83
Fringe Benefits	59,500.00	55,675.25	66,697.00	64,503.90	33,150.00	32,127.49	35,991.00	35,382.03
Office	19,000.00	10,577.08	13,200.00	16,104.73	19,050.00	6,028.73	19,325.00	5,875.94
Equipment	6,000.00	1,299.44	7,500.00	4,519.02	23,025.00	18,979.19	25,025.00	20,020.52
Other	68,000.00	52,458.85	69,800.00	42,921.82	474,560.00	436,006.97	539,260.00	473,582.75
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	287,343.00	247,364.48	293,759.20	256,303.35	622,785.00	566,783.26	693,101.00	607,076.07
RECEIPTS OVER (UNDER) DISBURSEMENTS	11,329.00	57,452.97	(1,882.89)	44,639.38	(46,685.00)	(20,500.89)	7,499.00	(2,254.51)
CASH AND INVESTMENT BALANCES, JANUARY 1	226,786.97	226,786.97	182,147.59	182,147.59	102,909.12	102,909.12	105,163.63	105,163.63
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 238,115.97	$ 284,239.94	$ 180,264.70	$ 226,786.97	$ 56,224.12	$ 82,408.23	$ 112,662.63	$ 102,909.12

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES -BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	911 TELEPHONE TAX FUND				ROAD AND BRIDGE SALES TAX FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	$ -	$ -	$ -	$ -	$ 870,000.00	$ 930,501.22	$ 870,000.00	$ 869,094.82
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	205,000.00	205,346.76	230,000.00	214,977.84	-	-	-	-
Interest Income	700.00	606.30	400.00	633.21	2,000.00	2,321.44	4,000.00	2,191.20
Other	21,000.00	30,727.55	-	20,774.12	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	226,700.00	236,680.61	230,400.00	236,385.17	872,000.00	932,822.66	874,000.00	871,286.02
DISBURSEMENTS								
Salaries	81,162.00	79,834.29	77,293.60	79,409.57	-	-	-	-
Fringe Benefits	33,080.00	32,457.85	31,145.00	31,315.67	-	-	-	-
Office	24,450.00	18,753.90	26,750.00	22,028.94	-	-	-	-
Equipment	78,280.00	65,160.96	81,720.00	45,925.40	-	-	-	-
Other	9,300.00	7,475.08	12,200.00	7,250.31	30,000.00	111,357.68	20,000.00	240.00
Road and Bridge Expenditures	-	-	-	-	920,000.00	295,970.40	980,000.00	648,734.62
Purchase of Rock Materials	-	-	-	-	150,000.00	342,336.90	155,000.00	118,488.50
Transfers Out	-	-	-	-	-	100,000.00	-	-
TOTAL DISBURSEMENTS	226,272.00	203,682.08	229,108.60	185,929.89	1,100,000.00	849,664.98	1,155,000.00	767,463.12
RECEIPTS OVER (UNDER) DISBURSEMENTS	428.00	32,998.53	1,291.40	50,455.28	(228,000.00)	83,157.68	(281,000.00)	103,822.90
CASH AND INVESTMENT BALANCES, JANUARY 1	109,521.94	109,521.94	59,066.66	59,066.66	384,948.25	384,948.25	281,125.35	281,125.35
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 109,949.94	$ 142,520.47	$ 60,358.06	$ 109,521.94	$ 156,948.25	$ 468,105.93	$ 125.35	$ 384,948.25

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES -BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	MENTAL HEALTH FUND				RECYCLING CENTER FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ 250,000.00	$ 274,492.74	$ 285,000.00	$ 272,733.40	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	114.85	350.00	823.33	20,000.00	14,062.50	30,000.00	1,594.19
Charges for Services	-	-	-	-	130,000.00	121,342.51	225,000.00	128,328.82
Interest Income	2,000.00	1,431.33	1,500.00	1,935.90	500.00	444.98	700.00	945.15
Other	1.00	1.00	250.00	1.00	9,000.00	17,292.01	5,500.00	14,087.08
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	252,001.00	276,039.92	287,100.00	275,493.63	159,500.00	153,142.00	261,200.00	144,955.24
DISBURSEMENTS								
Mental Health Expenditures	286,500.00	304,636.14	316,500.00	313,372.04	-	-	-	-
Salaries	-	-	-	-	91,000.00	86,093.30	92,300.00	85,650.56
Fringe Benefits	-	-	-	-	35,200.00	34,630.61	38,431.00	36,751.57
Office	-	-	-	-	10,700.00	10,277.25	10,800.00	17,222.50
Equipment	-	-	-	-	73,000.00	60,521.61	103,800.00	47,843.05
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	286,500.00	304,636.14	316,500.00	313,372.04	209,900.00	191,522.77	245,331.00	187,467.68
RECEIPTS OVER (UNDER) DISBURSEMENTS	(34,499.00)	(28,596.22)	(29,400.00)	(37,878.41)	(50,400.00)	(38,380.77)	15,869.00	(42,512.44)
CASH AND INVESTMENT BALANCES, JANUARY 1	187,295.11	187,295.11	225,173.52	225,173.52	107,512.06	107,512.06	150,024.50	150,024.50
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 152,796.11	$ 158,698.89	$ 195,773.52	$ 187,295.11	$ 57,112.06	$ 69,131.29	$ 165,893.50	$ 107,512.06

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES -BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	LAW ENFORCEMENT TRAINING FUND				PROSECUTING ATTORNEY TRAINING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 1,900.00	$ 1,795.81	$ 2,100.00	$ 1,927.94	$ -	$ -	$ -	$ -
Charges for Services	4,100.00	3,606.00	4,100.00	4,092.00	1,000.00	911.83	1,200.00	1,037.49
Interest Income	5.00	6.22	20.00	-	5.00	1.64	20.00	5.40
Other	-	25.00	-	5,057.06	-	35.69	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	6,005.00	5,433.03	6,220.00	11,077.00	1,005.00	949.16	1,220.00	1,042.89
DISBURSEMENTS								
Training	6,000.00	4,955.40	6,500.00	9,570.07	-	-	-	-
Prosecuting Attorney Expenses	-	-	-	-	1,100.00	782.97	2,150.00	1,812.37
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	6,000.00	4,955.40	6,500.00	9,570.07	1,100.00	782.97	2,150.00	1,812.37
RECEIPTS OVER (UNDER) DISBURSEMENTS	5.00	477.63	(280.00)	1,506.93	(95.00)	166.19	(930.00)	(769.48)
CASH AND INVESTMENT BALANCES, JANUARY 1	1,826.93	1,826.93	320.00	320.00	167.80	167.80	937.28	937.28
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 1,831.93	$ 2,304.56	$ 40.00	$ 1,826.93	$ 72.80	$ 333.99	$ 7.28	$ 167.80

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES -BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SHERIFF'S REVOLVING FUND				RECORDER'S USER FEE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges For Services	13,000.00	25,530.00	8,000.00	12,970.00	14,137.50	13,558.25	12,500.00	13,803.30
Interest Income	40.00	73.51	50.00	38.30	-	-	-	115.89
Other	-	-	-	-	113.00	113.64	60.00	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	13,040.00	25,603.51	8,050.00	13,008.30	14,250.50	13,671.89	12,560.00	13,919.19
DISBURSEMENTS								
Sheriff Expenses	13,900.00	11,864.01	10,500.00	8,036.81	-	-	-	-
Recorder Expenses	-	-	-	-	8,285.00	6,615.17	3,285.00	3,375.34
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	13,900.00	11,864.01	10,500.00	8,036.81	8,285.00	6,615.17	3,285.00	3,375.34
RECEIPTS OVER (UNDER) DISBURSEMENTS	(860.00)	13,739.50	(2,450.00)	4,971.49	5,965.50	7,056.72	9,275.00	10,543.85
CASH AND INVESTMENT BALANCES, JANUARY 1	8,696.86	8,696.86	3,725.37	3,725.37	22,868.39	22,868.39	12,324.54	12,324.54
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 7,836.86	$ 22,436.36	$ 1,275.37	$ 8,696.86	$ 28,833.89	$ 29,925.11	$ 21,599.54	$ 22,868.39

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES -BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ELECTION SERVICES FUND				SHERIFF'S CIVIL FEE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	$ 4,500.00	$ 10,024.46	$ 5,200.00	$ 5,674.10	$ 8,000.00	$ 8,910.00	$ 7,500.00	$ 7,524.00
Charges for Services	-	-	-	-	31,600.00	25,929.89	27,600.00	31,631.42
Interest Income	-	38.98	20.00	24.21	100.00	51.09	100.00	96.31
Other	-	-	-	-	16,500.00	41,784.43	15,600.00	17,825.20
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	4,500.00	10,063.44	5,220.00	5,698.31	56,200.00	76,675.41	50,800.00	57,076.93
DISBURSEMENTS								
Elections	6,000.00	4,133.77	3,949.88	3,086.99	-	-	-	-
Sheriff Expenses	-	-	-	-	31,000.00	5,083.12	21,000.00	33,042.04
Other	-	-	-	-	28,000.00	45,871.64	37,500.00	32,007.11
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	6,000.00	4,133.77	3,949.88	3,086.99	59,000.00	50,954.76	58,500.00	65,049.15
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500.00)	5,929.67	1,270.12	2,611.32	(2,800.00)	25,720.65	(7,700.00)	(7,972.22)
CASH AND INVESTMENT BALANCES, JANUARY 1	4,548.14	4,548.14	1,936.82	1,936.82	3,669.26	3,669.26	11,641.48	11,641.48
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 3,048.14	$ 10,477.81	$ 3,206.94	$ 4,548.14	$ 869.26	$ 29,389.91	$ 3,941.48	$ 3,669.26

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES -BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SENATE BILL 40 FUND				SHERIFF'S RESERVE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ 285,000.00	$ 274,492.74	$ 285,000.00	$ 272,733.40	$ -	$ -	$ -	$ -
Intergovernmental	825.00	114.85	-	823.33	-	-	-	-
Charges For Services	-	-	-	-	-	-	-	-
Interest Income	700.00	961.11	650.00	719.69	-	27.35	-	187.08
Other	-	3,082.14	-	-	-	2,400.00	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	286,525.00	278,650.84	285,650.00	274,276.42	-	2,427.35	-	187.08
DISBURSEMENTS								
Senate Bill 40 Expenses	300,700.00	234,519.08	320,000.00	295,685.46	-	-	-	-
Sheriff Expenses	-	-	-	-	-	2,122.06	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	300,700.00	234,519.08	320,000.00	295,685.46	-	2,122.06	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,175.00)	44,131.76	(34,350.00)	(21,409.04)	-	305.29	-	187.08
CASH AND INVESTMENT BALANCES, JANUARY 1	45,990.45	45,990.45	67,399.49	67,399.49	9,584.83	9,584.83	9,397.75	9,397.75
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 31,815.45	$ 90,122.21	$ 33,049.49	$ 45,990.45	$ 9,584.83	$ 9,890.12	$ 9,397.75	$ 9,584.83

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES -BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	COLLECTOR'S TAX MAINTENANCE FUND				SENIOR CITIZENS SALES TAX FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	$ -	$ -	$ -	$ -	$ 290,000.00	$ 310,077.95	$ 290,000.00	$ 303,290.77
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	17,400.00	16,717.08	17,900.00	19,129.31	-	-	-	-
Interest Income	50.00	49.42	50.00	64.56	900.00	482.36	1,000.00	902.83
Other	300.00	420.48	400.00	512.98	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	17,750.00	17,186.98	18,350.00	19,706.85	290,900.00	310,560.31	291,000.00	304,193.60
DISBURSEMENTS								
Collector Expenses	18,000.00	14,088.92	18,000.00	14,839.88	-	-	-	-
Senior Citizen's Sales Tax Expenses	-	-	-	-	408,368.44	304,078.16	321,600.00	331,772.13
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	18,000.00	14,088.92	18,000.00	14,839.88	408,368.44	304,078.16	321,600.00	331,772.13
RECEIPTS OVER (UNDER) DISBURSEMENTS	(250.00)	3,098.06	350.00	4,866.97	(117,468.44)	6,482.15	(30,600.00)	(27,578.53)
CASH AND INVESTMENT BALANCES, JANUARY 1	14,049.20	14,049.20	9,182.23	9,182.23	140,660.22	140,660.22	168,238.75	168,238.75
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 13,799.20	$ 17,147.26	$ 9,532.23	$ 14,049.20	$ 23,191.78	$ 147,142.37	$ 137,638.75	$ 140,660.22

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES -BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	YOUTH SALES TAX FUND				LOCAL PARK SALES TAX FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	$ 290,000.00	$ 310,077.95	$ 293,000.00	$ 289,123.44	$ 1,075,000.00	$ 1,141,549.12	$ 1,067,033.29	$ 1,072,254.77
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest Income	2,333.00	1,475.35	2,000.00	2,509.19	1,900.00	1,464.15	2,700.00	2,371.68
Other	1,000.00	826.39	40,000.00	64,527.92	-	300,000.00	-	-
Transfers In	-	-	-	-	-	-	-	85,359.41
TOTAL RECEIPTS	293,333.00	312,379.69	335,000.00	356,160.55	1,076,900.00	1,443,013.27	1,069,733.29	1,159,985.86
DISBURSEMENTS								
Youth Expenses	365,982.00	308,735.65	316,468.50	305,319.24	-	-	-	-
Local Park Sales Tax Expenses	-	-	-	-	1,237,777.40	1,559,509.60	1,199,810.82	1,286,048.49
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	365,982.00	308,735.65	316,468.50	305,319.24	1,237,777.40	1,559,509.60	1,199,810.82	1,286,048.49
RECEIPTS OVER (UNDER) DISBURSEMENTS	(72,649.00)	3,644.04	18,531.50	50,841.31	(160,877.40)	(116,496.33)	(130,077.53)	(126,062.63)
CASH AND INVESTMENT BALANCES, JANUARY 1	347,860.13	347,860.13	297,018.82	297,018.82	357,757.04	357,757.04	483,819.67	483,819.67
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 275,211.13	$ 351,504.17	$ 315,550.32	$ 347,860.13	$ 196,879.64	$ 241,260.71	$ 353,742.14	$ 357,757.04

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES -BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	INMATE SECURITY FUND				PROSECUTING ATTORNEY BAD CHECK FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	$ 4,000.00	$ 4,883.50	$ 4,000.00	$ 4,162.00	$ 8,000.00	$ 9,892.00	$ 17,300.00	$ 8,880.94
Interest Income	75.00	71.60	75.00	102.17	10.00	4.06	10.00	10.66
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	5,000.00	5,000.00	-	5,000.00
TOTAL RECEIPTS	4,075.00	4,955.10	4,075.00	4,264.17	13,010.00	14,896.06	17,310.00	13,891.60
DISBURSEMENTS								
Prosecuting Attorney Expenses	-	-	-	-	12,950.00	13,208.56	18,360.00	16,209.57
Other	5,000.00	3,350.21	5,000.00	3,190.68	-	-	1,000.00	346.18
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	5,000.00	3,350.21	5,000.00	3,190.68	12,950.00	13,208.56	19,360.00	16,555.75
RECEIPTS OVER (UNDER) DISBURSEMENTS	(925.00)	1,604.89	(925.00)	1,073.49	60.00	1,687.50	(2,050.00)	(2,664.15)
CASH AND INVESTMENT BALANCES, JANUARY 1	14,405.20	14,405.20	13,331.71	13,331.71	131.63	131.63	2,795.78	2,795.78
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 13,480.20	$ 16,010.09	$ 12,406.71	$ 14,405.20	$ 191.63	$ 1,819.13	$ 745.78	$ 131.63

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES -BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	LAW ENFORCEMENT SALES TAX FUND				LAW ENFORCEMENT RESTITUTION FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	$ 575,000.00	$ 620,926.93	$ 550,000.00	$ 577,070.05	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	11,000.00	8,558.50	18,000.00	10,058.50
Interest Income	2,100.00	1,821.42	1,200.00	2,165.55	135.00	82.99	140.00	135.06
Other	-	6,949.44	-	315.00	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	577,100.00	629,697.79	551,200.00	579,550.60	11,135.00	8,641.49	18,140.00	10,193.56
DISBURSEMENTS								
Law Enforcement Expenses	712,000.00	797,214.58	482,000.00	430,957.84	20,000.00	-	20,000.00	9,923.00
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	5,000.00	-	5,000.00
TOTAL DISBURSEMENTS	712,000.00	797,214.58	482,000.00	430,957.84	20,000.00	5,000.00	20,000.00	14,923.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(134,900.00)	(167,516.79)	69,200.00	148,592.76	(8,865.00)	3,641.49	(1,860.00)	(4,729.44)
CASH AND INVESTMENT BALANCES, JANUARY 1	356,974.58	356,974.58	208,381.82	208,381.82	15,651.60	15,651.60	20,381.04	20,381.04
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 222,074.58	$ 189,457.79	$ 277,581.82	$ 356,974.58	$ 6,786.60	$ 19,293.09	$ 18,521.04	$ 15,651.60

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2013

	Collector	Sheriff	Prosecuting Attorney Restitution	Court Juvenile Fees	Loanable School Fines	Fees Due Others
ASSETS						
Cash and Cash Equivalents	$ 12,484,538.15	$ 45,307.93	$ 14,156.92	$ 5,482.00	$ 99,380.24	$ 231.97
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	12,484,538.15	45,307.93	14,156.92	5,482.00	99,380.24	231.97
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	12,484,538.15	45,307.93	14,156.92	5,482.00	99,380.24	231.97
TOTAL LIABILITIES AND FUND BALANCES	$ 12,484,538.15	$ 45,307.93	$ 14,156.92	$ 5,482.00	$ 99,380.24	$ 231.97

	Surplus Tax Sales	Shop With a Cop	Domestic Violence Shelter Fees	TIF-1	Law Library	Total Agency Funds
ASSETS						
Cash and Cash Equivalents	$ 3,501.20	$ 4,709.79	$ 3,569.10	$ 0.24	$ 30,935.41	$ 12,691,812.95
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	3,501.20	4,709.79	3,569.10	0.24	30,935.41	12,691,812.95
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	3,501.20	4,709.79	3,569.10	0.24	30,935.41	12,691,812.95
TOTAL LIABILITIES AND FUND BALANCES	$ 3,501.20	$ 4,709.79	$ 3,569.10	$ 0.24	$ 30,935.41	$ 12,691,812.95

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2012

	Collector	Sheriff	Prosecuting Attorney Restitution	Court Juvenile Fees	Loanable School Fines	Fees Due Others
ASSETS						
Cash and Cash Equivalents	$ 11,592,755.84	$ 33,495.20	$ 23,733.55	$ 4,942.00	$ 110,529.34	$ 111.91
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	11,592,755.84	33,495.20	23,733.55	4,942.00	110,529.34	111.91
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	11,592,755.84	33,495.20	23,733.55	4,942.00	110,529.34	111.91
TOTAL LIABILITIES AND FUND BALANCES	$ 11,592,755.84	$ 33,495.20	$ 23,733.55	$ 4,942.00	$ 110,529.34	$ 111.91

	Surplus Tax Sales	Shop With a Cop	Domestic Violence Shelter Fees	TIF-1	Law Library	Total Agency Funds
ASSETS						
Cash and Cash Equivalents	$ 11,773.38	$ 7,431.90	$ 3,838.00	$ 129.28	$ 27,003.97	$ 11,815,744.37
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	11,773.38	7,431.90	3,838.00	129.28	27,003.97	11,815,744.37
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	11,773.38	7,431.90	3,838.00	129.28	27,003.97	11,815,744.37
TOTAL LIABILITIES AND FUND BALANCES	$ 11,773.38	$ 7,431.90	$ 3,838.00	$ 129.28	$ 27,003.97	$ 11,815,744.37

The accompanying notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Perry, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1820 by an Act of the Missouri Territory. In addition to the three Commissioners, there are eleven elected Constitutional Officers: County Clerk, Collector, Treasurer, Sheriff, Assessor, Coroner, Circuit Clerk, Recorder, Public Administrator, County Surveyor, and Prosecuting Attorney.

As discussed further in Note I, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of the County.

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, transportation, economic development, and social and recreation services.

The financial statements referred to above include only the primary government of Perry County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri law, which include a Statement of Receipts, Disbursements and Changes in Cash and Investment Balances – All Governmental Funds, a Comparative Statement of Receipts and Disbursements – Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following fund types are used by the County:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similarly to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other officeholders.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.

2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets.

4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.

6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

   Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

7. Budgets are prepared and adopted on the cash basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar years 2013 and 2012, for purposes of taxation, was:

	2013	2012
Real Estate	$ 213,484,690	$ 208,029,704
Personal Property	93,185,057	91,030,902
Railroad and Utilities	15,749,674	15,074,018
	$ 322,419,421	$ 314,134,624

The County Commission approved a $.6601 and $.6601 tax levy per $100 of assessed valuation of tangible taxable property for the calendar years 2013 and 2012, for purpose of County taxation, as follows:

	2013	2012
General Revenue Fund	$ .1800	$ .1800
Special Road and Bridge Fund	.2999	.2999
Mental Health Fund	.0901	.0901
Senate Bill 40 Fund	.0901	.0901
	$ .6601	$ .6601

F. Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash and investments applicable to a particular fund are readily identifiable. Some county offices also hold cash and investments in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements. Details of these cash balances are presented in Note II.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are eliminated due to reporting the financial statements on the regulatory basis of accounting.

Legally required transfers are reported as “transfers in” by the recipient fund and as “transfers out” by the disbursing fund.

II. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and Investments" under each fund's caption.

Deposits with maturities greater than three months are considered investments. In addition, cash and investments are separately held by several of the County’s funds. County investments consist of certificates of deposit with local banking institutions.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013, and 2012, the carrying amount of the County's deposits was $2,638,729.50 and $2,856,936.73, and the bank balance was $13,959,848.39 and $12,403,078.86, respectively. As of December 31, 2013, and 2012, the County’s deposits were properly pledged by FDIC insurance and pledged securities.

SUMMARY OF CARRYING VALUES

Carrying values of deposits and investments shown above are included in the financial statements at December 31, 2013, as follows:

Included in the following fund financial statement captions:

Statements of Receipts, Disbursements and Changes in Cash and Investments – Governmental Funds:	
Deposits	$ 2,461,227.20
Investments	177,502.30
Total Governmental Funds	2,638,729.50
Statement of Assets and Liabilities Arising From Cash Transactions – Agency Funds:	
Deposits	12,691,812.95
Investments	-
Total Agency Funds	12,691,812.95
Total Deposits and Investments as of December 31, 2013	$ 15,330,542.45

II. CASH AND INVESTMENTS (concluded)

The carrying values of deposits and investments at December 31, 2012, are as follows:

Included in the following fund financial statement captions:

Statements of Receipts, Disbursements and Changes in Cash and Investments – Governmental Funds:	
Deposits	$ 2,680,932.97
Investments	176,003.76
Total Governmental Funds	2,856,936.73
Statement of Assets and Liabilities Arising From Cash Transactions – Agency Funds:	
Deposits	11,815,744.37
Investments	-
Total Agency Funds	11,815,744.37
Total Deposits and Investments as of December 31, 2012	$ 14,672,681.10

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013, and 2012.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial investment credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments. All investments, evidenced by individual securities, are registered in the name of the County or of a type not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's investments were not exposed to concentration of investment credit risk for the years ended December 31, 2013, and 2012.

III. LONG-TERM DEBT

In 2005, the County issued Leasehold Revenue Bonds Refunding Series 2005 with an original principal balance of $8,785,000 due in annual principal installments ranging from $480,000 to $1,085,000 through May 1, 2017. The interest rate is variable from 3.25% to 4.50%. Interest payments are due semi-annually on May 1 and November 1.

2013

	Balance at December 31, 2012	Amount Borrowed	Amount Repaid	Balance at December 31, 2013	Interest Paid During Year
Series 2005	$ 4,640,000.00	$ -	$ 800,000.00	$ 3,840,000.00	$ 165,477.50
Totals	$ 4,640,000.00	$ -	$ 800,000.00	$ 3,840,000.00	$ 165,477.50

2012

	Balance at December 31, 2011	Amount Borrowed	Amount Repaid	Balance at December 31, 2012	Interest Paid During Year
Series 2005	$ 5,370,000.00	$ -	$ 730,000.00	$ 4,640,000.00	$ 199,502.50
Totals	$ 5,370,000.00	$ -	$ 730,000.00	$ 4,640,000.00	$ 199,502.50

The future payments as of December 31, 2013, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2014	$ 850,000.00	$ 132,177.50	$ 982,177.50
2015	920,000.00	99,857.50	1,019,857.50
2016	985,000.00	63,118.75	1,048,118.75
2017	1,085,000.00	21,700.00	1,106,700.00
TOTALS	$ 3,840,000.00	$ 316,853.75	$ 4,156,853.75

III. LONG-TERM DEBT (concluded)

The future payments as of December 31, 2012, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2013	$ 800,000.00	$ 165,477.50	$ 965,477.50
2014	850,000.00	132,177.50	982,177.50
2015	920,000.00	99,857.50	1,019,857.50
2016	985,000.00	63,118.75	1,048,118.75
2017	1,085,000.00	21,700.00	1,106,700.00
TOTALS	$ 4,640,000.00	$ 482,331.25	$ 5,122,331.25

IV. CAPITAL LEASES

In 2011, the County entered into a capital lease financing agreement with the Bank of Missouri for a 2011 John Deere 670G. The lease matured on March 20, 2013, with a nominal annual rate of 4.19%. Combined interest and principal payments are paid annually.

In 2011, the County entered into a capital lease financing agreement with the Bank of Missouri for three 2011 Dodge Chargers. The lease matured on March 20, 2013, with a nominal annual rate of 4.19%. Combined interest and principal payments are paid annually.

In 2011, the County entered into a capital lease financing agreement with the Bank of Missouri for a 2012 International 7400 and a 2012 International M2112V. The lease matures on May 25, 2014, with a nominal annual rate of 4.19%. Combined interest and principal payments are paid annually.

2013

	Balance at December 31, 2012	Amount Borrowed	Amount Repaid	Balance at December 31, 2013	Interest Paid During Year
2011 John Deere 670G	$ 62,366.22	$ -	$ 62,366.22	$ -	$ 2,641.79
2011 Dodge Chargers	25,145.52	-	25,145.52	-	1,068.03
International Trucks	129,458.67	-	63,450.48	66,008.19	5,468.90
Totals	$ 216,970.41	$ -	$ 150,962.22	$ 66,008.19	$ 9,178.72

2012

	Balance at December 31, 2011	Amount Borrowed	Amount Repaid	Balance at December 31, 2012	Interest Paid During Year
2011 John Deere 670G	$ 124,200.00	$ -	$ 61,833.78	$ 62,366.22	$ 3,206.50
2011 Dodge Chargers	50,000.00	-	24,854.48	25,145.52	1,373.14
International Trucks	192,500.00	-	63,041.33	129,458.67	5,878.05
Totals	$ 366,700.00	$ -	$ 149,729.59	$ 216,970.41	$ 10,457.69

IV. CAPITAL LEASES (concluded)

The future payments as of December 31, 2013, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2014	$ 66,008.19	$ 2,803.63	$ 68,811.82
TOTALS	$ 66,008.19	$ 2,803.63	$ 68,811.82

The future payments as of December 31, 2012, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2013	$ 150,962.22	$ 9,178.72	$ 160,140.94
2014	66,008.19	2,803.63	68,811.82
TOTALS	$ 216,970.41	$ 11,982.35	$ 228,952.76

V. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2013 and 2012 are as follows:

	2013		2012	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	$ 135,000.00	$ -	$ 125,000.00	$ 85,359.41
Special Road and Bridge Fund	100,000.00	135,000.00	-	125,000.00
Road and Bridge Sales Tax Fund	-	100,000.00	-	-
Local Park Sales Tax Fund	-	-	85,359.41	-
Prosecuting Attorney Bad Check Fund	5,000.00	-	5,000.00	-
Law Enforcement Restitution Fund	-	5,000.00	-	5,000.00
TOTAL	$ 240,000.00	$ 240,000.00	$ 215,359.41	$ 215,359.41

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Revenue Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VI. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of 11 members, 9 of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the city of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system. CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee.

The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. During 2013 and 2012, the County collected and remitted to CERF, employee contributions of $47,243.08 and $46,741.08, respectively, for the years then ended.

VII. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed $2,244 and $2,244, respectively, for the years ended December 31, 2013, and 2012.

VIII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

A. Plan Description

Perry County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and governed by statute section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Status

Full-time employees of Perry County do not contribute to the pension plan. The June 30th statutorily required contribution rates are 10.5% (General) and 11.5% (Police) in 2013 and 12.1% (General) and 10.5% (Police) in 2012 of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for 2013 and 2012 were as follows:

	2013	2012
Annual required contribution	$ 316,848	$ 304,777
Interest on net pension obligation	2,226	2,121
Adjustment to annual required contribution	(2,125)	(2,492)
Annual pension cost	316,949	304,406
Actual contributions	316,848	302,948
Increase (decrease) in NPO	101	1,458
NPO beginning of year	30,710	29,252
NPO end of year	$ 30,811	$ 30,710

VIII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

For 2013, the annual required contribution (ARC) was determined as part of the February 28, 2011, and February 29, 2012, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011, was 15 years for the General division and 22 years for the Police division. The amortization period as of February 29, 2012, was 21 years for the General division and 21 years for the Police division.

For 2012, the annual required contribution (ARC) was determined as part of the February 28, 2010, and February 28, 2011, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010, was 28 years for the General division and 30 years for the Police division. The amortization period as of February 28, 2011, was 15 years for the General division and 22 years for the Police division.

2013

THREE-YEAR TREND INFORMATION

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 265,076	94.2%	$ 29,252
2012	304,406	99.5	30,710
2013	316,949	100.0	30,811

VIII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (concluded)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (concluded)

2013

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
02/28/2011	$ 5,458,471	$ 6,327,716	$ 869,245	86%	$2,440,824	36%
02/29/2012	6,146,324	6,944,143	797,819	89	2,687,777	30
02/28/2013	7,059,714	7,430,970	371,256	95	2,802,799	13

2012

THREE-YEAR TREND INFORMATION

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$ 243,668	94.3%	$ 13,889
2011	265,076	94.2	29,252
2012	304,406	99.5	30,710

2012

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
02/28/2010	$ 4,943,513	$ 5,901,541	$ 958,028	84%	$2,480,007	39%
02/28/2011	5,458,471	6,327,716	869,245	86	2,440,824	36
02/29/2012	6,146,324	6,944,143	797,819	89	2,687,777	30

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

IX. POST-EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. There was one participant in COBRA at December 31, 2013, and one at December 31, 2012, paying respective premiums of $2,365.98 and $5,600.10.

X. CLAIMS, COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is not currently involved in pending litigation as of the audit report date.

B. Compensated Absences

The County provides employees with up to 25 days of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused vacation leave. Vacation days not used by the end of the year are forfeited. Employees in the County earn 8 hours of sick pay for each month worked. Upon termination from county employment, the employee is not compensated for unused sick time.

C. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

XI. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. Insurance is obtained from commercial insurance companies. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool, which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

XI. RISK MANAGEMENT (concluded)

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

XII. SUBSEQUENT EVENTS

In March 2014, the Prosecuting Attorney's office entered into an operating lease for a copier requiring 60 monthly payments of $212.

On April 14, 2014, the County issued Lease Refunding Certificates of Participation, Series 2014 to refund the Parks Revenue Bonds with a principal amount of $2,565,000.

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

SCHEDULE OF STATE FINDINGS

I. For the year ended December 31, 2013, actual expenditures exceeded those budgeted in the Mental Health Fund, Local Park Sales Tax Fund, Prosecuting Attorney Bad Check Fund and the Law Enforcement Sales Tax Fund.

II. For the year ended December 31, 2012, actual expenditures exceeded those budgeted in the General Revenue Fund, Law Enforcement Training Fund, Recorder's User Fee Fund, Sheriff's Civil Fee Fund, Senior Citizens Sales Tax Fund, and the Local Park Sales Tax Fund.

III. For the year ended December 31, 2013, a budget was not prepared for the Sheriff's Reserve Fund.

IV. For the year ended December 31, 2012, a budget was not prepared for the Sheriff's Reserve Fund.

V. For the year ended December 31, 2012, the Collector's Tax Maintenance Fund budget document was not amended to match actual cash balances.

VI. For the year ended December 31, 2013, the Senate Bill 40 Fund budget document was not amended to match actual cash balances.

INTERNAL CONTROL AND COMPLIANCE SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the County Commission
The County of Perry, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Perry ("County") as of and for the years ended December 31, 2013, and 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. [FS 13/12-01 and FS 13/12-02]

3510 JEFFCO BOULEVARD • SUITE 200 • ARNOLD, MISSOURI 63010-3999 • 636-464-1330 • FAX 636-464-3076

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 17, 2014

I. FINANCIAL STATEMENT FINDINGS

FS 13/12-01 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During walkthroughs, the County informed us that internal control documentation had not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk (Randy Taylor) is in the process of preparing the needed documentation to document their internal control structure in conformity with the COSO framework. The Clerk expects to complete this by the next audit period. The County Clerk's phone number is (573) 547-4242.

FS 13/12-02 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During the County's walkthroughs, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

I. FINANCIAL STATEMENT FINDINGS (concluded)

FS 13/12-02 Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk (Randy Taylor) is in the process of preparing the needed documentation to document their fraud risk in conformity with the COSO framework. The Clerk expects to complete this by the next audit period. The County Clerk's phone number is (573) 547-4242.

THE COUNTY OF PERRY
PERRYVILLE, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2013 AND 2012

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings related to internal control and compliance since there was not an audit performed for the prior audit period.

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

June 17, 2014

To the Board of Commissioners
County of Perry

In planning and performing our audit of the regulatory based financial statements of the County of Perry (the "County") as of and for the years ended December 31, 2013, and December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in County's internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the County's internal control to be significant deficiencies as noted in section I:

Our comments concerning internal control and other significant matters are presented as follows:

I. Deficiencies Considered to be Significant
II. Information Required by Professional Standards

The County's management has provided written responses to the findings in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the County Commission, County Office Holders, the Missouri State Auditor and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 13/12-01 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122 *Statements on Auditing Standards: Clarification and Recodification,* considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During walkthroughs, the County informed us that internal control documentation had not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk (Randy Taylor) is in the process of preparing the needed documentation to document their internal control structure in conformity with the COSO framework. The Clerk expects to complete this by the next audit period. The County Clerk's phone number is (573) 547-4242.

FS 13/12-02 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During the County walkthroughs, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (Continued)

FS 13/12-02 Views of Responsible Officials and Planned Corrective Actions: The County Clerk (Randy Taylor) is in the process of preparing the needed documentation to document their fraud risk in conformity with the COSO framework. The Clerk expects to complete this by the next audit period. The County Clerk's phone number is (573) 547-4242.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 19, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2013-2012 fiscal years. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the County applying the regulatory basis of accounting, no estimates are made during the preparation of financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 17, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the schedule of state findings, schedule of findings and responses and the summary of prior year findings and responses, which accompany the financial statements but are not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Thomas A. Schweich

Missouri State Auditor

Thirty-Third Judicial Circuit

City of Sikeston
Municipal Division

September 2014

Report No. 2014-074

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Thirty-Third Judicial Circuit, City of Sikeston Municipal Division

Ticket Accountability

The Sikeston Department of Public Safety and the municipal division do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly. Of the 55 tickets reviewed for the year ended June 30, 2014, three were missing and one had been entered with an incorrect ticket number in the case management system.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Thirty-Third Judicial Circuit
City of Sikeston Municipal Division
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge
Thirty-Third Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the City Council
Sikeston, Missouri

We have audited certain operations of the City of Sikeston Municipal Division of the Thirty-Third Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2014. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.

2. Evaluate the municipal division's compliance with certain legal provisions and court rules.

3. Evaluate the city's compliance with Section 302.341.2, RSMo, which restricts the amount of fines and court costs that may be retained from traffic violations.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) a deficiency in internal controls, (2) no significant noncompliance with legal provisions and noncompliance with a court rule, and (3) no noncompliance with Section 302.341.2, RSMo. The accompanying Management Advisory Report presents our finding arising from our audit of the City of Sikeston Municipal Division of the Thirty-Third Judicial Circuit.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Robyn Vogt, M.Acct., CPA
In-Charge Auditor:	Gina Henley, MBA
Audit Staff:	Marlon McDaniels, M.Acct.

Ticket Accountability

The Sikeston Department of Public Safety (department) and the municipal division do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.

The department tracks the ticket book numbers assigned to each police officer on a log. When tickets are issued, police officers enter the ticket information into a computerized system. After tickets are reviewed by supervisory personnel within the department, the tickets, with the exception of those voided or filed in the Circuit Court, are forwarded to the municipal division to be entered into the case management system and processed. Neither the department nor the municipal division performs procedures to review the numerical sequence of tickets issued or processed to identify missing tickets.

Three tickets were missing out of the 55 tickets reviewed for the year ended June 30, 2014. Upon inquiry, department personnel could not locate any copies of these tickets, and believe these tickets were voided; however, the voided tickets were not retained and attached to the police officer's ticket book as required by department General Order Number 12.4.3. Also, for 1 of the 55 tickets reviewed, the municipal division incorrectly entered the ticket number into the case management system, making it difficult to ensure the ticket had been properly filed with the municipal division. Had the numerical sequence of tickets been accounted for, the missing tickets and the ticket number error may have been detected.

Section VII.D. of the Municipal Court Operating Order Number 1 requires the Court Clerk to work jointly with the department to account for the numerical sequence of all traffic tickets and maintain a record of the disposition of all tickets assigned and issued by the department. Without properly accounting for the numerical sequence and ultimate disposition of tickets issued, the department and the municipal division cannot ensure all tickets issued are properly submitted for processing. A record should be maintained to account for the ultimate disposition of each ticket to decrease the risk of loss, theft, or misuse of funds.

Recommendation

The City of Sikeston Municipal Division work with the Sikeston Department of Public Safety to ensure the numerical sequence and ultimate disposition of all tickets are accounted for properly, and voided tickets are handled in accordance with policy.

Auditee's Response

The City of Sikeston Municipal Division, the Sikeston Department of Public Safety, and the City of Sikeston provided the following written response:

The City of Sikeston Municipal Division will coordinate with the Sikeston Department of Public Safety to implement enhanced procedures to ensure

the numerical sequence and ultimate disposition of tickets are accounted for properly, and voided tickets are handled in accordance with policy.

Beginning September 1, 2014, City of Sikeston Municipal Division staff will compile a report for a 30-day period two months prior (July 2014) showing, in numerical order, the tickets received from the Sikeston Department of Public Safety and entered into the municipal division's Incode software system. Working in cooperation with the Sikeston Department of Public Safety, irregularities in numerical sequence will be identified, missing tickets located, and the findings noted on the monthly report. Said report will remain a part of the municipal division's monthly administrative documentation, and will be referred to, as needed, as successive months' data is reviewed.

The Sikeston Department of Public Safety is currently seeking software vendors for an updated report management system that will improve the tracking of citations. Upon implementation of this new software, the procedures outlined above will be amended to ensure the tickets are accounted for in a proper and efficient manner.

Thank you for bringing this matter to our attention, and working with municipal division and public safety personnel to improve ticket accountability procedures.

Thirty-Third Judicial Circuit
City of Sikeston Municipal Division
Organization and Statistical Information

The City of Sikeston Municipal Division is in the Thirty-Third Judicial Circuit, which consists of Mississippi and Scott Counties. The Honorable David Dolan serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau in which fines and court costs are collected at times other than during court and transmitted to the city treasury.

Personnel

At June 30, 2014, the municipal division employees were as follows:

Title	Name
Municipal Judge	Franklin Marshall
Court Clerk	Pat Cox
Deputy Court Clerk	Cindy Sturgeon

Financial and Caseload Information

	Year Ended June 30, 2014
Receipts	$335,102
Number of cases filed	2,727

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Shannon County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Shannon County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-075

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013 AND 2012

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
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FINANCIAL SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Shannon, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Shannon ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2013 and 2012, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note I of the financial statements, the financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2013, and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the County as of December 31, 2013, and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2014, on our consideration of the County of Shannon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Shannon's internal control over financial reporting and compliance.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 13, 2014

FINANCIAL STATEMENTS

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

FUND	CASH AND INVESTMENT BALANCES JANUARY 1, 2013	RECEIPTS 2013	DISBURSEMENTS 2013	CASH AND INVESTMENT BALANCES DECEMBER 31, 2013
General Revenue Fund	$ 179,604.40	$ 1,078,704.39	$ 1,007,516.32	$ 250,792.47
Special Road and Bridge Fund	171,356.13	1,010,638.79	1,157,469.88	24,525.04
Assessment Fund	-	103,029.30	103,029.30	-
Sheriff Revolving Fund	11,621.31	7,505.80	19,127.11	-
Sheriff Civil Fee Fund	24,455.58	10,431.16	3,112.58	31,774.16
Local Emergency Planning Committee Fund	3,474.16	7.45	317.16	3,164.45
P.A.T.F. Fund	4,937.03	414.33	661.93	4,689.43
L.E.F. Fund	2,236.53	1,579.65	3,148.18	668.00
Sheriff Building Fund	1,974.09	2,585.73	-	4,559.82
Crime Victim Advocate Fund	19,564.26	23,574.88	31,033.97	12,105.17
County Clerk Fund	3,283.47	2,583.95	685.19	5,182.23
3% Collector Fund	31,963.92	9,695.72	12,979.08	28,680.56
Title III Fund	55,775.44	43,706.90	87,791.05	11,691.29
L.E.R.F. Fund	72,599.51	20,146.84	34,519.72	58,226.63
Recorder Fund	10,460.18	1,706.08	-	12,166.26
Land Sale Fund	50,706.25	116.08	-	50,822.33
F.I.T. Fund	-	4,124.63	4,124.63	-
Help America Vote Act Fund	20.44	-	-	20.44
P.A.S.T.C. Fund	17,667.82	3,801.75	1,598.46	19,871.11
Deputy Support Fund	-	640.00	640.00	-
Senior Services Board Fund	10,288.34	27,050.01	33,000.00	4,338.35
Senate Bill 40 Fund	118,522.30	63,254.04	58,300.00	123,476.34
Total	$ 790,511.16	$ 2,415,297.48	$ 2,559,054.56	$ 646,754.08

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

FUND	CASH AND INVESTMENT BALANCES January 1, 2012	RECEIPTS 2012	DISBURSEMENTS 2012	CASH AND INVESTMENT BALANCES December 31, 2012
General Revenue Fund	$ 129,701.03	$ 1,051,501.88	$ 1,001,598.51	$ 179,604.40
Special Road and Bridge Fund	153,666.27	1,320,825.14	1,303,135.28	171,356.13
Assessment Fund	-	95,382.19	95,382.19	-
Sheriff Revolving Fund	12,316.39	4,429.39	5,124.47	11,621.31
Sheriff Civil Fee Fund	16,288.36	10,459.44	2,292.22	24,455.58
Local Emergency Planning Committee Fund	3,877.76	16.44	420.04	3,474.16
P.A.T.F. Fund	4,472.97	464.06	-	4,937.03
L.E.F. Fund	1,681.70	2,580.21	2,025.38	2,236.53
Sheriff Building Fund	1,747.45	226.64	-	1,974.09
Crime Victim Advocate Fund	-	51,786.95	32,222.69	19,564.26
County Clerk Fund	4,085.54	412.12	1,214.19	3,283.47
3% Collector Fund	30,530.34	9,787.56	8,353.98	31,963.92
Title III Fund	53,927.83	43,784.37	41,936.76	55,775.44
L.E.R.F. Fund	140,255.15	27,315.41	94,971.05	72,599.51
Recorder Fund	8,778.23	1,681.95	-	10,460.18
Land Sale Fund	50,524.42	181.83	-	50,706.25
F.I.T. Fund	-	16,039.84	16,039.84	-
Help America Vote Act Fund	-	20.44	-	20.44
P.A.S.T.C. Fund	17,878.78	3,144.54	3,355.50	17,667.82
Deputy Support Fund	-	839.30	839.30	-
Senior Services Board Fund	10,065.48	33,222.86	33,000.00	10,288.34
Senate Bill 40 Fund	110,690.53	68,631.77	60,800.00	118,522.30
Total	$ 750,488.23	$ 2,742,734.33	$ 2,702,711.40	$ 790,511.16

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	GENERAL REVENUE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 170,000.00	$ 165,527.48	$ 170,000.00	$ 178,220.13
Sales Taxes	405,000.00	455,671.45	450,000.00	447,912.79
Intergovernmental	209,042.40	261,376.26	201,053.00	230,156.40
Charges for Services	143,200.00	178,725.64	97,000.00	161,822.34
Interest Income	600.00	618.16	-	859.44
Other	-	623.19	-	1,380.78
Transfers In	31,150.00	16,162.21	31,150.00	31,150.00
TOTAL RECEIPTS	958,992.40	1,078,704.39	949,203.00	1,051,501.88
DISBURSEMENTS				
County Commission	92,626.77	85,460.53	92,626.77	86,280.78
County Clerk	85,299.00	82,588.63	83,534.00	83,432.37
Elections	26,000.00	26,703.93	30,000.00	58,316.47
Buildings and grounds	91,222.00	72,887.53	76,930.00	75,109.24
Employee fringe benefits	47,887.12	13,581.86	21,000.00	19,422.06
County Treasurer	41,000.00	37,845.80	41,000.00	37,519.57
Collector	89,467.00	81,110.60	89,467.00	77,930.50
Recorder of Deeds	31,126.40	28,399.34	31,126.40	29,076.81
Circuit Clerk	41,900.00	24,059.65	36,900.00	25,392.97
Court Administration	1,344.00	771.74	1,318.40	730.49
Public Administrator	23,381.00	19,414.46	22,781.00	21,268.49
Sheriff	219,439.00	238,175.82	216,886.00	233,590.54
Jail	55,800.00	53,225.39	55,800.00	38,881.34
Prosecuting Attorney	78,875.00	63,774.14	78,875.00	67,742.51
Juvenile Officer	48,581.57	55,573.20	47,018.35	37,497.41
Coroner	18,133.00	18,164.13	18,133.00	21,613.84
Other	88,339.00	73,883.38	88,265.00	71,578.58
Transfers Out	27,295.00	31,896.19	15,694.00	16,214.54
Emergency Fund	30,000.00	-	31,549.11	-
TOTAL DISBURSEMENTS	1,137,715.86	1,007,516.32	1,078,904.03	1,001,598.51
RECEIPTS OVER (UNDER) DISBURSEMENTS	(178,723.46)	71,188.07	(129,701.03)	49,903.37
CASH AND INVESTMENT BALANCES, JANUARY 1	179,604.40	179,604.40	129,701.03	129,701.03
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 880.94	$ 250,792.47	$ -	$ 179,604.40

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SPECIAL ROAD AND BRIDGE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 170,000.00	$ 157,740.04	$ 152,715.00	$ 170,195.01
Intergovernmental	947,150.00	851,050.23	814,725.00	1,136,224.55
Charges for Services	-	-	-	1,040.00
Interest Income	-	513.52	-	1,379.13
Other	-	1,335.00	-	11,986.45
Transfers In	-	-	-	-
TOTAL RECEIPTS	1,117,150.00	1,010,638.79	967,440.00	1,320,825.14
DISBURSEMENTS				
Salaries	345,000.00	377,005.63	345,000.00	374,331.31
Employee Fringe Benefits	118,454.00	108,103.64	114,454.00	100,157.26
Materials and Supplies	297,746.00	332,953.65	267,746.00	278,571.07
Insurance	23,000.00	13,076.19	23,000.00	12,541.38
Road and Bridge Materials	55,000.00	4,548.89	85,000.00	21,167.62
Equipment Repairs	43,000.00	20,127.68	43,000.00	39,695.13
Equipment Rental	-	-	-	-
Equipment Purchases	139,950.00	85,449.75	89,950.00	144,333.12
Services and Other	41,850.00	77,812.10	31,850.00	57,477.86
Debt Service	-	-	-	-
Construction	-	105,123.30	-	209,390.64
Other	-	33,269.05	-	34,319.89
Transfers Out	167,150.00	-	117,150.00	31,150.00
TOTAL DISBURSEMENTS	1,231,150.00	1,157,469.88	1,117,150.00	1,303,135.28
RECEIPTS OVER (UNDER) DISBURSEMENTS	(114,000.00)	(146,831.09)	(149,710.00)	17,689.86
CASH AND INVESTMENT BALANCES, JANUARY 1	171,356.13	171,356.13	153,666.27	153,666.27
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 57,356.13	$ 24,525.04	$ 3,956.27	$ 171,356.13

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	ASSESSMENT FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	70,905.00	71,544.16	74,445.00	79,108.13
Interest Income	-	11.33	-	59.83
Other	-	50.00	-	-
Transfers In	27,295.00	31,423.81	23,755.00	16,214.23
TOTAL RECEIPTS	98,200.00	103,029.30	98,200.00	95,382.19
DISBURSEMENTS				
Assessor	98,200.00	103,029.30	98,200.00	95,382.19
TOTAL DISBURSEMENTS	98,200.00	103,029.30	98,200.00	95,382.19
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-
CASH AND INVESTMENT BALANCES, JANUARY 1	-	-	-	-
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ -	$ -	$ -	$ -

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THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SHERIFF REVOLVING FUND				SHERIFF CIVIL FEE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	6,100.00	-
Charges for Services	5,000.00	7,476.25	5,000.00	4,386.25	11,000.00	8,845.97	17,600.00	10,386.74
Other Income	-	-	-	-	75.00	1,519.33	-	-
Interest Income	45.00	29.55	50.00	43.14	-	65.86	-	72.70
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	5,045.00	7,505.80	5,050.00	4,429.39	11,075.00	10,431.16	23,700.00	10,459.44
DISBURSEMENTS								
Supplies and Equipment Repair	11,000.00	3,330.46		5,124.47	30,000.00	2,747.02	38,000.00	2,292.22
Transfers Out	-	15,796.65	-	-	-	365.56	-	-
TOTAL DISBURSEMENTS	11,000.00	19,127.11	-	5,124.47	30,000.00	3,112.58	38,000.00	2,292.22
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,955.00)	(11,621.31)	5,050.00	(695.08)	(18,925.00)	7,318.58	(14,300.00)	8,167.22
CASH AND INVESTMENT BALANCES, JANUARY 1	11,621.31	11,621.31	12,316.39	12,316.39	24,455.58	24,455.58	16,288.36	16,288.36
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 5,666.31	$ -	$ 17,366.39	$ 11,621.31	$ 5,530.58	$ 31,774.16	$ 1,988.36	$ 24,455.58

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THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	LOCAL EMERGENCY PLANNING COMMITTEE FUND				P.A.T.F. FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	5,000.00	-	3,500.00	-	-	-	-	-
Charges for Services	-	-	-	-	500.00	385.49	450.00	447.09
Interest Income	17.00	7.45	-	16.44	20.00	28.84	-	16.97
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	5,017.00	7.45	3,500.00	16.44	520.00	414.33	450.00	464.06
DISBURSEMENTS								
Miscellaneous Expenses	6,500.00	317.16	6,500.00	420.04	2,000.00	661.93	2,000.00	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	6,500.00	317.16	6,500.00	420.04	2,000.00	661.93	2,000.00	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,483.00)	(309.71)	(3,000.00)	(403.60)	(1,480.00)	(247.60)	(1,550.00)	464.06
CASH AND INVESTMENT BALANCES, JANUARY 1	3,474.16	3,474.16	3,877.76	3,877.76	4,937.03	4,937.03	4,472.97	4,472.97
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 1,991.16	$ 3,164.45	$ 877.76	$ 3,474.16	$ 3,457.03	$ 4,689.43	$ 2,922.97	$ 4,937.03

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THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	L.E.F. FUND				SHERIFF BUILDING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	1,700.00	1,575.50	2,300.00	2,574.20	200.00	2,577.39	50.00	220.00
Interest Income	5.00	4.15	-	6.01	7.00	8.34	-	6.64
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	1,705.00	1,579.65	2,300.00	2,580.21	207.00	2,585.73	50.00	226.64
DISBURSEMENTS								
Auto Expense/Training	2,000.00	3,148.18	3,981.70	2,025.38	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	2,000.00	3,148.18	3,981.70	2,025.38	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(295.00)	(1,568.53)	(1,681.70)	554.83	207.00	2,585.73	50.00	226.64
CASH AND INVESTMENT BALANCES, JANUARY 1	2,236.53	2,236.53	1,681.70	1,681.70	1,974.09	1,974.09	1,747.45	1,747.45
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 1,941.53	$ 668.00	$ -	$ 2,236.53	$ 2,181.09	$ 4,559.82	$ 1,797.45	$ 1,974.09

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THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	CRIME VICTIM ADVOCATE FUND				COUNTY CLERK FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	27,000.00	23,210.17	26,000.00	26,733.85	700.00	2,100.96	3,000.00	383.50
Charges for Services	-	-	-	-	300.00	-	500.00	16.30
Interest Income	-	35.85	-	52.79	15.00	10.61	-	12.32
Other	-	328.86	-	-	-	-	-	-
Transfers In	-	-	25,000.00	25,000.31	-	472.38	-	-
TOTAL RECEIPTS	27,000.00	23,574.88	51,000.00	51,786.95	1,015.00	2,583.95	3,500.00	412.12
DISBURSEMENTS								
Office Expenses	38,000.00	31,033.97	35,400.00	32,222.69	2,500.00	685.19	5,500.00	1,214.19
Engineering Fees	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	38,000.00	31,033.97	35,400.00	32,222.69	2,500.00	685.19	5,500.00	1,214.19
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,000.00)	(7,459.09)	15,600.00	19,564.26	(1,485.00)	1,898.76	(2,000.00)	(802.07)
CASH AND INVESTMENT BALANCES, JANUARY 1	19,564.26	19,564.26	-	-	3,283.47	3,283.47	4,085.54	4,085.54
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 8,564.26	$ 12,105.17	$ 15,600.00	$ 19,564.26	$ 1,798.47	$ 5,182.23	$ 2,085.54	$ 3,283.47

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THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	3% COLLECTOR FUND				TITLE III FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	45,000.00	43,567.11	49,000.00	43,525.08
Charges for Services	11,000.00	9,627.88	11,000.00	9,673.98	-	-	-	-
Interest Income	100.00	67.84	-	113.58	275.00	139.79	350.00	259.29
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	11,100.00	9,695.72	11,000.00	9,787.56	45,275.00	43,706.90	49,350.00	43,784.37
DISBURSEMENTS								
Supplies	20,000.00	12,979.08	20,000.00	8,353.98	100,775.00	87,791.05	80,000.00	41,936.76
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	20,000.00	12,979.08	20,000.00	8,353.98	100,775.00	87,791.05	80,000.00	41,936.76
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,900.00)	(3,283.36)	(9,000.00)	1,433.58	(55,500.00)	(44,084.15)	(30,650.00)	1,847.61
CASH AND INVESTMENT BALANCES, JANUARY 1	31,963.92	31,963.92	30,530.34	30,530.34	55,775.44	55,775.44	53,927.83	53,927.83
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 23,063.92	$ 28,680.56	$ 21,530.34	$ 31,963.92	$ 275.44	$ 11,691.29	$ 23,277.83	$ 55,775.44

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THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	L.E.R.F. FUND				RECORDER FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	40,000.00	20,000.00	40,300.00	26,985.00	1,700.00	1,680.00	1,700.00	1,647.50
Interest Income	500.00	146.84	-	330.41	50.00	26.08	-	34.45
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	40,500.00	20,146.84	40,300.00	27,315.41	1,750.00	1,706.08	1,700.00	1,681.95
DISBURSEMENTS								
Office Expenses	95,000.00	34,519.72	80,000.00	69,971.05	-	-	-	-
Recorder Expenses	-	-	-	-	12,000.00	-	-	-
Transfers Out	-	-	-	25,000.00	-	-	-	-
TOTAL DISBURSEMENTS	95,000.00	34,519.72	80,000.00	94,971.05	12,000.00	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(54,500.00)	(14,372.88)	(39,700.00)	(67,655.64)	(10,250.00)	1,706.08	1,700.00	1,681.95
CASH AND INVESTMENT BALANCES, JANUARY 1	72,599.51	72,599.51	140,255.15	140,255.15	10,460.18	10,460.18	8,778.23	8,778.23
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 18,099.51	$ 58,226.63	$ 100,555.15	$ 72,599.51	$ 210.18	$ 12,166.26	$ 10,478.23	$ 10,460.18

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THE COUNTY OF SHANNON
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	LAND SALE FUND				F.I.T. FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	18,000.00	4,123.54	2,000.00	16,039.84
Charges for Services	-	-	-	-	-	-	-	-
Interest Income	200.00	116.08	225.00	181.83	-	1.09	-	-
Transfers In	-	-	-	-	-	.	-	-
TOTAL RECEIPTS	200.00	116.08	225.00	181.83	18,000.00	4,124.63	2,000.00	16,039.84
DISBURSEMENTS								
Other Expenses	50,906.25	-	-	-	18,000.00	4,124.63	2,000.00	16,039.84
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	50,906.25	-	-	-	18,000.00	4,124.63	2,000.00	16,039.84
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50,706.25)	116.08	225.00	181.83	-	-	-	-
CASH AND INVESTMENT BALANCES, JANUARY 1	50,706.25	50,706.25	50,524.42	50,524.42	-	-	-	-
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ -	$ 50,822.33	$ 50,749.42	$ 50,706.25	$ -	$ -	$ -	$ -

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THE COUNTY OF SHANNON
EMINENCE, MISSOURI
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BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
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	HELP AMERICA VOTE ACT FUND				P.A.S.T.C. FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	5,000.00	-	5,000.00	-	-	-	-	-
Charges for Services	-	-	-	20.40	3,000.00	3,760.00	3,000.00	3,080.00
Interest Income	-	-	-	0.04	65.00	41.75	-	64.54
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	5,000.00	-	5,000.00	20.44	3,065.00	3,801.75	3,000.00	3,144.54
DISBURSEMENTS								
HAVA Expenses	5,000.00	-	5,000.00	-	-	-	-	-
Salaries	-	-	-	-	10,000.00	1,598.46	10,000.00	3,355.50
TOTAL DISBURSEMENTS	5,000.00	-	5,000.00	-	10,000.00	1,598.46	10,000.00	3,355.50
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	20.44	(6,935.00)	2,203.29	(7,000.00)	(210.96)
CASH AND INVESTMENT BALANCES, JANUARY 1	20.44	20.44	-	-	17,667.82	17,667.82	17,878.78	17,878.78
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ 20.44	$ 20.44	$ -	$ 20.44	$ 10,732.82	$ 19,871.11	$ 10,878.78	$ 17,667.82

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THE COUNTY OF SHANNON
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BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
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	DEPUTY SUPPORT FUND				SENIOR SERVICES BOARD FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	Actual	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ 47,000.00	$ 27,050.01	$ 34,000.00	$ 33,222.86
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	1,000.00	640.00	1,000.00	839.30	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	1,000.00	640.00	1,000.00	839.30	47,000.00	27,050.01	34,000.00	33,222.86
DISBURSEMENTS								
Other Expenses	1,000.00	640.00	1,000.00	839.30	-	-	-	-
Senior Services	-	-	-	-	57,288.34	33,000.00	44,065.48	33,000.00
TOTAL DISBURSEMENTS	1,000.00	640.00	1,000.00	839.30	57,288.34	33,000.00	44,065.48	33,000.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	(10,288.34)	(5,949.99)	(10,065.48)	222.86
CASH AND INVESTMENT BALANCES, JANUARY 1	-	-	-	-	10,288.34	10,288.34	10,065.48	10,065.48
CASH AND INVESTMENT BALANCES, DECEMBER 31	$ -	$ -	$ -	$ -	$ -	$ 4,338.35	$ -	$ 10,288.34

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SENATE BILL 40 FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 65,000.00	$ 63,097.00	$ 65,000.00	$ 68,352.89
Charges for Services	-	-	-	-
Interest Income	280.00	157.04	500.00	278.88
Transfers In	-	-	-	-
TOTAL RECEIPTS	65,280.00	63,254.04	65,500.00	68,631.77
DISBURSEMENTS				
SB 40 Expenses	54,000.00	58,300.00	100,000.00	60,800.00
Salaries	-	-	-	-
TOTAL DISBURSEMENTS	54,000.00	58,300.00	100,000.00	60,800.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	11,280.00	4,954.04	(34,500.00)	7,831.77
CASH AND INVESTMENT	118,522.30	118,522.30	110,690.53	110,690.53
CASH AND INVESTMENT BALANCES, DECEMBER 31	$129,802.30	$123,476.34	$ 76,190.53	$118,522.30

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2013

	FINES AND FORFEITURES	SFAV	UNCLAIMED FEES	COLLECTOR	SHERIFF ACCOUNT	PROSECUTING ATTORNEY
ASSETS						
Cash and Cash Equivalents	$ 53,469.65	$ 348.00	$ 1,657.81	$ 2,093,578.30	$ 1,138.24	$ 2,399.45
Investments	-	-	-	-	-	-
TOTAL ASSETS	53,469.65	348.00	1,657.81	2,093,578.30	1,138.24	2,399.45
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	53,469.65	348.00	1,657.81	2,093,578.30	1,138.24	2,399.45
TOTAL LIABILITIES AND FUND BALANCES	$ 53,469.65	$ 348.00	$ 1,657.81	$ 2,093,578.30	$ 1,138.24	$ 2,399.45

	RECORDER OF DEEDS	M.O.P.S.	TOTAL AGENCY FUNDS
ASSETS			
Cash and Cash Equivalents	$ 13,525.74	$ -	$ 2,166,117.19
Investments	-	-	-
TOTAL ASSETS	13,525.74	-	2,166,117.19
LIABILITIES AND FUND BALANCES			
TOTAL LIABILITIES	-	-	-
UNRESERVED FUND BALANCES	13,525.74	-	2,166,117.19
TOTAL LIABILITIES AND FUND BALANCES	$ 13,525.74	$ -	$ 2,166,117.19

The accompanying notes to the financial statements are an integral part of this financial statement.

THE COUNTY OF SHANNON
EMINENCE, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2012

	FINES AND FORFEITURES	SFAV	UNCLAIMED FEES	COLLECTOR	SHERIFF ACCOUNT	PROSECUTING ATTORNEY
ASSETS						
Cash and Cash Equivalents	$ 58,539.09	$ 796.69	$ 1,657.81	$ 1,864,351.23	$ 1.00	$ 2,534.45
Investments	-	-	-	-	-	-
TOTAL ASSETS	58,539.09	796.69	1,657.81	1,864,351.23	1.00	2,534.45
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	58,539.09	796.69	1,657.81	1,864,351.23	1.00	2,534.45
TOTAL LIABILITIES AND FUND BALANCES	$ 58,539.09	$ 796.69	$ 1,657.81	$ 1,864,351.23	$ 1.00	$ 2,534.45

	RECORDER OF DEEDS	M.O.P.S.	TOTAL AGENCY FUNDS
ASSETS			
Cash and Cash Equivalents	$ 10,727.74	$ -	$ 1,938,608.01
Investments	-	-	-
TOTAL ASSETS	10,727.74	-	1,938,608.01
LIABILITIES AND FUND BALANCES			
TOTAL LIABILITIES	-	-	-
UNRESERVED FUND BALANCES	10,727.74	-	1,938,608.01
TOTAL LIABILITIES AND FUND BALANCES	$ 10,727.74	$ -	$ 1,938,608.01

The accompanying notes to the financial statements are an integral part of this financial statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Shannon, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1841 by an Act of the Missouri Territory. In addition to the three Commissioners, there are nine elected Constitutional Officers: County Clerk, Collector, Treasurer, Sheriff, Assessor, Coroner, Circuit Clerk and ex officio Recorder, Public Administrator and Prosecuting Attorney.

As discussed further in Note I, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of the County.

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, transportation, economic development, and social and recreation services.

The financial statements referred to above include only the primary government of the County of Shannon County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri law, which include a Statement of Receipts, Disbursements and Changes in Cash and Investment Balances – All Governmental Funds, a Comparative Statement of Receipts and Disbursements – Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following fund types are used by the County:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similarly to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other officeholders.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.

2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets.

4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.

6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

   Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

7. Budgets are prepared and adopted on the cash basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2013 and 2012, for purposes of taxation was:

	2013	2012
Real Estate	$ 45,456,890	$ 43,158,410
Personal Property	23,212,929	21,332,333
Railroad and Utilities	1,760,611	1,921,212
	$ 70,430,430	$ 66,411,955

The County Commission approved a $0.6458 and $0.6458 tax levy per $100 of assessed valuation of tangible taxable property for the calendar year 2013 and 2012, for purpose of County taxation, as follows:

	2013	2012
General Revenue Fund	$ .2562	$ .2562
Special Road and Bridge Fund	.2424	.2424
Senate Bill 40 Fund	.0972	.0972
Senior Services Board Fund	.0500	.0500
	$ .6458	$ .6458

F. Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash and investments applicable to a particular fund are readily identifiable. Some county offices also hold cash and investments in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements. Details of these cash balances are presented in Note II.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are eliminated due to reporting the financial statements on the regulatory basis of accounting.

Legally required transfers are reported as “transfers in” by the recipient fund and as “transfers out” by the disbursing fund.

II. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and Investments" under each fund's caption.

Deposits with maturities greater than three months are considered investments. In addition, cash and investments are separately held by several of the County’s funds. County investments consist of certificates of deposit with local banking institutions.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013 and 2012, the carrying amount of the County's deposits was $646,754.08 and $790,511.16, and the bank balance was $2,339,783.99 and $2,431,349.37, respectively. As of December 31, 2013 and 2012, the County’s deposits were properly pledged by FDIC insurance and pledged securities.

SUMMARY OF CARRYING VALUES

Carrying values of deposits and investments shown above are included in the financial statements at December 31, 2013, as follows:

Included in the following fund financial statement captions:

Statements of Receipts, Disbursements and Changes in Cash and Investments – Governmental Funds:		
Deposits	$	634,726.99
Investments		12,027.09
Total Governmental Funds		646,754.08
Statement of Assets and Liabilities Arising From Cash Transactions – Agency Funds:		
Deposits		2,166,117.19
Investments		-
Total Agency Funds		2,166,117.19
Total Deposits and Investments as of December 31, 2013	$	2,812,871.27

II. CASH AND INVESTMENTS (concluded)

The carrying values of deposits and investments at December 31, 2012, are as follows:

Included in the following fund financial statement captions:

Statements of Receipts, Disbursements and Changes in Cash and Investments – Governmental Funds:		
Deposits	$	781.940.74
Investments		8,570.42
Total Governmental Funds		790,511.16
Statement of Assets and Liabilities Arising From Cash Transactions – Agency Funds:		
Deposits		1,938,608.01
Investments		-
Total Agency Funds		1,938,608.01
Total Deposits and Investments as of December 31, 2012	$	2,729,119.17

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013 and 2012.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments. All investments, evidenced by individual securities, are registered in the name of the County or of a type not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's investments were not exposed to concentration of investment credit risk for the years ended December 31, 2013, and 2012.

III. CAPITAL LEASES

In 2013, the County entered into a capital lease financing agreement with John Deere for a 6415 Utility Cab Tractor for $30,270. The lease expires on April 29, 2016, with a nominal annual rate of 3.952%. Combined interest and principal payments are paid annually in the amount of $10,897.77.

In 2012, the County entered into a capital lease financing agreement with Caterpillar Financial Services Corporation for a 2012 motor grader for $112,039. The lease expires October 11, 2017, with a nominal annual rate of 3.200%.

In 2010, the County entered into a capital lease financing agreement with Caterpillar Financial Services Corporation for a 2002 motor grader for $43,972. The lease expired April 26, 2012, with a combined principal and interest payment of $23,893.47 annually.

In 2009, the County entered into a capital lease financing agreement with Caterpillar Financial Services Corporation for a Caterpillar wheel loader for $54,939. The lease expired on July 20, 2012, with a nominal interest rate of 7.250%.

In 2011, the County entered into a capital lease land purchase agreement with the Missouri Department of Transportation for a maintenance shed for $25,000. The lease expires April 2015 with principal only payments. There is no interest being paid in the debt with annual principal payments of $5,000.00.

2013

	Balance at December 31, 2012	Amount Borrowed	Amount Repaid	Balance at December 31, 2013	Interest Paid During Year
Utility Cab Tractor	$ -	$ 30,270.00	$ -	$ 30,270.00	$ -
2012 Motor Grader	112,039.00	-	36,901.90	75,137.10	2,943.55
Maintenance Shed	15,000.00	-	5,000.00	10,000.00	-
Totals	$ 127,039.00	$ 30,270.00	$ 41,901.90	$ 115,407.10	$ 2,943.55

2012

	Balance at December 31, 2011	Amount Borrowed	Amount Repaid	Balance at December 31, 2012	Interest Paid During Year
2012 Motor Grader	$ -	$ 112,039.00	$ -	$ 112,039.00	$ -
2002 Motor Grader	22,626.85	-	22,626.85	-	1,357.62
Wheel Loader	7,631.35	-	7,631.35	-	553.28
Maintenance Shed	20,000.00	-	5,000.00	15,000.00	-
Totals	$ 50,258.20	$ 112,039.00	$ 35,258.20	$ 127,039.00	$ 1,910.90

III. CAPITAL LEASES (concluded)

As of December 31, 2013, the schedule of future payments of capital leases of the County is as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2014	$ 46,711.76	$ 3,031.46	$ 49,743.22
2015	22,529.92	2,213.30	24,743.22
2016	18,170.22	1,933.00	20,103.22
2017	27,995.20	900.07	28,895.27
TOTALS	$ 115,407.10	$ 8,077.83	$ 123,484.93

As of December 31, 2012, the schedule of future payments of capital leases of the County is as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2013	$ 41,901.90	$ 2,943.55	$ 44,845.45
2014	37,010.20	1,835.25	38,845.45
2015	12,444.97	1,400.48	13,845.45
2016	7,686.73	1,518.72	9,205.45
2017	27,995.20	900.07	28,895.27
TOTALS	$ 127,039.00	$ 8,598.07	$ 135,637.07

IV. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2013 and 2012 are as follows:

	2013		2012	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	$ 16,162.21	$ 31,896.19	$ 31,150.00	$ 16,214.54
Special Road and Bridge Fund	-	-	-	31,150.00
Assessment Fund	31,423.81	-	16,214.23	-
Sheriff Revolving Fund	-	15,796.65	-	-
Sheriff Civil Fee Fund	-	365.56	-	-
Crime Victim Advocate Fund	-	-	25,000.31	-
County Clerk Fund	472.38	-	-	-
L.E.R.F. Fund	-	-	-	25,000.00
TOTAL	$ 48,058.40	$ 48,058.40	$ 72,364.54	$ 72,364.54

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Revenue Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of 11 members, 9 of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system. CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected.

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (concluded)

A. Plan Description (concluded)

The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002 are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee.

The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. During 2013 and 2012, the County collected and remitted to CERF, employee contributions of approximately $27,276.16 and $23,429.36, respectively, for the years then ended.

VI. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed $2,057 and $2,431, respectively, for the years ended December 31, 2013 and 2012.

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

A. Plan Description

Shannon County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

A. Plan Description (Concluded)

LAGERS was created and governed by statute section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Status

Full-time employees of Shannon County contribute 4% to the pension plan. The June 30th statutorily required contribution rates are 0.2% (General) and 1.9% in 2013 and 1.5% in 2012 for (Police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for 2013 and 2012 were as follows:

	2013	2012
Annual required contribution	$ 3,333	$ 3,108
Interest on net pension obligation	0	0
Adjustment to annual required contribution	0	0
Annual pension cost	3,333	3,108
Actual contributions	3,333	3,108
Increase (decrease) in NPO	0	0
NPO beginning of year	0	0
NPO end of year	$ 0	$ 0

For 2013 the annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (CONTINUED)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (Continued)

period as of February 28, 2011, was 30 years for the General division and 16 years for the Police division. The amortization period as of February 29, 2012, was 30 years for the General division and 15 years for the Police division.

For 2012 the annual required contribution (ARC) was determined as part of the February 28, 2010, and February 28, 2011, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010, was 30 years for the General division and 15 years for the Police division. The amortization period as of February 28, 2011, was 30 years for the General division and 16 years for the Police division.

THREE-YEAR TREND INFORMATION - 2013

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 3,271	100.0%	$ 0
2012	3,108	100.0	0
2013	3,333	100.0	0

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
02/28/2011	$ 1,117,499	$ 637,008	$ (480,491)	175%	$832,421	
02/29/2012	1,240,683	709,633	(531,050)	175	894,634	
02/28/2013	1,379,814	771,309	(608,505)	179	932,742	

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (concluded)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (Concluded)

THREE-YEAR TREND INFORMATION - 2012

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$ 2,890	100.0%	$ 0
2011	3,271	100.0	0
2012	3,108	100.0	0

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
02/28/2010	$ 1,077,632	$ 611,265	$ (466,367)	176%	$804,821	
02/28/2011	1,117,499	637,008	(480,491)	175	832,421	
02/29/2012	1,240,683	709,633	(531,050)	175	894,634	

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

VIII. POST-EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. There were no participants for COBRA at December 31, 2013 and no participants at December 31, 2012.

IX. CLAIMS, COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is not currently involved in pending litigation as of the audit report date.

B. Compensated Absences

The County provides employees with up to three weeks of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused vacation leave. Vacation days not used by the end of the year are forfeited.

IX. CLAIMS, COMMITMENTS AND CONTINGENCIES (concluded)

B. Compensated Absences (concluded)

The County provides employees four hours of paid sick leave per month. Sick leave may not accumulate from year to year. Upon termination from county employment, an employee is not reimbursed for unused sick leave.

C. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

X. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. Insurance is obtained from commercial insurance companies. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool, which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

XII. SUBSEQUENT EVENTS

There are no subsequent events to report up to the date of the audit report.

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

SCHEDULE OF STATE FINDINGS

I. For the year ended December 31, 2013, actual expenditures exceeded those budgeted in the Assessment Fund, Sheriff Revolving Fund, L.E.F. Fund, and the Senate Bill 40 Fund.

II. For the year ended December 31, 2012, actual expenditures exceeded those budgeted in the Special Road and Bridge Fund, Sheriff Revolving Fund, L.E.R.F. Fund, and the F.I.T. Fund.

INTERNAL CONTROL & COMPLIANCE SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the County Commission
The County of Shannon, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Shannon ("County") as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. [FS 13/12-01, FS 13/12-02, FS 13/12-03, and FS 13/12-04]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 13, 2014

I. FINANCIAL STATEMENT FINDINGS

FS 13/12-01 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122 *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During walkthroughs, the County informed us that internal control documentation had not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk's (Shelly McAfee) office has informed us that the County will attempt to prepare the SAS 122 documentation of internal control for the next audit period. The Clerk's office phone number is 573-226-3414.

FS 13/12-02 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During the County's walkthroughs, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

I. FINANCIAL STATEMENT FINDINGS (continued)

FS 13/12-02 Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk's (Shelly McAfee) office has informed us that the County will attempt to prepare the SAS 122 documentation of fraud risk for the next audit period. The Clerk's office phone number is 573-226-3414.

FS 13/12-03 Criteria: Bank reconciliations must be prepared monthly on a timely basis by the Prosecuting Attorney's office.

Condition: We noted that there were no bank reconciliations for the Prosecuting Attorney's office.

Context: This deficiency became apparent through our testing of the Prosecuting Attorney's cash accounts and the related reconciliations.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions.

Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate reconciliations.

Recommendation: We recommend that the Prosecuting Attorney's office prepare monthly bank reconciliations and adjustments to the cash accounts.

Views of Responsible Officials and Planned Corrective Actions: The Prosecuting Attorney's (Jodie Brumble) office will consider the auditor's recommendation and attempt to begin reconciling bank statements in a timely manner in the 2014 fiscal year. The Prosecuting Attorney's office phone number is 573-226-3714.

FS 13/12-04 Criteria: During our review of the Quickbooks, we were unable to tie the Clerk's Quickbooks to the Treasurer's settlement statement in 2012.

Condition: The Quickbooks general ledger is not accurately reflecting the County's financial position.

Context: During testing of cash the general ledger within Quickbooks was not matching the Treasurer's settlement sheet.

Effect: The County is not property recording cash receipts and disbursements within the financial statements which could lead to incorrectly stated financial statments.

Cause: The County is not properly recording financial data within the Quickbooks General Ledger.

I. FINANCIAL STATEMENT FINDINGS (concluded)

FS 13/12-04 Recommendation: We recommend that the County's Quickbooks be reconciled and maintained in such a way that the settlement statement, budget and Quickbooks reports all reconcile.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk's (Shelly McAfee) office has informed us that they will seek outside help and training in order to get the Quickbooks general ledger to match the settlement statement and budgets. The Clerk's office phone number is 573-226-3414.

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings related to internal control and compliance since there was not an audit performed for the prior audit period.

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

June 13, 2014

To the Board of Commissioners
County of Shannon

In planning and performing our audit of the regulatory based financial statements of the County of Shannon (the "County") as of and for the years ended December 31, 2013, and December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in County's internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the County's internal control to be significant deficiencies as noted in section I:

Our comments concerning internal control and other significant matters are presented as follows:

I. Deficiencies Considered to be Significant
II. Information Required by Professional Standards

The County's management has provided written responses to the findings in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the County Commission, County Office Holders, the Missouri State Auditor and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 13/12-01

Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122 *Statements on Auditing Standards: Clarification and Recodification,* considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During walkthroughs, the County informed us that internal control documentation had not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk's (Shelly McAfee) office has informed us that the County will attempt to prepare the SAS 122 documentation of internal control for the next audit period. The Clerk's office phone number is 573-226-3414.

FS 13/12-02

Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During the County walkthroughs, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (Continued)

FS 13/12-02 Views of Responsible Officials and Planned Corrective Actions: The County Clerk's (Shelly McAfee) office has informed us that the County will attempt to prepare the SAS 122 documentation of fraud risk for the next audit period. The Clerk's office phone number is 573-226-3414.

FS 13/12-03 Criteria: Bank reconciliations must be prepared monthly on a timely basis by the Prosecuting Attorney's office.

Condition: We noted that there were no bank reconciliations for the Prosecuting Attorney's office.

Context: This deficiency became apparent through our testing of the Prosecuting Attorney's cash accounts and the related reconciliations.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions.

Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate reconciliations.

Recommendation: We recommend that the Prosecuting Attorney's office prepare monthly bank reconciliations and adjustments to the cash accounts.

Views of Responsible Officials and Planned Corrective Actions: The Prosecuting Attorney's (Jodie Brumble) office will consider the auditor's recommendation and attempt to begin reconciling bank statements in a timely manner in the 2014 fiscal year. The Prosecuting Attorney's office phone number is 573-226-3714

FS 13/12-04 Criteria: During our review of the Quickbooks, we were unable to tie the Clerk's Quickbooks to the Treasurer's settlement statement in 2012.

Condition: The Quickbooks general ledger is not accurately reflecting the financial position of the County.

Context: During testing of cash, the general ledger within Quickbooks was not matching the Treasurer's settlement.

Effect: The County is not property recording cash receipts and disbursements within the financial statements, which could lead to incorrectly stated financial statements.

Cause: The County is not properly recording financial data within the Quickbooks General Ledger.

Recommendation: We recommend that the County's Quickbooks be reconciled and maintained in such a way that the settlement statement, budget and Quickbooks reports all reconcile.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk's (Shelly McAfee) office has informed us that they will seek outside help and training in order to get the Quickbooks general ledger to match the settlement statement and budgets. The Clerk's office phone number is 573-226-3414.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 7, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2013-2012 fiscal years. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the County applying the regulatory basis of accounting, no estimates are made during the preparation of financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 13, 2014.

II. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Concluded)

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the schedule of state findings, schedule of findings and responses and the summary of prior year findings and responses, which accompany the financial statements but are not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves

We noted during our audit certain matters that were not considered to be significant deficiencies or material weaknesses. Several county offices have limited numbers of staff which inherently increases the risk of misstatement. Office holders appear to have mitigating controls in place to lower these risks to an acceptable level but the commission does need to be aware of these risks and offices need to remain vigilant in deterring the potential for erroneous or fraudulent activity.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Andrew County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Andrew County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Nichols, Stopp & VanHoy, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-076

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

The County of Andrew
Savannah, Missouri
Independent Auditor's Report and Financial Statements
For the years ended December 31, 2013 & 2012

Nichols Stopp & VanHoy LLC
Certified Public Accountants

The County of Andrew
Savannah, Missouri
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Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141
PHONE: 314-569-3800
FAX: 314-569-0020
www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of Andrew County, Missouri

We have audited the accompanying financial statements of Andrew County, Missouri, as of and for the years ended December 31, 2013 and 2012, which collectively comprise the County's basic financial statements and the related notes to the financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Andrew County, Missouri, using accounting practices prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements

referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Andrew County, Missouri, as of December 31, 2013 and 2012, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

As explained in Note 12 to the financial statements, the Andrew County Public Benefit Corporation was not included in our audit report for the year ended December 31, 2012.

In our opinion, except for the above paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Andrew County, Missouri, as of December 31, 2013 and 2012, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

Other Matters

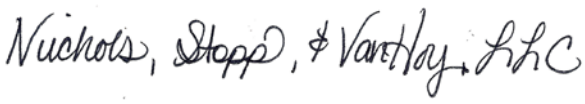
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Andrew County, Missouri's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2014, on our consideration of Andrew County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Andrew County, Missouri's internal control over financial reporting and compliance.



Creve Coeur, Missouri
July 9, 2014

The County of Andrew
Savannah, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2013

Fund	Cash and Investments January 1, 2013	Receipts 2013	Disbursements 2013	Cash and Investments December 31, 2013
General Revenue Fund	$ 520,125	$ 2,265,062	$ 2,561,812	$ 223,375
Special Road and Bridge Fund	1,223,077	2,881,566	2,889,278	1,215,365
Assessment Fund	127,567	246,667	232,321	141,913
Law Enforcement Fund	52,822	1,398,052	1,434,504	16,370
Law Enforcement Training Fund	8,992	4,445	9,765	3,672
Capital Improvement Fund	238,649	118,832	174,320	183,161
Recorder Record Fund	59,946	12,098	9,209	62,835
Prosecuting Attorney Training Fund	562	746	843	465
911 Fund	31,070	10,374	7,189	34,255
Local Emergency Planning Committee Fund	3,353	3,247	3,627	2,973
Adult Abuse Fund	-	1,908	1,908	-
Aggregate Cemetery Trust Fund	2,580,228	304,779	75,930	2,809,077
Chinnereth Estate, NID Fund	16,624	15,889	13,981	18,532
Collector's Tax Maintenance Fund	52,951	26,658	28,394	51,215
Election Services Fund	2,478	8,321	3,911	6,888
Ford Farm Fund	102,244	4,134	9,033	97,345
John Glenn, NID Fund	16,184	14,070	15,310	14,944
Johnson Grass Board Fund	51,297	22,094	34,170	39,221
Gore Road, NID Fund	9,617	8,764	8,761	9,620
Victoria Hills, NID Fund	7,779	5,909	13,687	1
Prosecuting Attorney Bad Check Fund	49,578	14,138	11,084	52,632
Senate Bill 40 Fund	187,114	181,007	226,013	142,108
Senior Citizens Services Board Fund	491	61,885	61,973	403
Sheriff's Civil Account Fund	58,862	27,641	60,725	25,778
Sheriff's Revolving Fund	17,122	6,702	4,149	19,675
Deputy Sheriff Salary Supplemental Fund	(2,206)	20,493	21,534	(3,247)
Andrew County Public Benefit Corporation Fund	56,794	285,000	302,629	39,165
Orchard Estates, NID Fund	16,826	9,305	16,826	9,305
Total	$ 5,490,146	$ 7,959,786	$ 8,232,886	$ 5,217,046

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

Fund	Cash and Investments January 1, 2012	Receipts 2012	Disbursements 2012	Cash and Investments December 31, 2012
General Revenue Fund	$ 539,927	$ 2,146,315	$ 2,166,117	$ 520,125
Special Road and Bridge Fund	892,303	2,746,929	2,416,155	1,223,077
Assessment Fund	98,429	250,985	221,847	127,567
Law Enforcement Fund	5,262	1,208,284	1,160,724	52,822
Law Enforcement Training Fund	14,735	4,139	9,882	8,992
Capital Improvement Fund	287,576	123,603	172,530	238,649
Recorder Record Fund	56,044	11,722	7,820	59,946
Prosecuting Attorney Training Fund	173	747	358	562
911 Fund	19,243	42,298	30,471	31,070
Local Emergency Planning Committee Fund	2,950	2,628	2,225	3,353
Adult Abuse Fund	-	1,460	1,460	-
Aggregate Cemetery Trust Fund	2,465,091	197,808	82,671	2,580,228
Chinnereth Estate, NID Fund	15,532	16,843	15,751	16,624
Collector's Tax Maintenance Fund	52,630	28,313	27,992	52,951
Election Services Fund	5,876	4,210	7,608	2,478
Ford Farm Fund	102,876	4,313	4,945	102,244
John Glenn, NID Fund	14,227	17,017	15,060	16,184
Johnson Grass Board Fund	60,050	22,557	31,310	51,297
Gore Road, NID Fund	9,563	9,065	9,011	9,617
Victoria Hills, NID Fund	8,013	13,476	13,710	7,779
Prosecuting Attorney Bad Check Fund	52,112	10,336	12,870	49,578
Senate Bill 40 Fund	170,749	180,394	164,029	187,114
Senior Citizens Services Board Fund	677	62,428	62,614	491
Sheriff's Civil Account Fund	84,515	33,933	59,586	58,862
Sheriff's Revolving Fund	7,787	9,375	40	17,122
Deputy Sheriff Salary Supplemental Fund	-	10,706	12,912	(2,206)
Orchard Estates, NID Fund	-	16,826	-	16,826
Total	$ 4,966,340	$ 7,176,710	$ 6,709,698	$ 5,433,352

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	General Revenue Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 508,000	$ 435,764	$ 476,400	$ 450,543
Sales Taxes	520,000	472,970	455,000	506,071
Intergovernmental	185,158	166,678	188,095	200,040
Charges for Services	451,632	449,530	479,036	481,994
Interest	1,200	680	1,200	1,019
Other	585,800	589,992	113,400	392,113
Transfers In	152,676	149,448	74,500	114,535
Total Receipts	$ 2,404,466	$ 2,265,062	$ 1,787,631	$ 2,146,315
Disbursements				
County Commission	$ 96,810	$ 89,218	$ 97,310	$ 94,466
County Clerk	127,730	127,178	132,030	126,363
Elections	17,340	13,583	95,250	76,234
Buildings and Grounds	78,370	62,194	78,045	63,699
Employee Fringe Benefits	250,193	235,918	279,837	274,457
County Treasurer	49,480	45,803	48,980	46,876
County Collector	116,860	110,296	114,656	102,821
Recorder of Deeds	70,702	66,262	69,392	64,550
Circuit Clerk	66,601	28,358	84,351	20,439
Court Administration	32,500	31,985	32,500	32,445
Public Administrator	27,096	25,631	26,246	25,938
Prosecuting Attorney	128,000	116,934	127,200	103,747
Juvenile Officer	76,886	55,519	76,466	54,486
County Coroner	23,385	19,618	23,400	20,089
Transfers Out	760,000	620,000	509,037	459,000
Other	705,288	913,315	518,559	600,507
Total Disbursements	$ 2,627,241	$ 2,561,812	$ 2,313,259	$ 2,166,117
Receipts Over (Under) Disbursements	$ (222,775)	$ (296,750)	$ (525,628)	$ (19,802)
Cash, January 1	520,125	520,125	539,927	539,927
Cash, December 31	$ 297,350	$ 223,375	$ 14,299	$ 520,125

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Special Road and Bridge Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 1,088,450	$ 1,091,830	$ 1,070,000	$ 1,088,449
Sales Taxes	372,941	354,727	340,000	375,914
Intergovernmental	1,477,122	1,398,640	1,459,014	1,243,843
Charges for Services	-	-	-	-
Interest	2,000	2,962	2,000	2,595
Other	266,949	33,407	236,067	36,128
Transfers In	-	-	-	-
Total Receipts	$ 3,207,462	$ 2,881,566	$ 3,107,081	$ 2,746,929
Disbursements				
Salaries	$ 452,133	$ 424,944	$ 457,419	$ 434,879
Employee Fringe Benefits	203,894	192,633	237,922	218,524
Supplies	235,400	225,377	247,000	233,586
Insurance	5,000	4,858	5,000	4,822
Road & Bridge Materials	84,000	72,810	85,000	77,147
Equipment Repairs	135,000	135,173	155,500	121,917
Rentals	4,500	2,787	3,500	4,520
Equipment Purchases	262,000	244,422	142,000	128,575
R & B Construction	1,702,535	1,453,531	1,744,539	1,066,766
Other Expenditures	11,000	11,920	29,200	13,919
Transfers Out	112,000	120,823	111,500	111,500
Total Disbursements	$ 3,207,462	$ 2,889,278	$ 3,218,580	$ 2,416,155
Receipts Over (Under) Disbursements	$ -	$ (7,712)	$ (111,499)	$ 330,774
Cash, January 1	1,223,077	1,223,077	892,303	892,303
Cash, December 31	$ 1,223,077	$ 1,215,365	$ 780,804	$ 1,223,077

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Assessment Fund				Law Enforcement Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	500,000	472,973	440,000	498,793
Intergovernmental	267,809	240,266	271,744	240,093	80,000	68,028	50,400	71,818
Charges for Services	1,000	344	1,000	96	343,800	189,726	81,000	108,659
Interest	500	320	500	228	100	75	50	103
Other	3,500	5,737	3,500	10,568	15,300	47,250	3,000	69,911
Transfers In	-	-	-	-	785,000	620,000	612,112	459,000
Total Receipts	$ 272,809	$ 246,667	$ 276,744	$ 250,985	$ 1,724,200	$ 1,398,052	$ 1,186,562	$ 1,208,284
Disbursements								
Salaries	$ 119,820	$ 110,807	$ 129,010	$ 110,747	$ 791,165	$ 794,313	$ 614,000	$ 613,408
Employee Fringe Benefits	40,060	35,902	32,965	40,610	274,832	263,311	205,264	202,068
Materials and Supplies	10,500	16,659	10,500	2,568	344,300	264,762	177,200	161,838
Services and Other	72,700	68,953	69,100	67,922	361,400	112,118	192,700	183,410
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 243,080	$ 232,321	$ 241,575	$ 221,847	$ 1,771,697	$ 1,434,504	$ 1,189,164	$ 1,160,724
Receipts Over (Under) Disbursements	$ 29,729	$ 14,346	$ 35,169	$ 29,138	$ (47,497)	$ (36,452)	$ (2,602)	$ 47,560
Cash, January 1	127,567	127,567	98,429	98,429	52,822	52,822	5,262	5,262
Cash, December 31	$ 157,296	$ 141,913	$ 133,598	$ 127,567	$ 5,325	$ 16,370	$ 2,660	$ 52,822

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Law Enforcement Training Fund				Capital Improvement Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-		125,000	118,242	110,000	122,878
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	28	13	30	30	700	590	750	725
Other	4,200	4,432	4,500	4,109	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 4,228	$ 4,445	$ 4,530	$ 4,139	$ 125,700	$ 118,832	$ 110,750	$ 123,603
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	1,000	37	1,000	-	-	-	-	-
Services and Other	11,000	9,728	8,500	9,882	293,000	165,695	275,000	169,495
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	8,625	-	3,035
Total Disbursements	$ 12,000	$ 9,765	$ 9,500	$ 9,882	$ 293,000	$ 174,320	$ 275,000	$ 172,530
Receipts Over (Under) Disbursements	$ (7,772)	$ (5,320)	$ (4,970)	$ (5,743)	$ (167,300)	$ (55,488)	$ (164,250)	$ (48,927)
Cash, January 1	8,992	8,992	14,735	14,735	238,649	238,649	287,576	287,576
Cash, December 31	$ 1,220	$ 3,672	$ 9,765	$ 8,992	$ 71,349	$ 183,161	$ 123,326	$ 238,649

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Recorder Record Fund				Prosecuting Attorney Training Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	9,000	11,937	7,000	11,573	-	-	-	-
Interest	100	161	75	149	40	1	40	1
Other	-	-	-	-	1,210	745	1,210	746
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 9,100	$ 12,098	$ 7,075	$ 11,722	$ 1,250	$ 746	$ 1,250	$ 747
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	68,550	9,209	52,300	7,820	1,755	843	1,420	358
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 68,550	$ 9,209	$ 52,300	$ 7,820	$ 1,755	$ 843	$ 1,420	$ 358
Receipts Over (Under) Disbursements	$ (59,450)	$ 2,889	$ (45,225)	$ 3,902	$ (505)	$ (97)	$ (170)	$ 389
Cash, January 1	59,946	59,946	56,044	56,044	562	562	173	173
Cash, December 31	$ 496	$ 62,835	$ 10,819	$ 59,946	$ 57	$ 465	$ 3	$ 562

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	911 Fund				Local Emergency Planning Committee Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	10,000	10,000	10,000	20,000	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	60	77	50	63	10	5	10	5
Other	20,000	297	7,500	22,235	2,700	3,242	3,721	2,623
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 30,060	$ 10,374	$ 17,550	$ 42,298	$ 2,710	$ 3,247	$ 3,731	$ 2,628
Disbursements								
Salaries	$ 9,000	$ 6,365	$ 9,000	$ 7,586	$ -	$ -	$ -	$ -
Employee Fringe Benefits	690	487	693	580	-	-	-	-
Materials and Supplies	250	-	250	70	-	-	-	-
Services and Other	20,600	337	22,600	22,235	4,975	3,627	5,329	2,225
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 30,540	$ 7,189	$ 32,543	$ 30,471	$ 4,975	$ 3,627	$ 5,329	$ 2,225
Receipts Over (Under) Disbursements	$ (480)	$ 3,185	$ (14,993)	$ 11,827	$ (2,265)	$ (380)	$ (1,598)	$ 403
Cash, January 1	31,070	31,070	19,243	19,243	3,353	3,353	2,950	2,950
Cash, December 31	$ 30,590	$ 34,255	$ 4,250	$ 31,070	$ 1,088	$ 2,973	$ 1,352	$ 3,353

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Adult Abuse Fund				Aggregate Cemetery Trust Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	78,442	-	91,322
Other	2,500	1,908	2,500	1,460	105,625	226,337	62,125	106,486
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 2,500	$ 1,908	$ 2,500	$ 1,460	$ 105,625	$ 304,779	$ 62,125	$ 197,808
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	2,500	1,908	2,500	1,460	103,900	75,930	105,200	82,671
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 2,500	$ 1,908	$ 2,500	$ 1,460	$ 103,900	$ 75,930	$ 105,200	$ 82,671
Receipts Over (Under) Disbursements	$ -	$ -	$ -	$ -	$ 1,725	$ 228,849	$ (43,075)	$ 115,137
Cash and Investments, Jan 1	-	-	-	-	2,580,228	2,580,228	2,465,091	2,465,091
Cash and Investments, Dec 31	$ -	$ -	$ -	$ -	$ 2,581,953	$ 2,809,077	$ 2,422,016	$ 2,580,228

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Chinnereth Estate, NID Fund				Collector's Tax Maintenance Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ 14,000	$ 14,147	$ 14,000	14,973	$ 30,000	$ 26,495	$ 30,000	$ 28,154
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	20	22	20	21	175	163	125	159
Other	1,734	1,720	1,734	1,849	-	-	-	-
Transfers In	-	-	-	-	-	-		-
Total Receipts	$ 15,754	$ 15,889	$ 15,754	$ 16,843	$ 30,175	$ 26,658	$ 30,125	$ 28,313
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	5,290	692	5,290	2,008	70,000	8,394	50,000	27,992
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	13,289	13,289	13,743	13,743	-	-	-	-
Transfers Out	-	-	-	-	-	20,000	-	-
Total Disbursements	$ 18,579	$ 13,981	$ 19,033	$ 15,751	$ 70,000	$ 28,394	$ 50,000	$ 27,992
Receipts Over (Under) Disbursements	$ (2,825)	$ 1,908	$ (3,279)	$ 1,092	$ (39,825)	$ (1,736)	$ (19,875)	$ 321
Cash, January 1	16,624	16,624	15,532	15,532	52,951	52,951	52,630	52,630
Cash, December 31	$ 13,799	$ 18,532	$ 12,253	$ 16,624	$ 13,126	$ 51,215	$ 32,755	$ 52,951

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Election Services Fund				Ford Farm Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	18	22	-	18	820	656	2,000	835
Other	7,600	8,299	3,010	4,192	3,478	3,478	3,980	3,478
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 7,618	$ 8,321	$ 3,010	$ 4,210	$ 4,298	$ 4,134	$ 5,980	$ 4,313
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	5,400	3,911	8,100	7,608	10,500	9,033	21,500	4,945
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 5,400	$ 3,911	$ 8,100	$ 7,608	$ 10,500	$ 9,033	$ 21,500	$ 4,945
Receipts Over (Under) Disbursements	$ 2,218	$ 4,410	$ (5,090)	$ (3,398)	$ (6,202)	$ (4,899)	$ (15,520)	$ (632)
Cash, January 1	2,478	2,478	5,876	5,876	102,244	102,244	102,876	102,876
Cash, December 31	$ 4,696	$ 6,888	$ 786	$ 2,478	$ 96,042	$ 97,345	$ 87,356	$ 102,244

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	John Glenn, NID Fund				Johnson Grass Board Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ 15,808	$ 14,047	$ 14,760	$ 16,996	$ 22,210	$ 20,186	$ 21,253	$ 20,951
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	20	23	30	21	100	123	100	146
Other	-	-	-	-	1,500	1,785	-	1,460
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 15,828	$ 14,070	$ 14,790	$ 17,017	$ 23,810	$ 22,094	$ 21,353	$ 22,557
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ 23,750	$ 22,969	$ 22,650	$ 22,459
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	9,700	8,421	9,000	7,951
Services and Other	-	300	-	300	1,000	2,780	600	900
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	15,310	15,010	15,060	14,760	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 15,310	$ 15,310	$ 15,060	$ 15,060	$ 34,450	$ 34,170	$ 32,250	$ 31,310
Receipts Over (Under) Disbursements	$ 518	$ (1,240)	$ (270)	$ 1,957	$ (10,640)	$ (12,076)	$ (10,897)	$ (8,753)
Cash, January 1	16,184	16,184	14,227	14,227	51,297	51,297	60,050	60,050
Cash, December 31	$ 16,702	$ 14,944	$ 13,957	$ 16,184	$ 40,657	$ 39,221	$ 49,153	$ 51,297

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Gore Road, NID Fund				Victoria Hills, NID Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ 8,890	$ 8,749	$ 9,250	$ 9,051	$ 13,300	$ 5,906	$ 13,750	$ 13,472
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	10	15	15	14	-	3	8	4
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 8,900	$ 8,764	$ 9,265	$ 9,065	$ 13,300	$ 5,909	$ 13,758	$ 13,476
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	261	261	261	261	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	8,500	8,500	8,750	8,750	13,687	13,687	13,710	13,710
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 8,761	$ 8,761	$ 9,011	$ 9,011	$ 13,687	$ 13,687	$ 13,710	$ 13,710
Receipts Over (Under) Disbursements	$ 139	$ 3	$ 254	$ 54	$ (387)	$ (7,778)	$ 48	$ (234)
Cash, January 1	9,617	9,617	9,563	9,563	7,779	7,779	8,013	8,013
Cash, December 31	$ 9,756	$ 9,620	$ 9,817	$ 9,617	$ 7,392	$ 1	$ 8,061	$ 7,779

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Prosecuting Attorney Bad Check Fund				Senate Bill 40 Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ 177,000	$ 175,354	$ 170,000	$ 176,796
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	2,750	1,875	2,300	3,149
Interest	120	121	100	115	300	278	500	368
Other	11,000	14,017	18,000	10,221	-	3,500	-	81
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 11,120	$ 14,138	$ 18,100	$ 10,336	$ 180,050	$ 181,007	$ 172,800	$ 180,394
Disbursements								
Salaries	$ 20,676	$ 11,084	$ 17,500	$ 12,870	97,500	$ 93,260	$ 96,600	$ 86,008
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	900	-	-	-	-	-	-	-
Services and Other	39,000	-	10,850	-	145,910	132,753	158,151	78,021
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 60,576	$ 11,084	$ 28,350	$ 12,870	$ 243,410	$ 226,013	$ 254,751	$ 164,029
Receipts Over (Under) Disbursements	$ (49,456)	$ 3,054	$ (10,250)	$ (2,534)	$ (63,360)	$ (45,006)	$ (81,951)	$ 16,365
Cash, January 1	49,578	49,578	52,112	52,112	187,114	187,114	170,749	170,749
Cash, December 31	$ 122	$ 52,632	$ 41,862	$ 49,578	$ 123,754	$ 142,108	$ 88,798	$ 187,114

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Senior Citizens Services Board Fund				Sheriff's Civil Account Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ 70,000	$ 61,885	$ 70,000	$ 62,428	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	140	100	135	167
Other	-	-	-	-	30,000	27,541	24,000	33,766
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 70,000	$ 61,885	$ 70,000	$ 62,428	$ 30,140	$ 27,641	$ 24,135	$ 33,933
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	70,350	61,973	69,900	62,614	86,861	60,725	55,000	59,586
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 70,350	$ 61,973	$ 69,900	$ 62,614	$ 86,861	$ 60,725	$ 55,000	$ 59,586
Receipts Over (Under) Disbursements	$ (350)	$ (88)	$ 100	$ (186)	$ (56,721)	$ (33,084)	$ (30,865)	$ (25,653)
Cash, January 1	491	491	677	677	58,862	58,862	84,515	84,515
Cash, December 31	$ 141	$ 403	$ 777	$ 491	$ 2,141	$ 25,778	$ 53,650	$ 58,862

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Sheriff's Revolving Fund				Deputy Sheriff Salary Supplemental Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	15	52	15	35	-	-	-	-
Other	5,000	6,650	4,000	9,340	22,000	20,493	10,000	10,706
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 5,015	$ 6,702	$ 4,015	$ 9,375	$ 22,000	$ 20,493	$ 10,000	$ 10,706
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ 18,000	$ 17,900	$ 10,800	$ 10,800
Employee Fringe Benefits	-	-	-	-	3,910	3,634	2,112	2,112
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	20,000	4,149	5,000	40	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 20,000	$ 4,149	$ 5,000	$ 40	$ 21,910	$ 21,534	$ 12,912	$ 12,912
Receipts Over (Under) Disbursements	$ (14,985)	$ 2,553	$ (985)	$ 9,335	$ 90	$ (1,041)	$ (2,912)	$ (2,206)
Cash, January 1	17,122	17,122	7,787	7,787	(2,206)	(2,206)	-	-
Cash, December 31	$ 2,137	$ 19,675	$ 6,802	$ 17,122	$ (2,116)	$ (3,247)	$ (2,912)	$ (2,206)

See Notes to the Financial Statements

The County of Andrew
Savannah, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Andrew County Public Benefit Corporation Fund				Orchard Estates, NID Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ 12,850	$ 9,303	$ -	$ 16,826
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	2	-	-
Other	302,629	285,000	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 302,629	$ 285,000	$ -	$ -	$ 12,850	$ 9,305	$ -	$ 16,826
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	16,826	16,826	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	302,629	302,629	-	-	12,850	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 302,629	$ 302,629	$ -	$ -	$ 29,676	$ 16,826	$ -	$ -
Receipts Over (Under) Disbursements	$ -	$ (17,629)	$ -	$ -	$ (16,826)	$ (7,521)	$ -	$ 16,826
Cash, January 1	56,794	56,794	-	-	16,826	16,826	-	-
Cash, December 31	$ 56,794	$ 39,165	$ -	$ -	$ -	$ 9,305	$ -	$ 16,826

See Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

Organized in 1841, the county of Andrew was named after the Andrew Jackson Davis. Andrew County is a county-organized, third-class county and is part of the Fifth Judicial Circuit. The county seat is Savannah. Andrew County's government is composed of a three-member county commission and the following separately elected Constitutional Officers: Assessor, County Clerk, Circuit Clerk, Recorder, Coroner, Prosecuting Attorney, Public Administrator, Sheriff, Treasurer and Collector.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Andrew County, Missouri, the Andrew County Senior Citizens Services Board, and the Andrew County Senate Bill 40 Board.

Andrew County's operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Andrew County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise Andrew County's legal entity. The Andrew County Senior Citizens Services Board and Senate Bill 40 Board are controlled by separate boards and are also included under the control of Andrew County.

Certain elected County officials, such as the County Collector, Treasurer, and Sheriff, collect and hold monies in a trustee capacity as an agent of an individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements and are unaudited.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Andrew County, Missouri, and the comparisons of such information with the corresponding budgeted information for all funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the County's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If Andrew County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo, Andrew County adopts a budget for each governmental fund.

On or before the second Monday in January, each elected official and department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

Budgets are prepared and adopted on the cash basis of accounting.

During our audit we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The Law Enforcement Training Fund and Sheriff's Civil Account Fund had expenses exceeding their respective budgets for 2012. Also, the Deputy Sheriff Salary Supplemental Fund was deficit budgeted for both 2013 and 2012, and the County did not prepare a budget for the Orchard Estates, NID Fund in 2012.

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuation of the tangible taxable property, included within Andrew County's boundaries for the calendar year 2013 and 2012, respectively, for the purposes of County taxation was:

	2013	2012
Real Estate	165,525,070	157,702,990
Personal Property	47,976,590	47,396,810
Railroad and Utilities	21,679,603	16,999,165
	$ 235,181,263	$ 222,098,965

The tax levy per $100 assessed valuation of tangible taxable property for the calendar year 2013 and 2012, respectively, for the purpose of County taxation, was as follows:

	2013	2012
General Revenue	$ 0.1987	$ 0.1920
Special Road and Bridge	0.4965	0.4964
Johnson Grass Board	0.0098	0.0100
Senior Citizens Services Board	0.0279	0.0286
Senate Bill 40 Board	0.0791	0.0810

The County also receives sales tax collected by the State and remitted based on the County’s sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's funds, other than the funds of the Aggregate Cemetery Trust Fund, are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in Andrew County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

Note 2 - Deposits and Investments

Andrew County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents". Also included are the balances of the Aggregate Cemetery Trust Fund.

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013 and 2012, the carrying amounts of the County's deposits, excluding cash and investments of the Aggregate Cemetery Trust Fund, were $2,317,737 and $2,838,987, respectively, and the bank balances were $2,790,647 and $3,645,155, respectively. At. December 31, 2013 & 2012, 100% of Andrew County's deposits were covered by the Federal Deposit Insurance Corporation (FDIC), were collateralized, or covered by a line of credit held by the County or by its agent in the County's name.

The carrying values of deposits and investments below above are included in the financial statements at December 31, 2013, as follows:

Deposits	$	2,407,969
Investments		2,809,077
Restricted Cash		-
Total Deposits and Investments as of December 31, 2013	$	5,217,046

The carrying values of deposits and investments shown below are included in the financial statements at December 31, 2012, as follows:

Deposits	$	2,853,124
Investments		2,580,228
Restricted Cash		-
Total Deposits and Investments as of December 31, 2012	$	5,433,352

Investments – The Aggregate Cemetery Trust Fund holds cash deposits and investments allowed by the Cemetery Trust Agreement. The terms of the trust agreement authorize investments in United States Government securities and stocks currently traded on the New York Stock Exchange. A court opinion docketed in 2001 authorized the County Commission to buy, sell, or trade stocks and bonds as long as the shares of original stock making up the corpus of the trust were maintained.

Note 2 - Deposits and Investments (continued)

As of December 31, 2013, the Aggregate Cemetery Trust Fund had the following cash deposits and investments:

		Investment Maturity (in Years)			
Investment Type	Fair Value	No Maturity	1-5	6-10	More Than 10
U.S. Government Securities	$ 749,994	$ -	$ 749,994	$ -	$ -
U.S. Government Bonds	16,853	-	-	-	16,853
Stocks and Mutual Funds	1,254,031	1,254,031	-	-	-
Corporate Bonds	23,634	-	23,634	-	-
Cash and Certificates of Deposits	764,565	231,035	533,530	-	-
	$ 2,809,077	$ 1,485,066	$ 1,307,158	$ -	$ 16,853

As of December 31, 2012, the Aggregate Cemetery Trust Fund had the following cash deposits and investments:

		Investment Maturity (in Years)			
Investment Type	Fair Value	No Maturity	1-5	6-10	More Than 10
U.S. Government Securities	$ 769,710	$ -	$ 769,710	$ -	$ -
U.S. Government Bonds	48,786	-	-	-	48,786
Stocks and Mutual Funds	990,973	990,973	-	-	-
Corporate Bonds	41,197	-	-	25,039	16,158
Cash and Certificates of Deposits	729,562	199,782	529,780	-	-
	$ 2,580,228	$ 1,190,755	$ 1,299,490	$ 25,039	$ 64,944

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Andrew County's investment policy does not include custodial credit risk requirements. Andrew County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013 and 2012.

Custodial Credit Risk - Investments

Custodial credit risk is the risk that, if the counterparty to an investment transaction fails, Andrew County will not be able to recover the investment's value, or the collateral securities that are in an outside party's possession. The County's investments at December 31, 2013 and 2012 were not exposed to custodial credit risk because they were held by the County's custodial bank in the Cemetery Trust's name.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Andrew County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 2 - Deposits and Investments (continued)

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by Andrew County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U. S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). Andrew County has no policy in place to minimize the risk of loss resulting from over concentration of assets of a specific maturity, specific issuer or specific class of securities. More than 5 percent of the Aggregate Cemetery's investments are in Pfizer stock. This investment accounts for 6 percent of the Aggregate Cemetery Trust Fund's total investments at December 31, 2013.

Note 3 - Interfund Transfers

Transfers between funds for the years ended December 31, 2013 and 2012 are as follows:

	2013		2012	
Fund	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	$ 149,448	$ 620,000	$ 114,535	$ 459,000
Special Road and Bridge Fund	-	120,823	-	111,500
Law Enforcement Fund	620,000	-	459,000	-
Capital Improvement Fund	-	8,625	-	3,035
Collector's Tax Maintenance Fund	-	20,000	-	-
Total	$ 769,448	$ 769,448	$ 573,535	$ 573,535

Note 4 - County Employees' Retirement Fund (CERF)

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for county officials and employees. The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than (1,000) one thousand hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government.

It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Section 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994. The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two may retire with full benefits with eight or more years of creditable service. The monthly benefit for county employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar amount, targeted replacement ratio formula, and the prior plan's formula). A death benefit of $10,000 will be paid to the designated beneficiary of every active eligible member upon his or her death. Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed. Any member with less than eight years creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions. The County Employees' Retirement Fund issues audited financial statements.

Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO, 65102, or by calling 1-877-632-2373.

Note 4 - County Employees' Retirement Fund (CERF) (continued)

Funding Policy

In accordance with state statutes, the plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 contribute 0% of their annual salary, while employees hired after February 2002 are required to contribute 4% of their annual salary in order to participate in CERF. During 2013 and 2012, the County collected and remitted to CERF, employee contributions of $56,010 and $44,792, respectively, for the years then ended.

Note 5 - Missouri Local Government Employees Retirement System (LAGERS)

Plan Description

Andrew County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and governed by statutes section RSMo 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling (800) 447-4334.

Funding Status

Full-time employees of Andrew County do not contribute to the pension plan. The June 30th statutorily required contribution rates are 15.4% (General) and 12.9% (Police) of annual covered payroll for the year ended December 31, 2013. The June 30th statutorily required contribution rates are 16.3% (General) and 11.9% (Police) of annual covered payroll for the year ended December 31, 2012. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the year ended December 31, 2013 was as follows:

	2013
Annual required contribution	$ 259,809
Interest on net pension obligation	3,295
Adjustment to required contribution	(2,903)
Annual pension cost	260,201
Actual contributions	253,054
Increase (decrease) in NPO	7,147
NPO beginning of year	45,452
NPO end of year	$ 52,599

Note 5 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

The annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011 was 20 years for the General division and 30 years for the police division. The amortization period of February 29, 2012 was 22 years for the General division and 30 years for the Police division.

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 238,152	91.3%	$ 33,024
2012	256,074	95.1%	45,452
2013	260,201	97.3%	52,599

Required Supplementary Information - Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2011	$ 2,617,955	$ 3,104,801	$ 486,846	84%	$ 1,532,867	32%
2/29/2012	2,892,690	3,262,774	370,084	89%	1,634,371	23%
2/28/2013	3,306,290	3,575,160	268,870	92%	1,611,263	17%

The subdivision's annual pension cost and net pension obligation for the year ended December 31, 2012 was as follows:

	2012
Annual required contribution	$ 255,931
Interest on net pension obligation	2,394
Adjustment to required contribution	(2,251)
Annual pension cost	256,074
Actual contributions	243,646
Increase (decrease) in NPO	12,428
NPO beginning of year	33,024
NPO end of year	$ 45,452

Note 5 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010 was 30 years for the General division and 30 years for the police division. The amortization period of February 28, 2011 was 20 years for the General division and 30 years for the Police division.

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$ 212,122	94.2%	$ 12,303
2011	238,152	91.3%	33,024
2012	256,074	95.1%	45,452

Required Supplementary Information - Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2010	$ 2,219,150	$ 2,753,111	$ 533,961	81%	$ 1,523,359	35%
2/28/2011	2,617,955	3,104,801	486,846	84%	1,532,867	32%
2/29/2012	2,892,690	3,262,774	370,084	89%	1,634,371	23%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

Note 6- Prosecuting Attorney Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, Andrew County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys' and Circuit Attorneys' Retirement System. Once remitted, the State of Missouri is responsible for administration of this plan. Andrew County has contributed $0 and $935, respectively, for the years ended December 31, 2013 and 2012.

Note 7 - Post-Employment Benefits

Andrew County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by Andrew County.

Note 8 - Claims, Commitments and Contingencies

Compensated Absences

The County provides full time employees with up to 60 days of sick time -- to accrue at one day per complete calendar month of employment. Upon termination, the employee will not be compensated for any unused sick time. Vacation time will accrue at the rate of one-half day to one and one half days per month depending on length of employment, up to two weeks rollover balance. Upon termination the employee may choose time taken as early separation or to be compensated on last payroll check for balance of unused vacation time limited to two weeks. Comp time will accrue at a rate of one and one half time actual hours worked based on federal wage and hour regulations, up to 180 hours rollover balance. Upon termination the employee may choose time taken as early separation or to be compensated on last payroll check for balance of unused comp time limited to 180 hours.

Federal and State Assisted Programs

The County receives proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned. Such audits could result in refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Note 9 - Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.700 RSMo). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make specific assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Injured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

Note 10 - Subsequent Events

The County has evaluated events subsequent to December 31, 2013 to assess the need for potential recognition or disclosure financial statements. Such events have been evaluated through July 9, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

Note 11 - Long Term Debt

In December 2006, the County issued $108,000 in general obligation bonds for the Chinnereth Estates Neighborhood Improvement District. The bonds bear interest at 4.125% and were scheduled to be paid in annual payments ranging from $10,000 to $13,000 per year. The final payment is scheduled for March 1, 2017. Payments are made using special assessment tax monies collected for the NID in the prior year. The balance outstanding as of December 31, 2013 is $50,000. The schedule of remaining payments and interest is listed below:

Balance 12/31/2011	Additions	Retirements	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013
$ 72,000	$ -	$ 11,000	$ 61,000	$ -	$ 11,000	$ 50,000

Year Ending December 31	Principal	Interest	Total
2014	$ 12,000	$ 1,815	$ 13,815
2015	12,000	1,320	13,320
2016	13,000	804	13,804
2017	13,000	268	13,268
	$ 50,000	$ 4,207	$ 54,207

In May 1997, the County issued $195,000 in general obligation bonds for the John Glenn Neighborhood Improvement District. The bonds bear interest at 6.0% and were scheduled to be paid in annual payments ranging from $10,000 to $13,000 per year. The final payment is scheduled for May 1, 2015. Payments are made using special assessment tax monies collected for the NID in the prior year. The balance outstanding as of December 31, 2013 is $27,000. The schedule of remaining payments and interest is listed below:

Balance 12/31/2011	Additions	Retirements	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013
$ 52,000	$ -	$ 12,000	$ 40,000	$ -	$ 13,000	$ 27,000

Year Ending December 31	Principal	Interest	Total
2014	$ 14,000	$ 1,200	$ 15,200
2015	13,000	390	13,390
	$ 27,000	$ 1,590	$ 28,590

In 2001, the County issued $121,000 in general obligation bonds for the Gore Road Neighborhood Improvement District. The bonds bear interest at from 4.5% to 5.25% and were scheduled to be paid in annual payments ranging from $3,000 to $10,000. The final payment is scheduled for March 1, 2020. Payments are made using special assessment tax monies collected for the NID in the prior year. The balance outstanding as of December 31, 2013 is $65,000.

Balance 12/31/2011	Additions	Retirements	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013
$ 75,000	$ -	$ 5,000	$ 70,000	$ -	$ 5,000	$ 65,000

Note 11 - Long Term Debt (continued)

The schedule of remaining payments and interest is listed below:

Year Ending December 31	Principal	Interest	Total
2014	$ 5,000	$ 3,251	$ 8,251
2015	10,000	2,876	12,876
2016	10,000	2,363	12,363
2017	10,000	1,838	11,838
2018	10,000	1,313	11,313
2019-2020	20,000	1,051	21,051
	$ 65,000	$ 12,692	$ 77,692

In October 2002, the County issued $108,450 in general obligation bonds for the Victoria Hills Neighborhood Improvement District. The bonds bear interest at 4.125% and were scheduled to be paid in annual payments ranging from $5,525 to $13,410. The final payment was scheduled for March 1, 2013. Payments are made using special assessment tax monies collected for the NID in the prior year. The balance outstanding as of December 31, 2013 is $0.

Balance 12/31/2011	Additions	Retirements	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013
$ 26,301	$ -	$ 12,891	$ 13,410	$ -	$ 13,410	$ -

In October 2013, the County issued $110,000 in general obligation bonds for the Orchard Estates Neighborhood Improvement District. The bonds bear interest at 4% and are scheduled to be paid in annual payments of $5,000. The final payment is scheduled for April 1, 2033. Payments are made using special assessment tax monies collected for the NID in the prior year. The schedule of remaining payments and interest is listed below:

Balance 12/31/2011	Additions	Retirements	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013
$ -	$ -	$ -	$ -	$ 110,000	$ -	$ 110,000

Year Ending December 31	Principal	Interest	Total
2014	$ 5,000	$ 4,300	$ 9,300
2015	5,000	4,100	9,100
2016	5,000	3,900	8,900
2017	5,000	3,700	8,700
2018	5,000	3,500	8,500
2019-2023	25,000	14,500	39,500
2024-2028	25,000	9,500	34,500
2029-2033	35,000	4,100	39,100
	$ 110,000	$ 47,600	$ 157,600

Note 11 - Long Term Debt (continued)

The Andrew County Public Benefit Corporation is obligated to the USDA Rural Development Agency for two notes. The first note was issued in 2012 for $5,200,000, bearing interest at 4% and is scheduled to be repaid in 40 annual payments of $265,564 ending September 2051. The second note was issued in 2012 for $700,000, bearing interest at 4.25% and is scheduled to be repaid in 40 annual payments of $37,065 ending September 2051. The building of the judicial center is pledged as collateral for the two notes. The schedule of remaining payments and interest is listed below:

Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013	Interest Paid
$ 5,900,000	$ -	$ 60,437	$ 5,839,563	$ 242,192

Year Ending December 31	Principal	Interest	Total
2014	$ 62,916	239,713	$ 302,629
2015	65,497	237,132	302,629
2016	68,185	234,444	302,629
2017	70,983	231,646	302,629
2018	73,896	228,733	302,629
2019-2023	417,530	1,095,615	1,513,145
2024-2028	510,527	1,002,618	1,513,145
2029-2033	624,247	888,898	1,513,145
2034-2038	763,311	749,834	1,513,145
2039-2043	933,369	579,776	1,513,145
2044-2048	1,141,332	371,813	1,513,145
2049-2052	1,107,770	102,746	1,210,516
	$ 5,839,563	$ 5,962,968	$ 11,802,531

Note 12 - Change in Reporting Entity

In 2012 the County was not required to include the Andrew County Public Benefit Corporation (ACPBC) in the audited financial statements due to the ACPBC being separately audited. The ACPBC is included in the audited financial statements for 2013. The effect of the aforementioned change in reporting entity increased cash balance as of January 1, 2013 by $56,794. A copy of the 2012 audit report for the Andrew County Public Benefit Corporation may be obtained by writing to the Andrew County Treasurer, P.O. Box 122, Savannah, MO 64485 or by calling (816) 324-3614.

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141
PHONE: 314-569-3800
FAX: 314-569-0020
www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission and
Officeholders of Andrew County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Andrew County, Missouri, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Andrew County, Missouri's basic financial statements and have issued our report thereon dated July 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Andrew County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Andrew County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Andrew County, Missouri's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies: 13/12-2 and 13/12-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Andrew County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 13/12-1.

Andrew County, Missouri's Response to Findings

Andrew County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Andrew County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
July 9, 2014

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141

PHONE: 314-569-3800
FAX: 314-569-0020

www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the County Commission and
Officeholders of Andrew County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Andrew County, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Andrew County, Missouri's major federal programs for the years ended December 31, 2013 and 2012. Andrew County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Andrew County, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Andrew County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Andrew County, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, Andrew County, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2013 and 2012.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 13/12-4. Our opinion on each major federal program is not modified with respect to these matters.

Andrew County, Missouri's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Andrew

County, Missouri's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

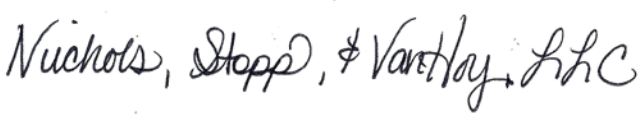
Report on Internal Control Over Compliance

Management of Andrew County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Andrew County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Andrew County, Missouri's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Creve Coeur, Missouri
July 9, 2014

The County of Andrew
Savannah, Missouri
Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31, 2013	2012
U.S. Department of Agriculture				
Passed through state:				
Office of Administration -				
Conservation Reserve Program	10.069	FEIN 446000438	$ 15,603	$ 15,603
Total U.S. Department of Agriculture			15,603	15,603
U.S Department of Transportation				
Passed through state:				
Highway and Transportation Commission				
Highway Planning and Construction	20.205	BRO-002(39)	272,701	7,082
Highway Planning and Construction	20.205	BRO-B002(40)	7,855	322,690
Total U.S. Department of Transportation			280,556	329,772
General Services Administration				
Passed through state:				
Office of Secretary of State -				
Election Reform Payments	39.011	47-0601-0-1-808	4,660	2,912
Total General Services Administration			4,660	2,912
Election Assistance Commission				
Passed through state:				
Office of Secretary of State -				
Help America Vote Act Requirements Payments	90.401	95-1650-0-1-808	-	2,440
Total Election Assistance Commission			-	2,440
U.S. Department of Health and Human Services				
Passed through state:				
Department of Social Services -				
Child Support Enforcement	93.563	ER10214C002	95,744	99,330
Office of Secretary of State -				
Voting Access for Individuals with Disabilities Grants to States	93.617	HAVAHHSFED	-	2,676
Total U.S. Department of Health and Human Services			95,744	102,006
U.S. Department of Homeland Security				
Passed through state:				
Department of Public Safety -				
Disaster Grants - Public Assistance Grants	97.036	FEMA 4012-DR-MO	319,173	65,021
Emergency Management Performance Grants	97.042	EMW-2013-EP-00028	9,591	1,435
Total U.S. Department of Homeland Security			328,764	66,456
Total Expenditures of Federal Awards			$ 725,327	$ 519,189

The County of Andrew
Savannah, Missouri
Notes to Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012

Note 1 - Summary of Significant Accounting Policies

Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of *OMB Circular A-133* . This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA number is not available.

This schedule includes all federal awards administered by Andrew County, Missouri.

Basis of Presentation

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Note 2 - Subrecipients

The County did not pass through any federal funds for the years ended December 31, 2013 and 2012, respectively.

The County of Andrew
Savannah, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2013 & 2012

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified Regulatory Basis			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	X	Yes		None Reported
Any noncompliance material to financial statements noted?	X	Yes		No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiencies identified not considered to be material weaknesses?	X	Yes		None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?	X	Yes		No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
97.036	Disaster Grants - Public Assistance Grants

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000			
Auditee qualified as low-risk auditee?		Yes	X	No

The County of Andrew
Savannah, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2013 & 2012

Section 2 - Financial Statement Findings

13/12-1 ***Condition:*** During our audit, we noted two funds with actual expenditures that exceeded the budgeted expenditures, one fund that was deficit budgeted, and one fund which no budget was prepared.

Effect: Missouri statutes requires Counties to prepare an annual budget and expenditures are not to exceed the budget. Due to exceeding budget in certain funds the County is in violation of Missouri Revised Statutes.

Cause: Oversight

Recommendation: We recommend that the County adopt a budget for all funds, and periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: This was an oversight of the County Clerk, the 2012 budget was amended and the Law Enforcement Training Fund and the Sheriff's Civil Account Fund did not get changed. The Deputy Sheriff Salary Supplemental Fund showed a deficit because the County has to pay the deputies from this fund and wait for reimbursement from the State, we will always be at least one payment behind; in the future we will budget more for revenues so the fund will have a positive balance.

13/12-2 ***Condition:*** Documentation of the County's internal controls has not been prepared.

Effect: Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Management has not prepared documentation of internal controls.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: Clerk will prepare internal controls policy.

Section 2 - Financial Statement Findings (continued)

13/12-3 ***Condition:*** During our audit, we noted there is no formal fraud risk assessment in place.

Effect: Lack of an appropriate audit risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identifying risks and mitigating controls.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: Clerk will prepare fraud risk management assessment.

Section 3 - Federal Award Findings and Questioned Cost

13/12-4

Federal Grantor:	All Programs
Pass-Through Grantor:	All Programs
Federal CFDA Number:	All Programs
Program Title:	All Programs

Condition: The Schedule of Expenditures of Federal Awards (SEFA) contained errors.

Criteria: OMB Circular A-133 requires auditees to prepare an accurate SEFA containing awards expended, CFDA title and number, award number, name of the Federal agency, and name of the pass-through entity.

Cause: Management was unaware of the reporting requirements related to the Schedule of Expenditures of Federal Awards.

Effect: Federal expenditures reported on the SEFA were incorrect.

Recommendation: We recommend that management develop internal controls over reporting and consult with outside accountants when needed to ensure an accurate SEFA is prepared.

Management's Response: Clerk will take note of this error and will make sure the right figures are reported on the SEFA in the future.

The County of Andrew
Savannah, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Andrew County, Missouri, on the applicable findings in the prior audit report issued for the year ended December 31, 2010.

Prior Year Financial Statement Findings

10-1 ACCOUNTING FOR TRANSFERS

Condition: The financial statements of the County as presented in the annual budget document present transfers between fund. However, a $77,630 transfer from the special road and bridge fund to the general fund was treated as a receipt in the general fund and a disbursement in the special road and bridge fund. A $20,000 transfer from the collectors' tax maintenance fund to the general fund was included as a receipt instead of a transfer.

Criteria: Paragraph 6.12 of *Government Auditing Standards* states, "A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect, or correct errors in assertions made by management on a timely basis. A deficiency in design exists when (1) a control necessary to meet the control objective is missing or (2) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not met."

Effect: The County's financial statements and annual budget document did not properly present transfers between funds.

Cause: Transfers were not recorded correctly in the County's accounting system.

Recommendation: We recommend the County review the accounting for transfers between funds and ensure the transfers are accounted for appropriately.

Response: The issue has been corrected. The County will now treat transfers between funds as transfers rather than receipts and new accounts have been established for the transfers.

Status: Management has corrected this issue.

10-2 DUPLICATE CHECK ISSUED AND NOT VOIDED IN A TIMELY MANNER

Condition: A duplicate check for $17,670 was issued August 26, 2010. The check was listed as an outstanding check on bank account reconciliations until December, 2011. The check was voided in December, 2011.

Criteria: Paragraph 6.12 of *Government Auditing Standards* states, "A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect, or correct errors in assertions made by management on a timely basis. A deficiency in design exists when (1) a control necessary to meet the control objective is missing or (2) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not met."

Effect: The County's accounting records were incorrect for the years ended December 31, 2010 and 2011. Special road and bridge fund disbursements for the year ended December 31, 2010, were overstated by $17,670. Special road and bridge disbursements for the year ended December 31, 2011, were understated by $17,670. County bank reconciliations were incorrect for the period of August, 2010, through December, 2011.

10-2 (cont.)

Cause: An outstanding check was not investigated in a timely manner by the County.

Recommendation: We recommend the County review the outstanding check list on a monthly basis and investigate any unusual or old outstanding reconciling items.

Response: The County will review the outstanding check list in a timely manner.

Status: Management has corrected this issue.

10-3 EXPENDITURES IN EXCESS OF BUDGETED AMOUNTS

Condition: As described in Note 1H, disbursements were in excess of budgeted amounts for the John Glenn Road NID Fund for the year ended December 31, 2010. The County's internal control over financial reporting did not detect that actual disbursements exceeded the budgeted disbursements.

Criteria: As described in *Government Auditing Standards*, as issued by the Comptroller General of the United States, section 5.11, a deficiency in internal control over financial reporting exists when the deficiency "adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles."

Effect: The County made disbursements in excess of the authorized budget and was not in compliance with Section 67.040, RSMo.

Cause: The County did not monitor and amend the budget for the one fund.

Recommendation: We recommend the County review the budgets and monitor disbursement to prevent disbursements in excess of budgeted amounts in the future.

Response: The County agrees with the finding.

Status: Management has not corrected this issue and the finding is repeated as finding 13/12-1.

10-4 SHERIFF ACCOUNT DEPOSITS

Condition: Receipts are not deposited timely in the Sheriff's accounts. Receipts are received throughout the month by the Sheriff's department. One account in December, 2010, showed five deposits with a total amount of $7,192 deposited on December 20, 2010. The account's only other deposits, in the total amount of $1,024, were on December 6, 2010.

Criteria: As described in *Government Auditing Standards*, as issued by the Comptroller General of the United States, section 5.11, a deficiency in internal control over financial reporting exists when the deficiency "adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles."

10-4 (cont.) ***Effect:*** Failure to deposit monies in a timely manner increases the risk that errors or irregularities will not be detected in a timely manner.

Cause: The Sheriff's department did not deposit receipts on a timely basis.

Recommendation: We recommend that the Sheriff's office deposit receipts on a timely basis.

Response: The Sheriff will make every attempt to deposit funds under his control three times per week.

Status: Management has corrected this issue.

10-5 SHERIFF DEPARTMENT LIABILITIES

Condition: Monthly lists of liabilities are not prepared for the commissary/inmate account, and consequently, liabilities are not reconciled with cash balances.

Criteria: As described in *Government Auditing Standards*, as issued by the Comptroller General of the United States, section 5.11, a deficiency in internal control over financial reporting exists when the deficiency "adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles."

Effect: Failure to reconcile liabilities to the cash balance increases the risk that errors or irregularities will not be detected in a timely manner.

Cause: The Sheriff's department did not monthly reconcile a list of liabilities to the cash balance.

Recommendation: We recommend that the Sheriff's department prepare a monthly list of liabilities and reconcile that list to the commissary/inmate account.

Response: The Sheriff's department installed a computer program to track inmate liabilities in January, 2011.

Status: Management has corrected this issue.

10-6 EXPENDITURES IN EXCESS OF BUDGETED AMOUNTS

Condition: As described in Note 1H, disbursements were in excess of budgeted amounts for the John Glenn Road NID Fund for the year ended December 31, 2010.

Criteria: Section 67,040, RSMo., sets forth that, after any political subdivision has approved the budget for any year, the political subdivision shall not increase the total amount authorized for expenditure from any fund, unless the governing body adopts a resolution setting forth the facts and reasons making the increase necessary and approves or adopts an order, motion, resolution or ordinance to authorize the expenditures.

Effect: The County made disbursements in excess of the authorized budget and was not in compliance with Section 67.040, RSMo.

Cause: The County did not monitor and amend the budget for the one fund.

10-6 (cont.) ***Recommendation:*** We recommend the County review the budgets and monitor disbursement to prevent disbursements in excess of budgeted amounts in the future.

Response: The County agrees with the finding.

Status: Management has not corrected this issue and the finding is repeated as finding 13/12-1.

Prior Year Federal Award Findings and Questioned Cost

10-7 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS NOT PREPARED ACCURATELY

Condition: Andrew County, Missouri, (the County) prepared a schedule of expenditures of federal awards (SEFA) that was not accurate. Disbursements of $24,902 under the Emergency Watershed Levee Program were not included in the SEFA. Disbursements listed by the County for disaster grants were $255,329. Actual disbursements on the disaster grants program were $456,967.

Criteria: Paragraph 300(a) of *Office of Management and Budget (OMB) Circular A-133* states that the auditee shall identify all federal awards expended and the federal programs under which they were received. Paragraph 300(d) of *OMB Circular A-133* states that an auditee shall prepare financial statements including the schedule of expenditures of federal awards in accordance with the circular.

Effect: The County was not in compliance with *OMB Circular A-133.*

Cause: The SEFA was not accurately prepared.

Recommendation: We recommend the County prepare the SEFA accurately and develop a monitoring system to ensure all expenditures of federal funds are included in the SEFA.

Response: An incorrect amount was reported by the Emergency Management Director to the County Clerk's office and the Emergency Watershed Levee Program payments were mistakenly omitted from the County's SEFA. The County agrees with the finding.

Status: Management has not corrected this issue and the finding is repeated as finding 13/12-4.

10-8 FAILURE TO TIMELY FILE DATA COLLECTION FORM AND REPORTING PACKAGE

Condition: The County did not file the data collection form and reporting package within nine months after the end of the fiscal year.

Criteria: Paragraph 320(a) of *OMB Circular A-133* states, "the data collection form and the reporting package as described in *OMB Circular A-133* shall be filed within the earlier of thirty days after receipt of the auditor's report or nine months after the end of the audit period."

Cause: The County did not contract for an audit until August 6, 2012, which prevented the audit from being conducted and preparation of the data collection form and reporting package in a timely manner. The County did not have a system of internal control in place to detect the filing deadline for the data collection form and reporting package.

Effect: Failure to timely file the data collection form and reporting package results in the County not complying with the requirements of *OMB Circular A-133.*

Recommendation: We recommend completion of all financially related documentation in a timely manner so the audit can be completed on a timely basis. We also recommend the establishment of a checklist or other reminder system to ensure that all information is filed on a timely basis.

Response: The County agrees with the finding.

Status: Management has corrected this issue.

10-9 FEDERAL DISBURSEMENTS NOT MADE WITHIN THE REQUIRED TIME PERIOD

Condition: One $135,158 advance of federal funds from the Missouri Department of Transportation was not disbursed to the project contracts until one month after receipt by the County.

Criteria: Treasury regulations at 31 CFR part 205 state that recipients of federal funds must follow procedures to minimize the time elapsing between the transfer of funds and disbursement to the recipient. The State of Missouri Department of Transportation has determined three business days to be the period of time for recipients to disburse money under the Off-System Bridge Replacement and Rehabilitation Program.

Effect: The County was not in compliance with cash management requirements of treasury regulations at 31 CRF part 205.

Cause: An email notification from the State of Missouri Department of Transportation of the electronic funds transfer to the County was sent to another entity rather than the County. The County did not discover the receipt of funds until reviewing their bank records approximately one month later.

Recommendation: We recommend the County work with State officials in determining an appropriate notification system for the electronic transfer of funds to the County.

Response: The County agrees with the finding and is working with the state to ensure timely notification is received in the future.

Status: Management has corrected this issue.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Audrain County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Audrain County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Nichols, Stopp & VanHoy, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-077

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

The County of Audrain
Mexico, Missouri
Independent Auditor's Report and Financial Statements
For the years ended December 31, 2013 & 2012

The County of Audrain
Mexico, Missouri
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Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141
PHONE: 314-569-3800
FAX: 314-569-0020
www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of Audrain County, Missouri

We have audited the accompanying financial statements of Audrain County, Missouri, as of and for the years ended December 31, 2013 and 2012, which collectively comprise the County's basic financial statements and the related notes to the financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Audrain County, Missouri, using accounting practices prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Audrain County, Missouri, as of December 31, 2013 and 2012, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Audrain County, Missouri, as of December 31, 2013 and 2012, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Audrain County, Missouri's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, on our consideration of Audrain County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Audrain County, Missouri's internal control over financial reporting and compliance.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
June 26, 2014

The County of Audrain
Mexico, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2013

Fund	Cash and Equivalents January 1, 2013	Receipts 2013	Disbursements 2013	Cash and Equivalents December 31, 2013
General Revenue	$ 2,805,185	$ 4,413,882	$ 3,866,515	$ 3,352,552
Special Road and Bridge	967,473	2,331,025	2,374,871	923,627
Assessment	376,401	334,563	302,421	408,543
Bridge Trust	880,200	173,426	678,496	375,130
Law Enforcement Sales Tax	62,670	2,192,709	2,242,791	12,588
Law Enforcement Training	926	4,926	4,987	865
Sheriff Civil Fees	4,815	65,645	53,684	16,776
Prosecuting Attorney Training	1,550	844	445	1,949
Prosecuting Attorney Administrative	19,332	11,522	11,685	19,169
Prosecuting Attorney Delinquent Tax	9,355	10,733	1,198	18,890
Law Enforcement Bond	711,706	610,708	447,013	875,401
Election Services	20,293	5,550	3,504	22,339
Recorder User Fee	13,339	8,149	4,023	17,465
Recorder Technology	7,542	9,257	5,467	11,332
Collector's Tax Maintenance	15,836	35,484	32,657	18,663
Local Emergency Planning Commission (LEPC)	2,381	5,088	4,254	3,215
Shelter for Victims of Domestic Violence	4,310	4,369	4,883	3,796
Sheriff Revolving	3,690	24,929	12,640	15,979
Inmate Security	3,260	32,834	15,212	20,882
Law Enforcement Restitution	9,535	24,754	29,034	5,255
Federal Forfeiture	27,023	3,958	4,290	26,691
Election	194	31,377	31,377	194
Community Development Block Grant (CDBG)	-	46,293	46,293	-
Total	$ 5,947,016	$ 10,382,025	$ 10,177,740	$ 6,151,301

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

Fund	Cash and Equivalents January 1, 2012	Receipts 2012	Disbursements 2012	Cash and Equivalents December 31, 2012
General Revenue	$ 2,424,923	$ 4,389,512	$ 4,009,250	$ 2,805,185
Special Road and Bridge	755,017	2,408,565	2,196,109	967,473
Assessment	301,120	369,782	294,501	376,401
Bridge Trust	1,478,431	30,273	628,504	880,200
Law Enforcement Sales Tax	29,413	2,170,677	2,137,420	62,670
Law Enforcement Training	863	4,568	4,505	926
Sheriff Civil Fees	14,921	45,118	55,224	4,815
Prosecuting Attorney Training	1,897	822	1,169	1,550
Prosecuting Attorney Administrative	21,311	18,756	20,735	19,332
Prosecuting Attorney Delinquent Tax	5,923	7,626	4,194	9,355
Law Enforcement Bond	572,933	589,535	450,762	711,706
Election Services	19,030	8,109	6,846	20,293
Recorder User Fee	7,920	7,952	2,533	13,339
Recorder Technology	7,211	5,615	5,284	7,542
Collector's Tax Maintenance	13,320	30,578	28,062	15,836
Local Emergency Planning Commission (LEPC)	16,139	9,364	23,122	2,381
Shelter for Victims of Domestic Violence	4,832	4,310	4,832	4,310
Sheriff Revolving	10,430	14,078	20,818	3,690
Inmate Security	3,273	5,148	5,161	3,260
Law Enforcement Restitution	6,701	15,637	12,803	9,535
Federal Forfeiture	31,560	5	4,542	27,023
Election	27,135	95,224	122,165	194
Community Development Block Grant (CDBG)	-	279,398	279,398	-
Total	$ 5,754,303	$ 10,510,652	$ 10,317,939	$ 5,947,016

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	General Revenue Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 897,000	$ 866,168	$ 870,000	$ 954,150
Sales Taxes	2,400,000	2,441,935	2,400,000	2,352,565
Intergovernmental	526,200	417,246	519,700	381,028
Charges for Services	514,000	530,633	492,500	538,564
Interest	1,000	1,077	1,000	969
Other Receipts	25,800	46,823	30,825	52,236
Transfers In	110,000	110,000	110,000	110,000
Total Receipts	$ 4,474,000	$ 4,413,882	$ 4,424,025	$ 4,389,512
Disbursements				
General County Government:				
County Commission	$ 129,275	$ 126,313	$ 117,245	$ 114,774
County Clerk	146,520	140,377	140,596	137,317
Elections	35,400	15,414	233,500	197,716
Buildings and Grounds	1,030,555	577,065	627,000	402,179
Employee Fringe Benefits	279,500	238,524	291,500	205,227
Treasurer	63,435	57,370	60,496	56,175
Collector	106,280	95,091	104,848	94,579
Recorder of Deeds	114,320	101,416	110,856	101,263
Circuit Clerk	50,500	43,308	48,420	33,783
Court Administration	36,900	19,782	36,900	8,990
Public Administrator	60,015	57,059	54,176	52,791
Public Safety:				
Prosecuting Attorney	490,945	488,640	482,452	457,150
Juvenile Officer	344,000	276,104	343,500	260,774
Coroner	34,854	34,008	28,527	28,580
Other:				
Emergency Management	189,200	76,750	149,500	82,523
Other Disbursements	1,152,500	496,906	1,131,150	553,974
Health and Welfare	5,100	2,388	112,000	111,455
Transfers Out	1,375,000	1,020,000	1,210,000	1,110,000
Emergency Fund	135,000	-	132,000	-
Total Disbursements	$ 5,779,299	$ 3,866,515	$ 5,414,666	$ 4,009,250
Receipts Over (Under) Disbursements	$ (1,305,299)	$ 547,367	$ (990,641)	$ 380,262
Cash and Equivalents, Jan 1	2,805,185	2,805,185	2,424,923	2,424,923
Cash and Equivalents, Dec 31	$ 1,499,886	$ 3,352,552	$ 1,434,282	$ 2,805,185

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Special Road and Bridge Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 1,549,000	$ 1,490,936	$ 1,571,000	$ 1,553,586
Sales Taxes	-	-	-	-
Intergovernmental	835,500	817,242	841,300	824,717
Charges for Services	-	-	-	-
Interest	1,500	1,803	2,000	1,853
Other Receipts	25,000	21,044	26,500	28,409
Transfers In	-	-	-	-
Total Receipts	$ 2,411,000	$ 2,331,025	$ 2,440,800	$ 2,408,565
Disbursements				
Salaries	$ 335,000	$ 335,652	$ 337,000	$ 303,450
Employee Fringe Benefits	121,000	107,448	126,000	91,768
Supplies	263,000	214,119	261,000	173,627
Insurance	35,000	23,793	35,000	28,842
Road & Bridge Materials	137,500	52,365	135,000	69,206
Equipment Repairs	130,000	112,797	130,000	110,627
Equipment Purchases	425,000	292,738	425,000	136,300
Road & Bridge Construction	450,000	308,787	450,000	313,530
Apportionments to Road Districts	700,000	615,957	700,000	653,853
Other Disbursements	334,505	241,215	336,800	244,906
Transfers Out	70,000	70,000	70,000	70,000
Emergency Fund	-	-	-	-
Total Disbursements	$ 3,001,005	$ 2,374,871	$ 3,005,800	$ 2,196,109
Receipts Over (Under) Disbursements	$ (590,005)	$ (43,846)	$ (565,000)	$ 212,456
Cash and Equivalents, Jan 1	967,473	967,473	755,017	755,017
Cash and Equivalents, Dec 31	$ 377,468	$ 923,627	$ 190,017	$ 967,473

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The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Assessment Fund				Bridge Trust Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	3,304	-	1,361
Intergovernmental	361,350	328,869	302,115	361,339	1,600,000	166,868	1,000,000	26,316
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	107	120	95	2,000	1,984	2,000	2,596
Other Receipts	5,000	5,587	2,750	8,348	-	1,270	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 366,350	$ 334,563	$ 304,985	$ 369,782	$ 1,602,000	$ 173,426	$ 1,002,000	$ 30,273
Disbursements								
Salaries	$ 214,285	$ 191,871	$ 209,446	$ 174,170	$ 134,840	$ 98,914	$ 130,500	$ 127,073
Employee Fringe Benefits	58,600	51,658	64,200	43,819	62,000	32,628	49,000	36,685
Materials and Supplies	19,000	14,774	23,000	13,938	16,500	2,219	31,500	5,785
Services and Other Disb.	44,650	16,200	68,700	32,050	500	823	1,500	-
Capital Outlay	39,000	27,918	44,000	30,524	2,225,000	503,912	2,160,000	418,961
Transfers Out	-	-	-	-	40,000	40,000	40,000	40,000
Total Disbursements	$ 375,535	$ 302,421	$ 409,346	$ 294,501	$ 2,478,840	$ 678,496	$ 2,412,500	$ 628,504
Receipts Over (Under) Disbursements	$ (9,185)	$ 32,142	$ (104,361)	$ 75,281	$ (876,840)	$ (505,070)	$ (1,410,500)	$ (598,231)
Cash and Equivalents, Jan 1	376,401	376,401	301,120	301,120	880,200	880,200	1,478,431	1,478,431
Cash and Equivalents, Dec 31	$ 367,216	$ 408,543	$ 196,759	$ 376,401	$ 3,360	$ 375,130	$ 67,931	$ 880,200

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The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Law Enforcement Sales Tax Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	590,000	610,583	600,000	588,578
Intergovernmental	350,000	407,220	500,500	325,630
Charges for Services	85,000	134,700	80,000	132,422
Interest	-	5	-	11
Other Receipts	10,000	20,201	12,500	14,036
Transfers In	1,375,000	1,020,000	1,210,000	1,110,000
Total Receipts	$ 2,410,000	$ 2,192,709	$ 2,403,000	$ 2,170,677
Disbursements				
Public Safety:				
Sheriff	$ 1,010,390	$ 891,095	$ 1,020,360	$ 874,172
Jail	1,070,593	1,030,150	1,067,000	987,873
Fringe Benefits	382,000	321,546	343,000	275,375
Other Disbursements	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	$ 2,462,983	$ 2,242,791	$ 2,430,360	$ 2,137,420
Receipts Over (Under) Disbursements	$ (52,983)	$ (50,082)	$ (27,360)	$ 33,257
Cash and Equivalents, Jan 1	62,670	62,670	29,413	29,413
Cash and Equivalents, Dec 31	$ 9,687	$ 12,588	$ 2,053	$ 62,670

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The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Law Enforcement Training Fund				Sheriff Civil Fees Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	2,500	1,627	1,500	1,350	-	-	-	-
Charges for Services	3,500	3,299	3,000	3,218	50,000	40,881	50,000	40,047
Interest	-	-	-	-	-	5	50	4
Other Receipts	-	-	-	-	-	24,759	-	5,067
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 6,000	$ 4,926	$ 4,500	$ 4,568	$ 50,000	$ 65,645	$ 50,050	$ 45,118
Disbursements								
Public Safety:								
Sheriff	$ 6,900	$ 4,987	$ 5,300	$ 4,505	$ 54,800	$ 53,684	$ 64,900	$ 55,224
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 6,900	$ 4,987	$ 5,300	$ 4,505	$ 54,800	$ 53,684	$ 64,900	$ 55,224
Receipts Over (Under) Disbursements	$ (900)	$ (61)	$ (800)	$ 63	$ (4,800)	$ 11,961	$ (14,850)	$ (10,106)
Cash and Equivalents, Jan 1	926	926	863	863	4,815	4,815	14,921	14,921
Cash and Equivalents, Dec 31	$ 26	$ 865	$ 63	$ 926	$ 15	$ 16,776	$ 71	$ 4,815

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Prosecuting Attorney Training Fund				Prosecuting Attorney Administrative Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	1,000	844	1,000	822	18,000	4,646	14,000	6,384
Interest	-	-	-	-	-	8	20	6
Other Receipts	-	-	-	-	-	6,868	-	12,366
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 1,000	$ 844	$ 1,000	$ 822	$ 18,000	$ 11,522	$ 14,020	$ 18,756
Disbursements								
Public Safety:								
Prosecuting Attorney	$ 2,500	$ 445	$ 2,800	$ 1,169	$ 37,000	$ 11,685	$ 35,300	$ 20,735
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 2,500	$ 445	$ 2,800	$ 1,169	$ 37,000	$ 11,685	$ 35,300	$ 20,735
Receipts Over (Under) Disbursements	$ (1,500)	$ 399	$ (1,800)	$ (347)	$ (19,000)	$ (163)	$ (21,280)	$ (1,979)
Cash and Equivalents, Jan 1	1,550	1,550	1,897	1,897	19,332	19,332	21,311	21,311
Cash and Equivalents, Dec 31	$ 50	$ 1,949	$ 97	$ 1,550	$ 332	$ 19,169	$ 31	$ 19,332

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
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Budget and Actual, All Governmental Funds: Regulatory Basis
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	Prosecuting Attorney Delinquent Tax Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	10,000	10,009	5,000	7,163
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other Receipts	-	724	-	463
Transfers In	-	-	-	-
Total Receipts	$ 10,000	$ 10,733	$ 5,000	$ 7,626
Disbursements				
Public Safety:				
Prosecuting Attorney	$ 19,300	$ 1,198	$ 10,500	$ 4,194
Other Disbursements	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	$ 19,300	$ 1,198	$ 10,500	$ 4,194
Receipts Over (Under) Disbursements	$ (9,300)	$ 9,535	$ (5,500)	$ 3,432
Cash and Equivalents, Jan 1	9,355	9,355	5,923	5,923
Cash and Equivalents, Dec 31	$ 55	$ 18,890	$ 423	$ 9,355

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The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
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	Law Enforcement Bond Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	590,000	610,583	600,000	588,578
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	1,000	125	3,000	957
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	$ 591,000	$ 610,708	$ 603,000	$ 589,535
Disbursements				
Debt Service	$ 450,000	$ 444,070	$ 450,000	$ 447,351
Other Disbursements	6,000	2,943	6,000	3,411
Transfers Out	-	-	-	-
Total Disbursements	$ 456,000	$ 447,013	$ 456,000	$ 450,762
Receipts Over (Under) Disbursements	$ 135,000	$ 163,695	$ 147,000	$ 138,773
Cash and Equivalents, Jan 1	711,706	711,706	572,933	572,933
Cash and Equivalents, Dec 31	$ 846,706	$ 875,401	$ 719,933	$ 711,706

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The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Election Services Fund				Recorder User Fee Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	20,000	3,985	20,000	2,570	-	-	-	-
Charges for Services	1,500	1,556	5,000	5,533	9,000	8,144	9,000	7,948
Interest	-	9	50	6	-	5	10	4
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 21,500	$ 5,550	$ 25,050	$ 8,109	$ 9,000	$ 8,149	$ 9,010	$ 7,952
Disbursements								
General County Government:								
Elections	$ 41,000	$ 3,504	$ 44,000	$ 6,846	$ -	$ -	$ -	$ -
Recorder of Deeds	-	-	-	-	22,000	4,023	16,500	2,533
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 41,000	$ 3,504	$ 44,000	$ 6,846	$ 22,000	$ 4,023	$ 16,500	$ 2,533
Receipts Over (Under) Disbursements	$ (19,500)	$ 2,046	$ (18,950)	$ 1,263	$ (13,000)	$ 4,126	$ (7,490)	$ 5,419
Cash and Equivalents, Jan 1	20,293	20,293	19,030	19,030	13,339	13,339	7,920	7,920
Cash and Equivalents, Dec 31	$ 793	$ 22,339	$ 80	$ 20,293	$ 339	$ 17,465	$ 430	$ 13,339

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The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
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	Recorder Technology Fund				Collector's Tax Maintenance Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	6,000	9,253	6,000	5,613	25,000	28,067	25,000	24,171
Interest	-	4	10	2	-	9	-	7
Other Receipts	-	-	-	-	6,000	7,408	6,000	6,400
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 6,000	$ 9,257	$ 6,010	$ 5,615	$ 31,000	$ 35,484	$ 31,000	$ 30,578
Disbursements								
General County Government:								
Collector	$ -	$ -	$ -	$ -	$ 46,800	$ 32,657	$ 44,000	$ 28,062
Recorder of Deeds	13,500	5,467	6,010	5,284	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 13,500	$ 5,467	$ 6,010	$ 5,284	$ 46,800	$ 32,657	$ 44,000	$ 28,062
Receipts Over (Under) Disbursements	$ (7,500)	$ 3,790	$ -	$ 331	$ (15,800)	$ 2,827	$ (13,000)	$ 2,516
Cash and Equivalents, Jan 1	7,542	7,542	7,211	7,211	15,836	15,836	13,320	13,320
Cash and Equivalents, Dec 31	$ 42	$ 11,332	$ 7,211	$ 7,542	$ 36	$ 18,663	$ 320	$ 15,836

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The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
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	Local Emergency Planning Commission (LEPC) Fund				Shelter for Victims of Domestic Violence Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	15,000	-	-	-	-	-
Charges for Services	-	-	-	-	5,000	4,367	5,000	4,309
Interest	-	2	50	4	-	2	20	1
Other Receipts	10,000	5,086	500	9,360	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 10,000	$ 5,088	$ 15,550	$ 9,364	$ 5,000	$ 4,369	$ 5,020	$ 4,310
Disbursements								
Travel and Training	$ 9,800	$ 1,754	$ 25,500	$ 20,613	$ -	$ -	$ -	$ -
Equipment Purchases	2,500	2,500	5,000	2,509	-	-	-	-
Professional Services	-	-	-	-	9,300	4,883	9,800	4,832
Other Disbursements	-	-	-	-	-		-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 12,300	$ 4,254	$ 30,500	$ 23,122	$ 9,300	$ 4,883	$ 9,800	$ 4,832
Receipts Over (Under) Disbursements	$ (2,300)	$ 834	$ (14,950)	$ (13,758)	$ (4,300)	$ (514)	$ (4,780)	$ (522)
Cash and Equivalents, Jan 1	2,381	2,381	16,139	16,139	4,310	4,310	4,832	4,832
Cash and Equivalents, Dec 31	$ 81	$ 3,215	$ 1,189	$ 2,381	$ 10	$ 3,796	$ 52	$ 4,310

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Mexico, Missouri
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Budget and Actual, All Governmental Funds: Regulatory Basis
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	Sheriff Revolving Fund				Inmate Security Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	18,000	24,929	14,000	14,078	6,000	31,888	6,000	5,147
Interest	-	-	-	-	-	3	-	1
Other Receipts	-	-	-	-	-	943	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 18,000	$ 24,929	$ 14,000	$ 14,078	$ 6,000	$ 32,834	$ 6,000	$ 5,148
Disbursements								
Public Safety:								
Sheriff	$ 21,600	$ 12,640	$ 24,000	$ 20,818	$ -	$ -	$ -	$ -
Jail	-	-	-	-	9,200	15,212	9,000	5,161
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 21,600	$ 12,640	$ 24,000	$ 20,818	$ 9,200	$ 15,212	$ 9,000	$ 5,161
Receipts Over (Under) Disbursements	$ (3,600)	$ 12,289	$ (10,000)	$ (6,740)	$ (3,200)	$ 17,622	$ (3,000)	$ (13)
Cash and Equivalents, Jan 1	3,690	3,690	10,430	10,430	3,260	3,260	3,273	3,273
Cash and Equivalents, Dec 31	$ 90	$ 15,979	$ 430	$ 3,690	$ 60	$ 20,882	$ 273	$ 3,260

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	Law Enforcement Restitution Fund				Federal Forfeiture Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	60,000	24,749	60,000	15,635	-	-	-	-
Interest	-	5	-	2	-	5	-	5
Other Receipts	-	-	-	-	25,000	3,953	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 60,000	$ 24,754	$ 60,000	$ 15,637	$ 25,000	$ 3,958	$ -	$ 5
Disbursements								
Professional Services	$ 69,500	$ 29,034	$ 65,000	$ 12,803	$ 52,000	$ 4,290	$ -	$ 4,542
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 69,500	$ 29,034	$ 65,000	$ 12,803	$ 52,000	$ 4,290	$ -	$ 4,542
Receipts Over (Under) Disbursements	$ (9,500)	$ (4,280)	$ (5,000)	$ 2,834	$ (27,000)	$ (332)	$ -	$ (4,537)
Cash and Equivalents, Jan 1	9,535	9,535	6,701	6,701	27,023	27,023	-	31,560
Cash and Equivalents, Dec 31	$ 35	$ 5,255	$ 1,701	$ 9,535	$ 23	$ 26,691	$ -	$ 27,023

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The County of Audrain
Mexico, Missouri
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	Election Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	31,377	-	95,224
Interest	-	-	-	-
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	$ -	$ 31,377	$ -	$ 95,224
Disbursements				
General County Government:				
Elections	$ -	$ 31,377	$ -	$ 122,165
Public Safety:				
Sheriff	-	-	-	-
Other Disbursements	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	$ -	$ 31,377	$ -	$ 122,165
Receipts Over (Under) Disbursements	$ -	$ -	$ -	$ (26,941)
Cash and Equivalents, Jan 1	194	194	27,135	27,135
Cash and Equivalents, Dec 31	$ 194	$ 194	$ 27,135	$ 194

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Community Development Block Grant Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	46,293	-	279,398
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	$ -	$ 46,293	$ -	$ 279,398
Disbursements				
General County Government:				
Buildings and Grounds	$ -	$ 6,769	$ -	$ 208,421
Professional Services	-	39,524	-	70,977
Transfers Out	-	-	-	-
Total Disbursements	$ -	$ 46,293	$ -	$ 279,398
Receipts Over (Under) Disbursements	$ -	$ -	$ -	$ -
Cash and Equivalents, Jan 1	-	-	-	-
Cash and Equivalents, Dec 31	$ -	$ -	$ -	$ -

See Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The County of Audrain, Missouri (the "County"), which is governed by an elected three-member board of commissioners, was established in 1836 by an Act of the Missouri Territory. In addition to the three board members, there are ten elected Constitutional Officers: Assessor, Circuit Clerk, County Clerk, Collector of Revenue, Coroner, Prosecuting Attorney, Public Administrator, Recorder of Deeds, Sheriff, and Treasurer.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Audrain County, Missouri.

Audrain County's operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Audrain County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise Audrain County's legal entity. The financial statements do not include financial data for the County's legally separate component unit, which accounting principles generally accepted in the United States of America, as applicable to the regulatory basis of accounting, require to be reported with the financial data of the County. The Senate Bill 40 Board is separately audited by an independent certified public accountant, and therefore, is not included in this audit report. Copies of the Senate Bill 40 Board's audit report may be obtained by writing to Audrain County Developmental Disability Services, 222 East Jackson, Mexico, MO 65265 or by calling (573) 581-8210.

Certain elected County officials, such as the County Collector, Treasurer, and Sheriff, collect and hold monies in a trustee capacity as an agent of an individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements and are unaudited.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Audrain County, Missouri, and the comparisons of such information with the corresponding budgeted information for all funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the County's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If Audrain County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo, Audrain County adopts a budget for each governmental fund.

On or before January 15th, each elected official and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for his or her office or department for the budget year.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is made available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County.

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

Budgets are prepared and adopted on the cash basis of accounting.

During our audit, we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The Inmate Security Fund had expenses exceeding the budget in 2013. Also, the County did not prepare a budget for the Federal Forfeiture Fund for 2012, the Election Fund for 2013 and 2012, and the Community Development Block Grant Fund for 2013 and 2012.

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuation of the tangible taxable property included within Audrain County's boundaries for the calendar year 2013 and 2012, respectively, for the purposes of County taxation, was as follows:

	2013	2012
Real Estate	$ 199,147,700	$ 190,921,430
Personal Property	78,936,926	73,314,170
Railroad and Utilities	84,685,189	90,216,685
	$ 362,769,815	$ 354,452,285

The tax levy per $100 assessed valuation of tangible taxable property for the calendar year 2013 and 2012, respectively, for the purpose of County taxation, was as follows:

	2013	2012
General Revenue Fund	$ 0.2406	$ 0.2180
Special Road and Bridge Fund	0.3021	0.3015

The County also receives sales tax collected by the State and remitted based on the County’s sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in Audrain County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

Note 2 - Deposits and Investments

Audrain County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. As of December 31, 2013, 100% of Audrain County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

The bank balances and carrying values of deposits and investments shown below are included in the financial statements at December 31, 2013, as follows:

	Bank Balances	Carrying Value
Deposits	$ 320,088	$ 5,383,738
Investments	767,563	767,563
Restricted Cash	-	-
Total Deposits and Investments as of December 31, 2013	$ 1,087,651	$ 6,151,301

The bank balances and carrying values of deposits and investments shown below are included in the financial statements at December 31, 2012, as follows:

	Bank Balances	Carrying Value
Deposits	$ 709,121	$ 5,181,427
Investments	765,589	765,589
Restricted Cash	-	-
Total Deposits and Investments as of December 31, 2012	$ 1,474,710	$ 5,947,016

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Audrain County's investment policy does not include custodial credit risk requirements. Audrain County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013 and 2012.

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to Audrain County or its agent but not in the government's name. Audrain County does not have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of Audrain County or of a type that are not exposed to custodial credit risk.

Note 2 - Deposits and Investments (continued)

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Audrain County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by Audrain County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U. S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). Audrain County has no policy in place to minimize the risk of loss resulting from over concentration of assets of a specific maturity, specific issuer or specific class of securities. Audrain County's deposits were not exposed to concentration of investment credit risk for the years ended December 31, 2013 and 2012.

Note 3 - Interfund Transfers

Transfers between funds for the years ended December 31, 2013 and 2012 were as follows:

	2013		2012	
Fund	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue	$ 110,000	$ 1,020,000	$ 110,000	$ 1,110,000
Special Road and Bridge	-	70,000	-	70,000
Bridge Trust	-	40,000	-	40,000
Law Enforcement Sales Tax	1,020,000	-	1,110,000	-
Total	$ 1,130,000	$ 1,130,000	$ 1,220,000	$ 1,220,000

Note 4 - Long-Term Debt

Bond Indebtedness:

In 2010, the County issued Series 2010 Missouri Public Facilities Corporation Leasehold Revenue Refunding Bonds (Audrain County, Missouri Law Enforcement and Correctional Facility Project) in the amount of $2,380,000. Interest rates are variable ranging between 1.15% and 3.70% with the bonds maturing on March 1, 2017. Bond principal and interest payments are recorded in the Law Enforcement Bond Fund. These bonds are held by the Commerce Trust Company.

Debt	Balance at Jan. 1, 2013	Amount Borrowed	Amount Repaid	Balance at Dec. 31, 2013	Interest Paid During Year
Series 2010 Bonds	2,065,000	-	(390,000)	1,675,000	58,182
Total	$ 2,065,000	$ -	$ (390,000)	$ 1,675,000	$ 58,182

Note 4 - Long-Term Debt (continued)

Bond Indebtedness (continued):

Debt	Balance at Jan. 1, 2012	Amount Borrowed	Amount Repaid	Balance at Dec. 31, 2012	Interest Paid During Year
Series 2010 Bonds	2,450,000	-	(385,000)	2,065,000	66,229
Total	$ 2,450,000	$ -	$ (385,000)	$ 2,065,000	$ 66,229

2013 Amortization
Series 2010 Leasehold Revenue Refunding Bonds Schedule

Year	Principal	Interest	Total
2014	$ 400,000	$ 48,498	$ 448,498
2015	405,000	37,121	442,121
2016	415,000	23,890	438,890
2017	455,000	8,418	463,418
	$ 1,675,000	$ 117,927	$ 1,792,927

2012 Amortization
Series 2010 Leasehold Revenue Refunding Bonds Schedule

Year	Principal	Interest	Total
2013	$ 390,000	$ 58,182	$ 448,182
2014	400,000	48,498	448,498
2015	405,000	37,121	442,121
2016	415,000	23,890	438,890
2017	455,000	8,418	463,418
	$ 2,065,000	$ 176,109	$ 2,241,109

Capital Leases:

In February 2009, the County entered into a lease purchase agreement with Diversified Lenders, Inc. for an INCODE Software System. The terms of the lease required three annual payments of $13,770 (including principal and interest) beginning February 5, 2010 and maturing on February 5, 2012. The interest rate is 3.95%

Lease	Balance at Jan. 1, 2012	Amount Borrowed	Amount Repaid	Balance at Dec. 31, 2012	Interest Paid During Year
INCODE Software	13,235	-	(13,235)	-	535
Total	$ 13,235	$ -	$ (13,235)	$ -	$ 535

Note 4 - Long-Term Debt (continued)

Capital Leases (continued):

In October 2013, the County entered into a lease purchase agreement with the First National Bank of Audrain County for improvements in the county courthouse for the amount of $700,000. Interest is payable semi-annually at a rate of 2.90%. Future minimum lease payments are as follows:

2013 Amortization
Capital Lease - Courthouse Improvements Schedule

Year	Principal	Interest	Total
2014	$ 135,933	$ 20,582	$ 156,515
2015	137,937	16,585	154,522
2016	139,970	12,564	152,534
2017	142,033	8,413	150,446
2018	144,127	4,238	148,365
	$ 700,000	$ 62,382	$ 762,382

Capital leases do not include $1,400,000 for a lease-purchase agreement entered into in February 2009 with a local bank in Audrain County for the acquisition, construction and installation of an emergency operations and communications center and related facilities and equipment for the Emergency 911 Board. The Board, with the County Commission as co-signer, entered into a commercial loan agreement with the bank to lease the land and building to the County Commission and the County Commission to sublease to the Board. The loan is payable in monthly payments of $14,897 through February 2019 with interest payable at 5.00%. The Emergency 911 Board is the primary debtor responsible for these payments.

Note 5 - Missouri Local Government Employees Retirement System (LAGERS)

Plan Description

Audrain County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and governed by statutes section RSMo 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling (800) 447-4334.

Note 5 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

Funding Status

Full-time employees of Audrain County do not contribute to the pension plan. The June 30th statutorily required contribution rates are 7.4% (General) and 6.6% (Police) of annual covered payroll for the year ended December 31, 2013. The June 30th statutorily required contribution rates are 7.6% (General) and 5.6% (Police) of annual covered payroll for the year ended December 31, 2012. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the year ended December 31, 2013 was as follows:

	2013
Annual required contribution	$ 180,561
Interest on net pension obligation	-
Adjustment to required contribution	-
Annual pension cost	180,561
Actual contributions	180,561
Increase (decrease) in NPO	-
NPO beginning of year	-
NPO end of year	$ -

The annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011 was 7 years for the General division and 12 years for the police division. The amortization period of February 29, 2012 was 14 years for the General division and 12 years for the Police division.

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 130,933	100.0%	$ -
2012	151,904	100.0%	-
2013	180,561	100.0%	-

Note 5 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

Required Supplementary Information - Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2011	$ 3,611,337	$ 3,179,258	$ (432,079)	114%	$ 2,280,865	
2/29/2012	3,809,986	3,248,623	(561,363)	117%	2,404,336	
2/28/2013	4,211,748	3,581,239	(630,509)	118%	2,655,280	

The subdivision's annual pension cost and net pension obligation for the year ended December 31, 2012 was as follows:

	2012
Annual required contribution	$ 151,904
Interest on net pension obligation	-
Adjustment to required contribution	-
Annual pension cost	151,904
Actual contributions	151,904
Increase (decrease) in NPO	-
NPO beginning of year	-
NPO end of year	$ -

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010 was 5 years for the General division and 14 years for the police division. The amortization period of February 28, 2011 was 7 years for the General division and 12 years for the Police division.

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$ 107,530	100.0%	$ -
2011	130,933	100.0%	-
2012	151,904	100.0%	-

Note 5 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

Required Supplementary Information - Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2010	$ 3,869,749	$ 3,317,277	$ (552,472)	117%	$ 2,115,247	
2/28/2011	3,611,337	3,179,258	(432,079)	114%	2,280,865	
2/29/2012	3,809,986	3,248,623	(561,363)	117%	2,404,336	

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

Note 6 - County Employees' Retirement Fund (CERF)

Plan Description

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for county officials and employees. The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than (1,000) one thousand hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government.

It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Section 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994. The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two may retire with full benefits with eight or more years of creditable service. The monthly benefit for county employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar amount, targeted replacement ratio formula, and the prior plan's formula). A death benefit of $10,000 will be paid to the designated beneficiary of every active eligible member upon his or her death. Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed. Any member with less than eight years creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions. The County Employees' Retirement Fund issues audited financial statements.

Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65102, or by calling 1-877-632-2373.

Note 6 - County Employees' Retirement Fund (CERF) (continued)

Funding Policy

In accordance with state statutes, the plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 contribute 0% of their annual salary, while employees hired after February 2002 are required to contribute 4% of their annual salary in order to participate in CERF. During 2013 and 2012, the County collected and remitted to CERF, employee contributions of $81,807 and $77,094, respectively, for the years then ended.

Note 7 - Prosecuting Attorney Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, Audrain County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys' and Circuit Attorneys' Retirement System. Once remitted, the State of Missouri is responsible for administration of this plan. Audrain County has contributed $2,244 and $2,244, respectively, for the years ended December 31, 2013 and 2012.

Note 8 - Post-Employment Benefits

Audrain County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by Audrain County.

Note 9 - Claims, Commitments and Contingencies

Litigation

Audrain County is involved in pending litigation as of December 31, 2013. The extent of the liability, if any, cannot be determined at this time.

Compensated Absences

The County provides employees with up to 20 days of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused vacation and overtime, if applicable. Vacation time can be accumulated up to a maximum of 200 hours of which only 40 hours may be carried over each calendar year. Full-time employees may accumulate sick leave up to a maximum of 480 hours; however, no compensation is made upon separation of employment. These have not been subjected to auditing procedures.

Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Note 10 - Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is also a member of the Missouri Association of Counties Self-Injured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

Note 11 - Subsequent Events

The County has evaluated events subsequent to December 31, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through June 26, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141

PHONE: 314-569-3800
FAX: 314-569-0020

www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission and
Officeholders of Audrain County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Audrain County, Missouri, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Audrain County, Missouri's basic financial statements and have issued our report thereon dated June 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Audrain County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Audrain County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Audrain County, Missouri's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies: 13/12-2, 13/12-3, 13/12-4, & 13/12-5.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Audrain County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 13/12-1.

Audrain County, Missouri's Response to Findings

Audrain County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Audrain County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
June 26, 2014

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141

PHONE: 314-569-3800
FAX: 314-569-0020

www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the County Commission and
Officeholders of Audrain County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Audrain County, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Audrain County, Missouri's major federal programs for the years ended December 31, 2013 and 2012. Audrain County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Audrain County, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Audrain County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Audrain County, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, Audrain County, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013 and 2012.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 13/12-6. Our opinion on each major federal program is not modified with respect to these matters.

Audrain County, Missouri's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Audrain

County, Missouri's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

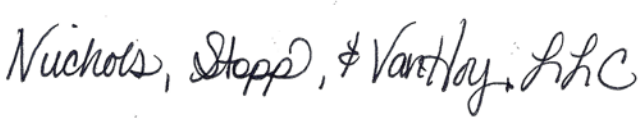
Report on Internal Control Over Compliance

Management of Audrain County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Audrain County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Audrain County, Missouri's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Creve Coeur, Missouri
June 26, 2014

The County of Audrain
Mexico, Missouri
Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31, 2013	2012
U.S. Department of Housing and Urban Development				
Passed through state:				
Department of Economic Development -				
Community Development Block Grants	14.228	2009-PF-12	$ 6,769	$ 208,421
Community Development Block Grants	14.228	08-DI-052	39,524	70,976
Total Community Development Block Grants			46,293	279,397
Total U.S. Department of Housing and Urban Development			46,293	279,397
U.S. Department of Justice				
Direct Award:				
Organized Crime Drug Enforcement Task Forces	16.XXX	WC-MOE-0339	-	7,747
Passed through state:				
Missouri Sheriffs' Association -				
Domestic Cannabis Eradication/Suppression Program	16.XXX	OCDETF-WD-MOE339	1,095	-
JAG Program Cluster				
Passed through state:				
Department of Public Safety -				
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-JAG-2009	-	76,744
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-JAJ-031	60,898	36,395
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-LLEBG-100	-	5,630
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-JAG-028	44,503	-
Total Edward Byrne Memorial Justice Assistance Grant			105,401	118,769
ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	2009-JAG-RA-095	-	28,026
Total JAG Program Cluster			105,401	146,795
Total U.S. Department of Justice			106,496	154,542
U.S Department of Transportation				
Passed through state:				
Highway and Transportation Commission -				
Highway Planning and Construction	20.205	BRO-B004(37)	220,361	-
Alcohol Open Container Requirements	20.607	13-154-AL-074	266	-
Total U.S. Department of Transportation			220,627	-

The County of Audrain
Mexico, Missouri
Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31, 2013	2012
General Services Administration				
Passed through state:				
Office of Secretary of State -				
Election Reform Payments	39.011	N/A	1,428	-
Total General Services Administration			1,428	-
U.S. Department of Health and Human Services				
Passed through state:				
Department of Social Services -				
Child Support Enforcement	93.563	ER10212004	109,417	103,948
Total U.S. Department of Health and Human Services			109,417	103,948
U.S. Department of Homeland Security				
Passed through state:				
Department of Public Safety -				
Disaster Grants - Public Assistance	97.036	FEMA-1809-DR-MO	-	9,591
Emergency Management Performance Grants	97.042	N/A	19,842	20,425
Total U.S. Department of Homeland Security			19,842	30,016
Total Expenditures of Federal Awards			$ 504,103	$ 567,903

The County of Audrain
Mexico, Missouri
Notes to Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012

Note 1 - Summary of Significant Accounting Policies

Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of *OMB Circular A-133*. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA number is not available.

This schedule includes all federal awards administered by Audrain County, Missouri.

Basis of Presentation

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Note 2 - Subrecipients

The County passed through $39,524 and $70,976 of federal funds related to the Community Development Block Grants (CFDA# 14.228) to another organization for the years ended December 31, 2013 and 2012, respectively.

The County of Audrain
Mexico, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2013 & 2012

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified Regulatory Basis			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	X	Yes		None Reported
Any noncompliance material to financial statements noted?	X	Yes		No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiencies identified not considered to be material weaknesses?	X	Yes		None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?	X	Yes		No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000			
Auditee qualified as low-risk auditee?		Yes	X	No

Section 2 - Financial Statement Findings

13/12-1 ***Condition:*** During our audit, we noted one fund with actual expenditures that exceeded the budgeted expenditures and three funds for which no budget was prepared.

Effect: Missouri statutes requires Counties to prepare an annual budget and expenditures are not to exceed the budget. Due to exceeding budget or not preparing a budget in certain funds, the County is in violation of Missouri Revised Statutes.

Cause: Oversight

Recommendation: We recommend that the County adopt a budget for all funds, and periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: A budget was prepared for Federal Forfeiture in 2013 and 2014 and we will continue to prepare a budget for this fund. The CDBG Fund and Election Fund are pass thru funds. The CDBG Fund is no longer open and it is not anticipated the county will have this grant funding anytime in the near future. The Election Fund is set up per RSMo 115.077(3) and is a pass-through fund. Preparing budgets for these funds would inflate revenues and expenditures. It is management's opinion that preparing budgets for these funds is unnecessary.

13/12-2 ***Condition:*** During our audit, we noted that cash and fund balance was not being accurately tracked within the accounting system. The County is however, tracking cash and fund balance on spreadsheets outside the accounting system.

Effect: If cash and fund balance is not accurate within the accounting system, it is possible that revenue and expenses are not accurate. This may lead to management making decisions based on inaccurate information.

Cause: This has been an ongoing issue since the initial setup of the accounting system and has never been corrected.

Recommendation: We recommend management work with the software vendor to correct issues related to the fund and account structure within the accounting system to allow for accurate tracking of cash and fund balance within the accounting system.

Management's Response: The Treasurer has been in contact with the vendor to correct these issues and they are working on a correction. We do feel, however, that there has always been an accurate tracking of cash by the treasurer's manual account books. At no time did the audit team make an effort to visit with the Treasurer to review her account books, as all other past auditors have done.

13/12-3 ***Condition:*** Documentation of the County's internal controls has not been prepared.

Effect: Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Management has not prepared documentation of internal control.

Section 2 - Financial Statement Findings (continued)

13/12-3 (cont.) ***Recommendation:*** We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: Management is currently reviewing an internal control policy and will consider putting a policy in place.

13/12-4 ***Condition:*** During our audit, we noted there is no formal fraud risk assessment in place.

Effect: Lack of an appropriate fraud risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identifying risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.

Management's Response: Management is currently reviewing an internal control policy which includes a fraud risk assessment, and will consider putting a policy in place.

13/12-5 ***Condition:*** The County did not record in their general ledger federal pass-through funds for the Community Development Block Grant Fund in the amounts of $39,524 and $70,976 for the years 2013 and 2012, respectively. Also, revenues and expenditures for the Federal Forfeiture Fund and Law Enforcement Bond Fund were not recorded in the general ledger properly.

Effect: Failure to record all revenues and expenditures makes it difficult to track federal pass-through funds and leads to inaccurate financial reporting.

Cause: The County signed the pass-through grant checks and forwarded them to the subrecipients without recording in the general ledger.

Recommendation: We recommend the County deposit all pass-through grants and record them in the general ledger. When the grant monies are passed on to a subrecipient, an expense would then be recorded. We also recommend all monies be receipted for tracking purposes. Currently, such a system does not permit the preparation of accurate and reliable financial statements. Without adequate financial records, management's decisions may be based on incomplete and/or inaccurate information during the year.

Management's Response: As stated in 13/12-2 we are currently working with our software vendor to correct the problems in the General Ledger. The pass-through checks were receipted in and disbursed to the subrecipients. This was recorded in the General Ledger and the manual fund books. At no time were these checks endorsed and sent on without properly receipting and disbursing them through the system.

Section 3 - Federal Award Findings and Questioned Cost

13/12-6

Federal Grantor:	All Programs
Pass-Through Grantor:	All Programs
Federal CFDA Number:	All Programs
Program Title:	All Programs

Condition: The Schedule of Expenditures of Federal Awards (SEFA) contained errors.

Criteria: OMB Circular A-133 requires auditees to prepare an accurate SEFA containing awards expended, CFDA title and number, award number, name of the Federal agency, and name of the pass-through entity.

Cause: Management was unaware of the reporting requirements related to the Schedule of Expenditures of Federal Awards.

Effect: Federal expenditures reported on the SEFA were incorrect.

Recommendation: We recommend that management develop internal controls over reporting and consult with outside accountants when needed to ensure an accurate SEFA is prepared.

Management's Response: The county clerk will strive to obtain all necessary information to correctly report information on the SEFA. Management will not seek outside accountants and incur costs.

The County of Audrain
Mexico, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Audrain County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2011.

Prior Year Financial Statement Findings

11/10-1 ***Criteria:*** Strong internal controls over financial statements require that monthly bank reconciliations be accurately performed to ensure the bank accounts properly reconcile to the County's fund balances.

Condition: The County Treasurer has not performed proper monthly bank reconciliations to agree reconciled cash balances to various funds maintained under her control. Bank reconciliations performed during the audit at December 31, 2011 showed unreconciled differences between the bank accounts and various county funds which could not be properly identified during July for $(136,114.26); August $9; September $100.53; October $100.53; November $100.53 and December $100.53. The reconciliations showed less monies available in the bank accounts than what was shown in the total book balances for these various funds except for the month of July which showed more monies available in the bank accounts. Also, the Collector's Tax Maintenance fund budget balance was $400 less than the actual cash balance.

Context: During our audit of cash, we noted that proper reconciliations were not being prepared for the months of July-December 2011 and the Collector's Tax Maintenance fund cash balances did not tie to the budget.

Effect: The cash balances of various county funds are not accurately stated.

Cause: The County Treasurer's office has bank reconciliations with unreconciled differences.

Recommendation: The County Treasurer should properly prepare monthly bank reconciliations between the bank accounts and the appropriate county funds to ensure no differences exist. Any differences noted should be located and corrected immediately.

Views of responsible officials and planned corrective actions: Regarding the difference in the fund and budget balance in the Collector's Tax Maintenance Fund, the County Clerk compiled the budget before the Treasurer finished the yearly settlement. The error with the fund was discovered and corrected. The financial statement reflected the correct amount. The difference with the cash balance in the month of July 2011 was due to the County switching financial institutions on July 1. The Treasurer will work to reconcile all other differences.

Status: Management has corrected this issue.

11/10-2 ***Criteria:*** Section 50.550, RSMo, requires that budget documents be prepared for all county funds.

Condition: The County Commission did not prepare or require a budget document to be prepared for the Federal Forfeiture Fund maintained by the County Treasurer with funds received and disbursed on behalf of the County Sheriff.

Context: During our audit, we noted that no budget was prepared for the Federal Forfeiture Fund.

Recommendation: The County Commission and County Clerk should require a budget document from the County Sheriff for the Federal Forfeiture Fund.

Prior Year Financial Statement Findings (continued)

11/10-2 (cont.) ***Views of responsible officials and planned corrective actions:*** In the future, the county will prepare a budget for the Federal Forfeiture Fund.

Status: Management has not corrected this issue and the finding is repeated in the current year as 13/12-1.

11/10-3 ***Criteria:*** Strong internal controls over financial reporting require that all revenues and expenditures be accurately recorded.

Condition: The County did not record in their general ledger pass-through emergency shelter grants in the amounts of $9,180 and $9,000 for the years 2011 and 2010, respectively. This also was the case for the homeless prevention and rapid rehousing grant in the amounts of $24,898.84 and $50,342.50 for the years 2011 and 2010, respectively. It was also noted that the Recorder's office was not completing receipts for all monies received in that office.

Context: During our audit of the schedule of expenditures of federal awards, it was noted that the County did not record pass-through grants in the general ledger. We also noted a lack of completing receipts in the Recorder's office during our walk through.

Effect: Failure to record pass-through grants and receipts understates the County's revenues and expenditures and makes it difficult to track for federal reporting purposes and financial reporting purposes in general.

Cause: The County signed the pass-through grant checks and forwarded them to the subrecipients without recording in the general ledger. The Recorder does not receipt all monies received in that office.

Recommendation: We recommend the County deposit all pass-through grants and record them in the general ledger. When the grant monies are passed on to a subrecipient, an expense would then be recorded. We also recommend all monies be receipted for tracking purposes. Currently, such a system does not permit the preparation of accurate and reliable financial statements. The importance of a good accounting system cannot be overemphasized. Without adequate financial records, management is basing its decision on incomplete and/or inaccurate information during the year, and excessive time is spent at year end in preparing and auditing the financial statements.

Views of responsible officials and planned corrective actions: In order to track the pass through grants, the County will receipt and disburse them through the general ledger.

Status: Management has not corrected this issue and the finding is repeated in the current year as 13/12-5.

11/10-4 ***Criteria:*** Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 115, Communicating Internal Control Related Matters Identified in an Audit, which is effective for periods ending on or after December 15, 2009, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency. SAS No. 115 supersedes SAS No. 112.

Prior Year Financial Statement Findings (continued)

11/10-4 (cont.)

Condition: During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to the financial statements.

Context: During discussions with management, we noted that we will be assisting the County with the preparation of its audited financial statements and footnotes.

Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 115 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

Cause: Management did not prepare the financial statements or the notes to the financial statements.

Recommendation: Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

Views of responsible officials and planned corrective actions: The County Clerk does prepare the financial statement as required by State statute; and as required by statute has the financial statements published in the newspaper. As far as I know state statute does not require the County to prepare financial statements under SAS rules. The County is willing to review this recommendation with the auditor. The County questions if county governments of its size are required to comply with SAS standards.

Status: This is no longer considered a significant deficiency.

11/10-5

Criteria: Statement on Auditing Standards (SAS) No. 115, Communicating Internal Control Related Matters Identified in an Audit, which is effective for periods ending on or after December 15, 2009, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 115 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Prior Year Financial Statement Findings (continued)

Views of responsible officials and planned corrective actions: The County is willing to review this recommendation with the auditor.

Status: Management has not corrected this issue and the finding is repeated in the current year as 13/12-3.

11/10-6 ***Criteria:*** Antifraud programs and controls are the policies and procedures an organization puts in place by an organization to ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of responsible officials and planned corrective actions: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual financial statement. The County was not aware of the SAS requirements and questions if county governments of its size are required to comply with SAS standards. We will take this under advisement.

Status: Management has not corrected this issue and the finding is repeated as finding 13/12-4.

11/10-7 ***Criteria:*** SAS No. 109, Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement and SAS No. 110, Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained which supersede SAS No. 55, Consideration of Internal Control in a Financial Statement Audit.

Condition: Lack of sufficient segregation of duties.

Context: During our testing of internal controls, we noted a lack of segregation of duties in the areas of receipts and disbursements in the Recorder, Collector, Sheriff and Treasurer's offices.

Prior Year Financial Statement Findings (continued)

11/10-7 (cont.)

Effect: The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within these offices.

Recommendation: These areas should be reviewed periodically and consideration given to the improving of segregation of duties.

Views of responsible officials and planned corrective actions: The County is currently following all state statutes regarding segregation of duties. Budget restraints make it impossible to add additional personnel when work load does not require.

Recorder's Response: I have one full time and one part time employee in my office. My full time or myself do daily deposits while we all share the duties of recording, receipting money, and taking care of our customers. It is very important to me that we all can do these jobs as at times I am gone to training, meetings, etc. I know my office is able to continue as usual. I do the month end books myself the first day of the month while my employees are working with customers and doing daily recordings. I only write checks once a month to the same payees every month. I zero out the account every month with these same payees

Treasurer's Response: My office works closely with the County Clerk's Office. We balance monthly and I perform settlement every six months as required by statute. Due to budget constraints it is not feasible to have a full time employee in my office.

Status: This is no longer considered a significant deficiency.

Section 3 - Federal Award Findings and Questioned Cost

None

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Barry County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Barry County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Nichols, Stopp & VanHoy, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-078

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

The County of Barry
Cassville, Missouri
Independent Auditor's Report and Financial Statements
For the years ended December 31, 2013 & 2012

The County of Barry
Cassville, Missouri
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Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141
PHONE: 314-569-3800
FAX: 314-569-0020
www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of Barry County, Missouri

We have audited the accompanying financial statements of Barry County, Missouri, as of and for the years ended December 31, 2013 and 2012, which collectively comprise the County's basic financial statements and the related notes to the financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Barry County, Missouri, using accounting practices prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Barry County, Missouri, as of December 31, 2013 and 2012, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Barry County, Missouri, as of December 31, 2013 and 2012, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Barry County, Missouri's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2014, on our consideration of Barry County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Barry County, Missouri's internal control over financial reporting and compliance.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
July 11, 2014

The County of Barry
Cassville, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2013

Fund	Cash and Equivalents January 1, 2013	Receipts 2013	Disbursements 2013	Cash and Equivalents December 31, 2013
General Revenue	$ 260,956	$ 3,307,631	$ 3,164,283	$ 404,304
Special Road and Bridge	933,565	647,153	618,078	962,640
Assessment	520,947	374,253	390,405	504,795
Prosecuting Attorney Training	358	1,008	1,129	237
Law Enforcement Training	939	3,895	4,248	586
Prosecuting Attorney Administrative Handling Cost	990	17,936	18,375	551
Recorder's Microfilm	74,293	32,074	51,077	55,290
Sheriff Special Enforcement	397	1,581	1,035	943
Sheriff Inmate Security	3,896	7,673	7,092	4,477
Forest Reserve	87,707	225,010	266,412	46,305
Law Enforcement Restitution	47,727	32,736	30,176	50,287
Sheriff Revolving	32,551	41,292	45,844	27,999
Local Emergency Planning Commission	3,286	15	888	2,413
Prosecuting Attorney Delinquent Tax	10,242	6,984	5,098	12,128
Deputy Sheriff Salary Supplementation	8,738	94,426	91,306	11,858
Sheriff's	72	50,004	49,610	466
Peace Officers' Standards and Training	1,844	1,746	1,735	1,855
Election	12,389	6,775	6,886	12,278
Liberty Common Road	21,938	11,786	3,983	29,741
Flood Control	-	31,059	31,059	-
Southwest Missouri Drug Task Force	10,000	9,924	19,924	-
Emergency Reserve	105,200	105,000	-	210,200
Senior Citizens Service Board	64,847	216,425	195,098	86,174
Collector's Tax Maintenance	29,463	47,563	43,042	33,984
Senate Bill 40 Board	907,266	347,009	345,123	909,152
Total	$ 3,139,611	$ 5,620,958	$ 5,391,906	$ 3,368,663

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

Fund	Cash and Equivalents January 1, 2012	Receipts 2012	Disbursements 2012	Cash and Equivalents December 31, 2012
General Revenue	$ 142,381	$ 3,615,020	$ 3,496,445	$ 260,956
Special Road and Bridge	898,748	607,070	572,253	933,565
Assessment	508,585	383,975	371,613	520,947
Prosecuting Attorney Training	304	912	858	358
Law Enforcement Training	852	3,550	3,463	939
Prosecuting Attorney Administrative Handling Cost	2,391	22,474	23,875	990
Recorder's Microfilm	103,517	29,457	58,681	74,293
Sheriff Special Enforcement	233	1,729	1,565	397
Sheriff Inmate Security	1,585	3,256	945	3,896
Forest Reserve	68,895	260,705	241,893	87,707
Law Enforcement Restitution	21,575	26,152	-	47,727
Sheriff Revolving	21,661	24,921	14,031	32,551
Local Emergency Planning Commission	228	8,821	5,763	3,286
Prosecuting Attorney Delinquent Tax	9,073	2,607	1,438	10,242
Deputy Sheriff Salary Supplementation	-	106,695	97,957	8,738
Sheriff's	63	50,009	50,000	72
Peace Officers' Standards and Training	1,831	1,503	1,490	1,844
Election	8,098	9,394	5,103	12,389
Liberty Common Road	14,945	11,965	4,972	21,938
Flood Control	-	28,223	28,223	-
Southwest Missouri Drug Task Force	-	184,245	174,245	10,000
Emergency Reserve	-	105,200	-	105,200
Senior Citizens Service Board	62,758	225,145	223,056	64,847
Collector's Tax Maintenance	71,261	50,159	91,957	29,463
Senate Bill 40 Board	823,752	389,990	306,476	907,266
Total	$ 2,762,736	$ 6,153,177	$ 5,776,302	$ 3,139,611

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	General Revenue Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 43,000	$ 45,205	$ 40,200	$ 43,204
Sales Taxes	1,662,172	1,796,387	1,800,000	1,757,172
Intergovernmental	501,897	692,737	756,025	986,149
Charges for Services	659,475	688,424	683,550	727,111
Interest	1,750	2,875	1,500	2,257
Other Receipts	49,655	56,703	81,000	47,127
Transfers In	120,000	25,300	128,000	52,000
Total Receipts	$ 3,037,949	$ 3,307,631	$ 3,490,275	$ 3,615,020
Disbursements				
General County Government:				
County Commission	$ 208,093	$ 209,578	$ 337,300	$ 363,717
County Clerk	71,279	71,293	70,875	70,538
Elections	51,815	41,856	86,246	82,580
Buildings and Grounds	182,012	163,387	178,663	172,037
Employee Fringe Benefits	435,620	446,572	441,196	442,804
County Treasurer	46,785	46,681	46,795	46,397
County Collector	107,000	106,564	105,650	100,427
Recorder of Deeds	18,352	18,352	18,100	17,800
Circuit Clerk	31,000	31,466	39,000	26,888
Court Administration	9,313	7,871	7,183	7,000
Public Administrator	18,564	18,564	18,200	18,200
Public Safety:				
Sheriff	603,955	650,420	596,350	615,891
Jail	375,605	400,169	383,970	357,002
Prosecuting Attorney	272,952	276,976	274,697	267,952
Juvenile Officer	172,586	139,182	169,694	142,661
County Coroner	24,850	22,988	25,150	28,884
Other:				
Emergency Management	12,500	10,022	11,500	9,700
Tax Increment Financing	127,000	133,128	124,000	126,905
Other Disbursements	299,422	264,214	383,614	360,141
Health and Welfare	-	-	188,190	133,721
Transfers Out	105,000	105,000	105,200	105,200
Emergency Fund	-	-	-	-
Total Disbursements	$ 3,173,703	$ 3,164,283	$ 3,611,573	$ 3,496,445
Receipts Over (Under) Disbursements	$ (135,754)	$ 143,348	$ (121,298)	$ 118,575
Cash and Equivalents, Jan 1	260,956	260,956	142,381	142,381
Cash and Equivalents, Dec 31	$ 125,202	$ 404,304	$ 21,083	$ 260,956

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Special Road and Bridge Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 161,673	$ 151,349	$ 151,724	$ 154,853
Sales Taxes	-	-	-	-
Intergovernmental	122,243	128,658	121,367	138,657
Charges for Services	-	-	-	-
Interest	7,354	5,481	6,200	6,951
Other Receipts	380,000	361,665	475,000	306,609
Transfers In	-	-	-	-
Total Receipts	$ 671,270	$ 647,153	$ 754,291	$ 607,070
Disbursements				
Salaries	$ 24,000	$ 10,302	$ 24,000	$ 12,762
Employee Fringe Benefits	3,050	788	3,050	976
Road and Bridge Materials	350,000	357,085	450,000	268,188
Road and Bridge Construction	950,000	217,494	600,000	260,730
Other Expenditures	86,000	32,409	79,000	29,597
Transfers Out	-	-	-	-
Total Disbursements	$ 1,413,050	$ 618,078	$ 1,156,050	$ 572,253
Receipts Over (Under) Disbursements	$ (741,780)	$ 29,075	$ (401,759)	$ 34,817
Cash and Equivalents, Jan 1	933,565	933,565	898,748	898,748
Cash and Equivalents, Dec 31	$ 191,785	$ 962,640	$ 496,989	$ 933,565

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Assessment Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	361,621	353,129	363,923	361,621
Charges for Services	17,365	17,822	16,859	18,114
Interest	4,100	3,302	4,550	4,190
Other Receipts	-	-	-	50
Transfers In	-	-	-	-
Total Receipts	$ 383,086	$ 374,253	$ 385,332	$ 383,975
Disbursements				
Salaries	$ 250,149	$ 242,731	$ 246,820	$ 238,946
Employee Fringe Benefits	63,000	65,206	63,000	60,109
Materials and Supplies	29,700	21,039	29,700	21,824
Services and Other Disbursements	88,750	50,346	88,750	27,656
Capital Outlay	47,700	11,083	47,700	23,078
Transfers Out	-	-	-	-
Total Disbursements	$ 479,299	$ 390,405	$ 475,970	$ 371,613
Receipts Over (Under) Disbursements	$ (96,213)	$ (16,152)	$ (90,638)	$ 12,362
Cash and Equivalents, Jan 1	520,947	520,947	508,585	508,585
Cash and Equivalents, Dec 31	$ 424,734	$ 504,795	$ 417,947	$ 520,947

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Prosecuting Attorney Training Fund				Law Enforcement Training Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	900	1,008	750	912	3,500	3,895	2,900	3,550
Interest	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 900	$ 1,008	$ 750	$ 912	$ 3,500	$ 3,895	$ 2,900	$ 3,550
Disbursements								
Public Safety:								
Sheriff	$ -	$ -	$ -	$ -	$ 4,438	$ 4,248	$ 3,751	$ 3,463
Prosecuting Attorney	1,258	1,129	1,053	858	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 1,258	$ 1,129	$ 1,053	$ 858	$ 4,438	$ 4,248	$ 3,751	$ 3,463
Receipts Over (Under) Disbursements	$ (358)	$ (121)	$ (303)	$ 54	$ (938)	$ (353)	$ (851)	$ 87
Cash and Equivalents, Jan 1	358	358	304	304	939	939	852	852
Cash and Equivalents, Dec 31	$ -	$ 237	$ 1	$ 358	$ 1	$ 586	$ 1	$ 939

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Prosecuting Attorney Administrative Handling Cost Fund				Recorder's Microfilm Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	22,000	17,890	25,000	22,398	28,600	31,712	33,500	28,808
Interest	65	46	95	76	600	362	600	649
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 22,065	$ 17,936	$ 25,095	$ 22,474	$ 29,200	$ 32,074	$ 34,100	$ 29,457
Disbursements								
General County Government:								
Recorder	$ -	$ -	$ -	$ -	$ 100,869	$ 49,246	$ 101,440	$ 57,100
Employee Fringe Benefits	-	-	-	-	1,672	1,831	1,640	1,581
Public Safety:								
Prosecuting Attorney	2,550	2,075	4,450	1,875	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	20,500	16,300	23,000	22,000	-	-	-	-
Total Disbursements	$ 23,050	$ 18,375	$ 27,450	$ 23,875	$ 102,541	$ 51,077	$ 103,080	$ 58,681
Receipts Over (Under) Disbursements	$ (985)	$ (439)	$ (2,355)	$ (1,401)	$ (73,341)	$ (19,003)	$ (68,980)	$ (29,224)
Cash and Equivalents, Jan 1	990	990	2,391	2,391	74,293	74,293	103,517	103,517
Cash and Equivalents, Dec 31	$ 5	$ 551	$ 36	$ 990	$ 952	$ 55,290	$ 34,537	$ 74,293

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Sheriff Special Enforcement Fund				Sheriff Inmate Security Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	3	6	3	4	18	21	3	21
Other Receipts	700	1,575	500	1,725	3,200	7,652	1,500	3,235
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 703	$ 1,581	$ 503	$ 1,729	$ 3,218	$ 7,673	$ 1,503	$ 3,256
Disbursements								
Public Safety:								
Sheriff	$ 1,100	$ 1,035	$ 733	$ 1,565	$ 7,100	$ 7,092	$ 3,000	$ 945
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 1,100	$ 1,035	$ 733	$ 1,565	$ 7,100	$ 7,092	$ 3,000	$ 945
Receipts Over (Under) Disbursements	$ (397)	$ 546	$ (230)	$ 164	$ (3,882)	$ 581	$ (1,497)	$ 2,311
Cash and Equivalents, Jan 1	397	397	233	233	3,896	3,896	1,585	1,585
Cash and Equivalents, Dec 31	$ -	$ 943	$ 3	$ 397	$ 14	$ 4,477	$ 88	$ 3,896

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Forest Reserve Fund				Law Enforcement Restitution Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	19,000	224,686	20,800	260,078	-	-	-	-
Charges for Services	-	-	-	-	25,000	32,398	15,200	25,907
Interest	700	324	500	627	150	338	100	245
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 19,700	$ 225,010	$ 21,300	$ 260,705	$ 25,150	$ 32,736	$ 15,300	$ 26,152
Disbursements								
General County Government:								
County Commission	$ 107,406	$ 57,012	$ 90,195	$ -	$ -	$ -	$ -	$ -
Public Safety:								
Sheriff	-	-	-	-	72,800	30,176	36,875	-
Other Disbursements	-	209,400	-	241,893	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 107,406	$ 266,412	$ 90,195	$ 241,893	$ 72,800	$ 30,176	$ 36,875	$ -
Receipts Over (Under) Disbursements	$ (87,706)	$ (41,402)	$ (68,895)	$ 18,812	$ (47,650)	$ 2,560	$ (21,575)	$ 26,152
Cash and Equivalents, Jan 1	87,707	87,707	68,895	68,895	47,727	47,727	21,575	21,575
Cash and Equivalents, Dec 31	$ 1	$ 46,305	$ -	$ 87,707	$ 77	$ 50,287	$ -	$ 47,727

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Sheriff Revolving Fund				Local Emergency Planning Commission Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	24,000	41,086	15,000	24,721	-	-	12,500	38
Interest	175	206	150	200	22	15	40	25
Other Receipts	-	-	-	-	8,500	-	-	8,758
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 24,175	$ 41,292	$ 15,150	$ 24,921	$ 8,522	$ 15	$ 12,540	$ 8,821
Disbursements								
Public Safety:								
Sheriff	$ 56,000	$ 45,844	$ 36,810	$ 14,031	$ -	$ -	$ -	$ -
Other Disbursements	-	-	-	-	11,600	888	12,725	5,763
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 56,000	$ 45,844	$ 36,810	$ 14,031	$ 11,600	$ 888	$ 12,725	$ 5,763
Receipts Over (Under) Disbursements	$ (31,825)	$ (4,552)	$ (21,660)	$ 10,890	$ (3,078)	$ (873)	$ (185)	$ 3,058
Cash and Equivalents, Jan 1	32,551	32,551	21,661	21,661	3,286	3,286	228	228
Cash and Equivalents, Dec 31	$ 726	$ 27,999	$ 1	$ 32,551	$ 208	$ 2,413	$ 43	$ 3,286

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Prosecuting Attorney Delinquent Tax Fund				Deputy Sheriff Salary Supplementation Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	19,500	79,997	-	88,620
Charges for Services	-	-	-	-	75,000	14,429	25,000	18,075
Interest	35	59	25	73	-	-	-	-
Other Receipts	2,300	6,925	3,000	2,534	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 2,335	$ 6,984	$ 3,025	$ 2,607	$ 94,500	$ 94,426	$ 25,000	$ 106,695
Disbursements								
Public Safety:								
Sheriff	$ -	$ -	$ -	$ -	$ 100,000	$ 71,610	$ 25,000	$ 74,420
Prosecuting Attorney	12,500	5,098	12,097	1,438	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	5,267	-	5,462
Other Disbursements	-	-	-	-	-	14,429	-	18,075
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 12,500	$ 5,098	$ 12,097	$ 1,438	$ 100,000	$ 91,306	$ 25,000	$ 97,957
Receipts Over (Under) Disbursements	$ (10,165)	$ 1,886	$ (9,072)	$ 1,169	$ (5,500)	$ 3,120	$ -	$ 8,738
Cash and Equivalents, Jan 1	10,242	10,242	9,073	9,073	8,738	8,738	-	-
Cash and Equivalents, Dec 31	$ 77	$ 12,128	$ 1	$ 10,242	$ 3,238	$ 11,858	$ -	$ 8,738

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Sheriff's Fund				Peace Officers' Standards and Training Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	50,000	49,991	50,000	50,000	-	-	-	-
Interest	9	13	10	9	12	11	13	13
Other Receipts	-	-	-	-	1,400	1,735	1,600	1,490
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 50,009	$ 50,004	$ 50,010	$ 50,009	$ 1,412	$ 1,746	$ 1,613	$ 1,503
Disbursements								
Public Safety:								
Sheriff	$ 50,009	$ 49,610	$ 50,000	$ 50,000	$ 3,255	$ 1,735	$ 3,443	$ 1,490
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 50,009	$ 49,610	$ 50,000	$ 50,000	$ 3,255	$ 1,735	$ 3,443	$ 1,490
Receipts Over (Under) Disbursements	$ -	$ 394	$ 10	$ 9	$ (1,843)	$ 11	$ (1,830)	$ 13
Cash and Equivalents, Jan 1	72	72	63	63	1,844	1,844	1,831	1,831
Cash and Equivalents, Dec 31	$ 72	$ 466	$ 73	$ 72	$ 1	$ 1,855	$ 1	$ 1,844

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Election Fund				Liberty Common Road Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ 1,062	$ 651	$ 685	$ 732
Sales Taxes	-	-	-	-	6,579	6,857	7,200	6,958
Intergovernmental	-	-	-	-	4,056	4,129	3,982	4,137
Charges for Services	-	-	-	-	-	-	-	-
Interest	50	78	50	75	145	149	75	138
Other Receipts	3,500	6,697	3,000	9,319	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 3,550	$ 6,775	$ 3,050	$ 9,394	$ 11,842	$ 11,786	$ 11,942	$ 11,965
Disbursements								
General County Government:								
Elections	$ 15,500	$ 6,886	$ 10,000	$ 5,103	$ -	$ -	$ -	$ -
Highways and Roads	-	-	-	-	33,685	3,983	26,673	4,972
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 15,500	$ 6,886	$ 10,000	$ 5,103	$ 33,685	$ 3,983	$ 26,673	$ 4,972
Receipts Over (Under) Disbursements	$ (11,950)	$ (111)	$ (6,950)	$ 4,291	$ (21,843)	$ 7,803	$ (14,731)	$ 6,993
Cash and Equivalents, Jan 1	12,389	12,389	8,098	8,098	21,938	21,938	14,945	14,945
Cash and Equivalents, Dec 31	$ 439	$ 12,278	$ 1,148	$ 12,389	$ 95	$ 29,741	$ 214	$ 21,938

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Flood Control Fund				Southwest Missouri Drug Task Force Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	31,059	-	28,223	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	29,924	9,924	290,000	184,245
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ -	$ 31,059	$ -	$ 28,223	$ 29,924	$ 9,924	$ 290,000	$ 184,245
Disbursements								
Other Disbursements	$ -	$ 31,059	$ -	$ 28,223	$ 39,924	$ 19,924	$ 290,000	$ 174,245
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ -	$ 31,059	$ -	$ 28,223	$ 39,924	$ 19,924	$ 290,000	$ 174,245
Receipts Over (Under) Disbursements	$ -	$ -	$ -	$ -	$ (10,000)	$ (10,000)	$ -	$ 10,000
Cash and Equivalents, Jan 1	-	-	-	-	10,000	10,000	-	-
Cash and Equivalents, Dec 31	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,000

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Emergency Reserve Fund				Senior Citizens Service Board Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ 224,300	$ 215,967	$ 213,850	$ 224,791
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	400	458	650	354
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	105,000	-	105,200	-	-	-	-
Total Receipts	$ -	$ 105,000	$ -	$ 105,200	$ 224,700	$ 216,425	$ 214,500	$ 225,145
Disbursements								
Other Disbursements	$ -	$ -	$ -	$ -	$ 237,045	$ 195,098	$ 224,634	$ 223,056
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ -	$ -	$ -	$ -	$ 237,045	$ 195,098	$ 224,634	$ 223,056
Receipts Over (Under) Disbursements	$ -	$ 105,000	$ -	$ 105,200	$ (12,345)	$ 21,327	$ (10,134)	$ 2,089
Cash and Equivalents, Jan 1	105,200	105,200	-	-	64,847	64,847	62,758	62,758
Cash and Equivalents, Dec 31	$ 105,200	$ 210,200	$ -	$ 105,200	$ 52,502	$ 86,174	$ 52,624	$ 64,847

See Notes to the Financial Statements

The County of Barry
Cassville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Collector's Tax Maintenance Fund				Senate Bill 40 Board Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ 315,000	$ 307,884	$ 310,000	$ 320,113
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	49,000	47,519	48,300	49,217	-	-	-	-
Interest	170	44	190	157	10,000	9,106	15,000	9,596
Other	-	-	-	785	-	30,019	-	60,281
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 49,170	$ 47,563	$ 48,490	$ 50,159	$ 325,000	$ 347,009	$ 325,000	$ 389,990
Disbursements								
General County Government:								
Collector	$ 83,870	$ 34,042	$ 120,385	$ 61,957	$ -	$ -	$ -	$ -
Other Disbursements	-	-	-	-	628,794	345,123	629,794	306,476
Transfers Out	-	9,000	-	30,000	-	-	-	-
Total Disbursements	$ 83,870	$ 43,042	$ 120,385	$ 91,957	$ 628,794	$ 345,123	$ 629,794	$ 306,476
Receipts Over (Under) Disbursements	$ (34,700)	$ 4,521	$ (71,895)	$ (41,798)	$ (303,794)	$ 1,886	$ (304,794)	$ 83,514
Cash and Equivalents, Jan 1	29,463	29,463	71,261	71,261	907,266	907,266	823,752	823,752
Cash and Equivalents, Dec 31	$ (5,237)	$ 33,984	$ (634)	$ 29,463	$ 603,472	$ 909,152	$ 518,958	$ 907,266

See Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

Organized in 1835, the county of Barry was named after United States Postmaster General, William Taylor Barry. It is a third-class county, and the county seat is Cassville. Barry County's government is composed of a three-member county commission and the following separately elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk/Ex-Officio Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Barry County, Missouri, the Barry County Senior Citizens Service Board, and the Barry County Senate Bill 40 Board.

Barry County's operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Barry County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise Barry County's legal entity. The Barry County Senior Citizens Service Board and Senate Bill 40 Board are controlled by separate boards and are also included under the control of Barry County.

Certain elected County officials, such as the County Collector, Treasurer, and Sheriff, collect and hold monies in a trustee capacity as an agent of an individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements and are unaudited.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Barry County, Missouri, and the comparisons of such information with the corresponding budgeted information for all funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the County's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If Barry County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo, Barry County adopts a budget for each governmental fund.

On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

Budgets are prepared and adopted on the cash basis of accounting.

During our audit, we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The following funds had actual expenditures that exceeded the budgeted expenditures: Sheriff Special Enforcement Fund in 2012, Forest Reserve Fund in 2013 and 2012, and Deputy Sheriff Salary Supplementation Fund in 2012. We noted the following funds without a prepared budget: Flood Control Fund in 2013 and 2012 and Emergency Reserve Fund in 2013 and 2012. Also, the Collector's Tax Maintenance Fund is budgeted at a deficit in 2013 and 2012.

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuation of the tangible taxable property, included within Barry County's boundaries for the calendar year 2013 and 2012, respectively, for the purposes of County taxation was as follows:

	2013	2012
Real Estate	$ 328,803,624	$ 322,507,286
Personal Property	111,487,723	110,770,022
Railroad and Utilities	16,359,306	16,130,544
	$ 456,650,653	$ 449,407,852

The tax levy per $100 assessed valuation of tangible taxable property for the calendar year 2013 and 2012, respectively, for the purpose of County taxation, was as follows:

	2013	2012
Senate Bill 40 Board	$ 0.0700	$ 0.0700
Senior Citizens Service Board	0.0500	0.0500

The County also receives sales tax collected by the State and remitted based on the County’s sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in Barry County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

Note 2 - Deposits and Investments

Barry County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. As of December 31, 2013, 100% of Barry County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

The bank balances and carrying values of deposits and investments shown below are included in the financial statements at December 31, 2013, as follows:

	Bank Balances	Carrying Value
Deposits	$ 2,822,039	$ 2,593,128
Investments	775,535	775,535
Restricted Cash	-	-
Total Deposits and Investments as of December 31, 2013	$ 3,597,574	$ 3,368,663

The bank balances and carrying values of deposits and investments shown below are included in the financial statements at December 31, 2012, as follows:

	Bank Balances	Carrying Value
Deposits	$ 2,382,057	$ 2,366,774
Investments	772,837	772,837
Restricted Cash	-	-
Total Deposits and Investments as of December 31, 2012	$ 3,154,894	$ 3,139,611

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Barry County's investment policy does not include custodial credit risk requirements. Barry County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013 and 2012.

Note 2 - Deposits and Investments (continued)

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to Barry County or its agent but not in the government's name. Barry County does not have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of Barry County or of a type that are not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Barry County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by Barry County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U. S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). Barry County has no policy in place to minimize the risk of loss resulting from over concentration of assets of a specific maturity, specific issuer or specific class of securities. Barry County's deposits were not exposed to concentration of investment credit risk for the years ended December 31, 2013 and 2012.

Note 3 - Interfund Transfers

Transfers between funds for the years ended December 31, 2013 and 2012 are as follows:

	2013		2012	
Fund	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue	$ 25,300	$ 105,000	$ 52,000	$ 105,200
Prosecuting Attorney Administrative Handling Cost	-	16,300	-	22,000
Emergency Reserve	105,000	-	105,200	-
Collector's Tax Maintenance	-	9,000	-	30,000
Total	$ 130,300	$ 130,300	$ 157,200	$ 157,200

Note 4 - County Employees' Retirement Fund (CERF)

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees. The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than (1,000) one thousand hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government.

It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Section 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994. The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar amount, targeted replacement ratio formula, and the prior plan's formula). A death benefit of $10,000 will be paid to the designated beneficiary of every active eligible member upon his or her death. Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed. Any member with less than eight years creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions. The County Employees' Retirement Fund issues audited financial statements.

Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65102, or by calling 1-877-632-2373.

Funding Policy

In accordance with Missouri state statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 are required to contribute 2% of their annual salary, while employees hired after February 2002 are required to contribute 6% of their annual salary in order to participate in CERF. During 2013 and 2012, the County collected and remitted to CERF, employee contributions of $70,893 and $74,754, respectively, for the years then ended.

Note 5 - Prosecuting Attorney Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, Barry County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys' and Circuit Attorneys' Retirement System. Once remitted, the State of Missouri is responsible for administration of this plan. Barry County has contributed $7,752 and $7,752, respectively, for the years ended December 31, 2013 and 2012.

Note 6 - Other Retirement Plan

Barry County has a voluntary 401(a) plan administered by Great West which is paid by a deduction from employees' salary. These contributions qualify under the Internal Revenue Code and are tax exempt. Employee contributions collected and remitted by the County for the years ended December 31, 2013 and 2012 were $11,110 and $12,200, respectively.

Note 7 - Post-Employment Benefits

Barry County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by Barry County.

Note 8 - Claims, Commitments and Contingencies

Compensated Absences

The County provides employees with up to three weeks of vacation, depending on length of service. Any remaining unused vacation is not reimbursed upon termination of employment. Sick leave is accrued at 0.5 days per month with a total maximum number of 30 days accrued. Employees can be reimbursed for up to half of any unused sick time upon termination of employment. These have not been subjected to auditing procedures.

Federal and State Assisted Programs

The County receives proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned. Such audits could result in refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Other Commitments

The County entered into a short-term promissory note with Security Bank of Southwest Missouri for county jail improvements. The note was for $47,697 due December 31, 2012 with interest payable at 3.25%. This balance was paid in full as of December 31, 2012. Interest expense for the note for the year ended December 31, 2012 was $138.

Note 9 - Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.700 RSMo). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make specific assessments. Members are jointly and severally liable for all claims against the risk pool.

Note 10 - Subsequent Events

The County has evaluated events subsequent to December 31, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through July 11, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141

PHONE: 314-569-3800
FAX: 314-569-0020

www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission and
Officeholders of Barry County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Barry County, Missouri, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Barry County, Missouri's basic financial statements and have issued our report thereon dated July 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Barry County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Barry County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Barry County, Missouri's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies: 13/12-2 and 13/12-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Barry County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 13/12-1.

Barry County, Missouri's Response to Findings

Barry County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Barry County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
July 11, 2014

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141
PHONE: 314-569-3800
FAX: 314-569-0020
www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the County Commission and
Officeholders of Barry County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Barry County, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Barry County, Missouri's major federal programs for the years ended December 31, 2013 and 2012. Barry County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Barry County, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Barry County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Barry County, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, Barry County, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2013 and 2012.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 13/12-4. Our opinion on each major federal program is not modified with respect to these matters.

Barry County, Missouri's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Barry County,

Missouri's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Barry County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Barry County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Barry County, Missouri's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
July 11, 2014

The County of Barry
Cassville, Missouri
Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31, 2013	2012
U.S. Department of Agriculture				
Passed through state:				
Office of Administration -				
Schools and Roads - Grants to States	10.665	n/a	$ 266,412	$ 241,893
U.S. Department of Defense				
Passed through state:				
Office of Administration -				
Payments to States in Lieu of Real Estate Taxes	12.112	n/a	31,059	28,223
U.S. Department of the Interior				
Direct Program:				
Payments in Lieu of Taxes	15.226	n/a	89,033	78,496
U.S. Department of Justice				
JAG Program Cluster				
Passed through state:				
Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-JAG-001	-	58,414
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-JAG-032	-	50,775
Total Edward Byrne Memorial Justice Assistance Grant			-	109,189
ARRA - Eward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	2009-JAG-RA-066	-	27,243
ARRA - Eward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	2009-JAG-RA-096	-	18,678
Total ARRA - Eward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories			-	45,921
Total JAG Program Cluster			-	155,110
Total U.S. Department of Justice			-	155,110
U.S. Department of Transportation				
Passed through state:				
Department of Transportation -				
Alcohol Open Container Requirements	20.607	13-154-AL-014	1,881	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	CEPF - Barry	858	3,935
Total U.S. Department of Transportation			2,739	3,935

The County of Barry
Cassville, Missouri
Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31, 2013	2012
General Services Administration				
Passed through state:				
Office of Secretary of State -				
Election Reform Payments	39.011	n/a	1,491	5,038
Election Assistance Commission				
Passed through state:				
Office of Secretary of State -				
Help America Vote Act Requirements Payments	90.401	n/a	-	7,802
U.S. Department of Health and Human Services				
Passed through state:				
Department of Social Services -				
Foster Care _ Title IV-E	93.568	ER0172238	57,465	57,423
U.S. Department of Homeland Security				
Passed through state:				
Department of Public Safety -				
Emergency Management Performance Grants	97.042	EMPG-2012	-	4,850
Emergency Management Performance Grants	97.042	EMPG-2013	5,000	-
Homeland Security Grant Program	97.067	2010-SS-T0-0039	29,980	149,962
Homeland Security Grant Program	97.067	n/a	2,000	1,958
Total Homeland Security Grant Program			31,980	151,920
Total U.S. Department of Homeland Security			36,980	156,770
Total Expenditures of Federal Awards			$ 485,179	$ 734,690

The County of Barry
Cassville, Missouri
Notes to Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012

Note 1 - Summary of Significant Accounting Policies

Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of *OMB Circular A-133*. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA number is not available.

This schedule includes all federal awards administered by Barry County, Missouri.

Basis of Presentation

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Note 2 - Subrecipients

The County passed through $209,412 and $241,893 of federal funds related to the Schools and Roads - Grants to States (CFDA# 10.665) to local schools and road districts for the years ended December 31, 2013 and 2012, respectively.

The County passed through $31,059 and $28,223 of federal funds related to the Payments to States in Lieu of Real Estate Taxes (CFDA# 12.112) to local schools and road districts for the years ended December 31, 2013 and 2012, respectively.

The County passed through $0 and $109,189 of federal funds related to the Edward Byrne Memorial Justice Assistance Grant (CFDA# 16.738) to the Southwest Missouri Drug Task Force for the years ended December 31, 2013 and 2012, respectively.

The County passed through $0 and $45,921 of federal funds related to the ARRA - Eward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories (CFDA# 16.803) to the Southwest Missouri Drug Task Force for the years ended December 31, 2013 and 2012, respectively.

The County of Barry
Cassville, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2013 & 2012

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified Regulatory Basis			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	X	Yes		None Reported
Any noncompliance material to financial statements noted?	X	Yes		No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiencies identified not considered to be material weaknesses?	X	Yes		None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?	X	Yes		No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
10.665	Schools and Roads - Grants to States
15.226	Payments in Lieu of Taxes

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000			
Auditee qualified as low-risk auditee?		Yes	X	No

Section 2 - Financial Statement Findings

13/12 - 1 **Condition:** During our audit, we noted the following funds with actual expenditures that exceeded the budgeted expenditures: Sheriff Special Enforcement Fund in 2012, Forest Reserve Fund in 2013 and 2012, and Deputy Sheriff Salary Supplementation Fund in 2012. We noted the following funds without a prepared budget: Flood Control Fund in 2013 and 2012 and Emergency Reserve Fund in 2013 and 2012. Also, the Collector's Tax Maintenance Fund is budgeted at a deficit in 2013 and 2012.

Effect: Missouri statutes requires Counties to prepare an annual budget and expenditures are not to exceed the budget. Due to exceeding budget in certain funds and budgeting a deficit in another, the County is in violation of Missouri Revised Statutes.

Cause: Oversight

Recommendation: We recommend that the County adopt a budget for all funds, and periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: We do not prepare a budget for Forest Reserve Fund receipts for Title I funds and Mineral Rights or Flood Control Fund receipts because these monies are not kept by the County; we pass all funds through to the school districts and road districts. However, knowing that these monies need to be included in our expenditures of federal awards, we will take them into account on the budget for future years.

We did not take into account an entire year of receipts and expenditures when preparing a budget for the Deputy Sheriff Salary Supplementation Fund in 2012, and we have corrected this issue in 2013 in order to be in compliance. The Sheriff Special Enforcement Fund exceeded budget in 2012 due to a purchase of bulletproof vests; we are aware of this oversight and have remedied the problem.

In regards to the Collector's Tax Maintenance Fund, we did not account for outstanding checks in our beginning and ending cash balances when preparing the budgeted expenditures for 2013 and 2012. This problem will be corrected in the future.

Due to the nature of the Emergency Reserve Fund, we have not prepared a budget since it merely acts as a fund reserve for the County. We will take this finding into consideration when preparing future budgets.

13/12 - 2 **Condition:** Documentation of the County's internal controls has not been prepared.

Effect: Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Management has not prepared documentation of internal controls.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: We have prepared a documented set of internal controls and adopted the policy as of January 2014.

Section 2 - Financial Statement Findings (continued)

13/12 - 3 **Condition:** During our audit, we noted there is no formal fraud risk assessment in place.

Effect: Lack of an appropriate fraud risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identifying risks and mitigating controls.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: We have prepared a formal fraud risk assessment document and adopted the policies and procedures within the document in May 2014.

Section 3 - Federal Award Findings and Questioned Costs

13/12 - 4

Federal Grantor:	All Programs
Pass-Through Grantor:	All Programs
Federal CFDA Number:	All Programs
Program Title:	All Programs

Condition: The Schedule of Expenditures of Federal Awards (SEFA) contained errors.

Effect: *OMB Circular A-133* requires auditees to prepare an accruate SEFA containing awards expended, CFDA title and number, award number, name of the Federal agency, and name of the pass-through entity.

Cause: Management did not follow reporting requirements related to the Schedule of Expenditures of Federal Awards.

Recommendation: We recommend management develop internal controls over reporting and consult with outside accountants, if possible, to ensure an accruate SEFA is prepared.

Management's Response: All SEFA errors will be corrected now that we are aware of the need to include Title I, Mineral Receipts, Flood Control and any other monies for which we serve as a pass-through entity only.

The County of Barry
Cassville, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Barry County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2010.

Prior Year Financial Statement Findings

10/09 - 1 **Criteria**: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency. SAS No. 115 supersedes SAS No. 112.

Condition: During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to the financial statements.

Context: During discussions with management, we noted that we will be assisting the County with the preparation of their audited financial statements and footnotes.

Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 115 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

Cause: Management did not prepare the financial statements or the notes to financial statements.

Recommendation: Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

Views to responsible officials and planned corrective actions: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual financial statements. The County will pursue remedy for SAS 115 compliance if it is determined that it is required for a county of this size.

Status: This is no longer considered a significant deficiency.

10/09 - 2 **Criteria**: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 115 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Prior Year Financial Statement Findings (continued)

10/09 - 2 (cont.) **Recommendation**: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of responsible officials and planned corrective actions: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual financial statements. Each official has their own internal controls within their office.

Status: Management has not corrected this issue, therefore, this finding is repeated as finding 13/12 - 2.

10/09 - 3 **Criteria**: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Context: During discussions with management, we noted there were no formal fraud risk assessments implemented.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of responsible officials and planned corrective actions: The Commission will encourage all elected officials to review and document antifraud risk assessments.

Status: Management has not corrected this issue, therefore, this finding is repeated as finding 13/12 - 3.

10/09 - 4 **Criteria**: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit* , as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit, an amendment to SAS No. 55.*

Condition: Lack of segregation of duties in the Recorder's Office.

Context: During our audit, we noted a single employee has the ability to initiate, record, reconcile and monitor a single transaction.

Effect: A single employee has the ability to initiate, record, reconcile and monitor a single transaction. Lack of segregation of duties and monitoring means that errors or other problems, such as theft of cash, might not be recognized and resolved on a timely basis.

Prior Year Financial Statement Findings (continued)

10/09 - 4 (cont.)

Cause: Lack of staff.

Recommendation: Hire another employee to segregate duties or find other ways to monitor transaction of employees.

Views of responsible officials and planned corrective actions: We will review the cost versus benefit of adding additional staff to alleviate the segregation of duties issue. Monitoring employee work will be implemented immediately.

Status: This is no longer considered a significant deficiency.

10/09 - 5

Criteria: Monthly reconciliation of bank accounts.

Condition: Bank account reconciliations are not being properly prepared in the Recorder's Office, Collector's Office and the Drug Task Force Office.

Context: During our audit, we noted that the reconciliation of the Recorder's accounts are not being properly reconciled on a monthly basis due to including checks written in the following month of the month being reconciled for 2009 and 2010, the Collector's escrow account for 2010 and the JAG account for 2010.

Effect: Lack of proper reconciliation and monitoring of accounts may lead to errors that may not be found in a timely manner.

Cause: The Recorder's, Collector's and Drug Task Force account reconciliations are not being properly prepared.

Recommendation: We recommend that these offices properly reconcile their accounts on a monthly basis and monitor the reconciliations to be sure they are being properly prepared. These reconciliations will ensure meaningful and accurate financial statements.

Views of responsible officials and planned corrective actions: We agree with the finding and will implement the recommendation immediately.

Status: Management has corrected this issue.

Prior Year Federal Award Findings (continued)

SA 10/09 - 1

All Programs

Information on the federal programs: The schedule of expenditures of federal awards contained errors.

Criteria: Section 310(b) of *Circular A-133, Audits of States, Local Governments and Non-Profit Organizations,* requires the County to prepare a SEFA for the period covered by the County's financial statements.

Questioned Costs: Not Applicable.

The County of Barry
Cassville, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

Prior Year Federal Award Findings

SA 10/09 - 1 (cont.)

Context: During our audit of the schedule of expenditures of federal awards, we noted numerous errors in the amounts reported on the schedule. Amounts reported were not supported by the documentation provided. Some of these errors were due to using revenue instead of expenditures while others were just errors.

Effect: Without an accurate and complete SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

Cause: The County did not implement prior year corrective action plans

Recommendation: We recommend that County officials receive training in preparing the schedule of expenditures of federal awards.

Views of responsible officials and planned corrective actions: The County Clerk will work with all agencies receiving federal money to prepare an accurate schedule of expenditures of federal awards.

Status: Management has not corrected this issue, therefore, this finding is repeated as finding 13/12 - 4.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Dent County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Dent County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Nichols, Stopp & VanHoy, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-079

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

The County of Dent
Salem, Missouri
Independent Auditor's Report and Financial Statements
For the years ended December 31, 2013 & 2012

Nichols Stopp & VanHoy LLC
Certified Public Accountants

The County of Dent
Salem, Missouri
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Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141
PHONE: 314-569-3800
FAX: 314-569-0020
www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of Dent County, Missouri

We have audited the accompanying financial statements of Dent County, Missouri, as of and for the years ended December 31, 2013 and 2012, which collectively comprise the County's basic financial statements and the related notes to the financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Dent County, Missouri, using accounting practices prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Dent County, Missouri, as of December 31, 2013 and 2012, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Dent County, Missouri, as of December 31, 2013 and 2012, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dent County, Missouri's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2014, on our consideration of Dent County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dent County, Missouri's internal control over financial reporting and compliance.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
July 9, 2014

The County of Dent
Salem, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2013

Fund	Cash and Equivalents January 1, 2013	Receipts 2013	Disbursements 2013	Cash and Equivalents December 31, 2013
General Revenue	$ 1,299,905	$ 1,353,136	$ 1,324,880	$ 1,328,161
Special Road and Bridge	121,910	1,278,439	1,274,247	126,102
Assessment	77,673	170,797	181,203	67,267
Law Enforcement Sales Tax	121,272	1,137,015	1,109,726	148,561
911 Emergency Services	100,948	37,557	50,120	88,385
Law Enforcement Restitution	81,026	47,472	44,019	84,479
Law Enforcement Training	7,528	3,378	2,859	8,047
Collector's Tax Maintenance	57,131	20,262	23,795	53,598
Sheriff Revolving	25,102	24,607	18,425	31,284
Prosecuting Attorney Training	3,810	931	292	4,449
Prosecuting Attorney Bad Check Fee	15,373	8,816	4,520	19,669
Recorder User Fee	12,140	8,856	8,600	12,396
Title III	185,084	554	59,012	126,626
Special Election Services	3,620	6,620	8,100	2,140
Senior Citizens Services Board	22,938	76,120	77,538	21,520
Tourism Tax	117,132	61,986	58,500	120,618
Senate Bill 40 Board	411,866	669,673	528,536	553,003
Inmate Security	4,882	2,759	2,000	5,641
Total	$ 2,669,340	$ 4,908,978	$ 4,776,372	$ 2,801,946

See Notes to the Financial Statements

The County of Dent
Salem, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

Fund	Cash and Equivalents January 1, 2012	Receipts 2012	Disbursements 2012	Cash and Equivalents December 31, 2012
General Revenue	$ 1,268,379	$ 1,703,780	$ 1,672,254	$ 1,299,905
Special Road and Bridge	281,598	1,148,606	1,308,294	121,910
Assessment	127,959	163,728	214,014	77,673
Law Enforcement Sales Tax	150,569	1,121,311	1,150,608	121,272
911 Emergency Services	101,566	45,968	46,586	100,948
Law Enforcement Restitution	74,914	37,556	31,444	81,026
Law Enforcement Training	6,883	3,317	2,672	7,528
Collector's Tax Maintenance	54,659	18,780	16,308	57,131
Sheriff Revolving	23,185	16,466	14,549	25,102
Prosecuting Attorney Training	3,704	566	460	3,810
Prosecuting Attorney Bad Check Fee	12,415	9,073	6,115	15,373
Recorder User Fee	10,694	9,946	8,500	12,140
Title III	160,784	25,012	712	185,084
Special Election Services	7,616	987	4,983	3,620
Senior Citizens Services Board	23,658	75,765	76,485	22,938
Tourism Tax	97,129	61,809	41,806	117,132
Senate Bill 40 Board	465,315	759,621	813,070	411,866
Inmate Security	4,674	2,208	2,000	4,882
Total	$ 2,875,701	$ 5,204,499	$ 5,410,860	$ 2,669,340

See Notes to the Financial Statements

The County of Dent
Salem, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	General Revenue Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 77,000	$ 77,428	$ 75,000	$ 76,376
Sales Taxes	775,317	763,631	742,933	775,343
Intergovernmental	108,408	149,432	373,023	367,130
Charges for Services	290,700	287,598	276,596	271,067
Interest	13,000	9,237	13,500	14,974
Other Receipts	199,050	62,570	196,090	193,890
Transfers In	3,240	3,240	5,000	5,000
Total Receipts	$ 1,466,715	$ 1,353,136	$ 1,682,142	$ 1,703,780
Disbursements				
General County Government:				
County Commission	$ 94,100	$ 93,233	$ 94,100	$ 93,937
County Clerk	110,996	108,176	107,980	104,520
Elections	38,150	37,903	133,200	87,079
Buildings and Grounds	138,795	105,466	132,646	97,852
Employee Fringe Benefits	265,600	117,826	270,600	229,555
County Treasurer	47,960	47,151	47,960	46,285
County Collector	99,093	89,391	97,350	87,599
Recorder of Deeds	54,400	50,781	58,400	57,846
Circuit Clerk	39,461	34,085	39,509	33,795
Court Administration	3,810	2,592	3,190	4,464
Public Administrator	51,999	51,132	48,300	46,123
Public Safety:				
Prosecuting Attorney	246,233	243,287	238,819	229,291
Juvenile Officer	48,919	48,919	46,850	46,850
Coroner	35,295	22,354	36,165	24,295
Other Disbursements	279,641	108,584	293,335	200,405
Transfers Out	164,000	164,000	39,000	39,000
Emergency Fund	44,010	-	284,113	243,358
Total Disbursements	$ 1,762,462	$ 1,324,880	$ 1,971,517	$ 1,672,254
Receipts Over (Under) Disbursements	$ (295,747)	$ 28,256	$ (289,375)	$ 31,526
Cash and Equivalents, Jan 1	1,299,905	1,299,905	1,268,379	1,268,379
Cash and Equivalents, Dec 31	$ 1,004,158	$ 1,328,161	$ 979,004	$ 1,299,905

See Notes to the Financial Statements

The County of Dent
Salem, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Special Road and Bridge Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 405,000	$ 411,216	$ 407,000	$ 403,990
Sales Taxes	-	-	-	-
Intergovernmental	964,000	751,029	902,000	722,477
Charges for Services	-	-	-	-
Interest	2,500	1,040	5,000	3,123
Other Receipts	33,000	15,154	227,000	19,016
Transfers In	100,000	100,000	-	-
Total Receipts	$ 1,504,500	$ 1,278,439	$ 1,541,000	$ 1,148,606
Disbursements				
Salaries	$ 454,464	$ 453,378	$ 428,800	$ 426,608
Employee Fringe Benefits	117,767	112,185	114,805	105,549
Supplies	199,200	198,362	204,200	175,329
Insurance	26,700	23,093	24,000	22,995
Road and Bridge Materials	248,300	224,558	320,100	307,697
Equipment Repairs	55,000	54,661	55,000	47,870
Rentals	-	-	2,500	-
Equipment Purchases	156,230	156,280	190,000	196,177
Road and Bridge Construction	270,000	40,054	210,000	14,693
Other Disbursements	27,300	11,676	25,750	11,376
Transfers Out	-	-	-	-
Total Disbursements	$ 1,554,961	$ 1,274,247	$ 1,575,155	$ 1,308,294
Receipts Over (Under) Disbursements	$ (50,461)	$ 4,192	$ (34,155)	$ (159,688)
Cash and Equivalents, Jan 1	121,910	121,910	281,598	281,598
Cash and Equivalents, Dec 31	$ 71,449	$ 126,102	$ 247,443	$ 121,910

See Notes to the Financial Statements

The County of Dent
Salem, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Assessment Fund				Law Enforcement Sales Tax Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	775,317	763,628	742,933	775,317
Intergovernmental	123,149	124,475	126,827	122,033	-	-	-	-
Charges for Services	-	-	-	-	155,699	199,581	144,501	124,351
Interest	1,202	522	1,600	1,201	1,715	937	1,651	1,715
Other Receipts	1,494	6,800	2,000	1,494	83,693	99,491	192,097	173,490
Transfers In	39,000	39,000	39,000	39,000	73,379	73,378	46,438	46,438
Total Receipts	$ 164,845	$ 170,797	$ 169,427	$ 163,728	$ 1,089,803	$ 1,137,015	$ 1,127,620	$ 1,121,311
Disbursements								
General County Government:								
Assessor	$ 200,256	$ 156,581	$ 207,978	$ 188,224	$ -	$ -	$ -	$ -
Public Safety:								
Sheriff	-	-	-	-	676,954	680,574	758,196	744,386
Jail	-	-	-	-	300,051	303,940	273,316	283,475
Employee Fringe Benefits	28,729	24,622	24,360	25,790	133,103	125,212	134,687	122,747
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 228,985	$ 181,203	$ 232,338	$ 214,014	$ 1,110,108	$ 1,109,726	$ 1,166,199	$ 1,150,608
Receipts Over (Under) Disbursements	$ (64,140)	$ (10,406)	$ (62,911)	$ (50,286)	$ (20,305)	$ 27,289	$ (38,579)	$ (29,297)
Cash and Equivalents, Jan 1	77,673	77,673	127,959	127,959	121,272	121,272	150,569	150,569
Cash and Equivalents, Dec 31	$ 13,533	$ 67,267	$ 65,048	$ 77,673	$ 100,967	$ 148,561	$ 111,990	$ 121,272

See Notes to the Financial Statements

The County of Dent
Salem, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	911 Emergency Services Fund				Law Enforcement Restitution Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	48,000	36,877	48,000	44,898	-	-	-	-
Interest	1,100	680	1,100	1,070	150	303	250	187
Other Receipts	-	-	-	-	35,000	47,169	30,000	37,369
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 49,100	$ 37,557	$ 49,100	$ 45,968	$ 35,150	$ 47,472	$ 30,250	$ 37,556
Disbursements								
Public Safety:								
Sheriff	$ -	$ -	$ -	$ -	$ 25,000	$ 25,104	$ 24,400	$ 24,094
Prosecuting Attorney	-	-	-	-	5,000	9,934	10,000	1,200
Coroner	-	-	-	-	1,300	1,281	3,000	426
Other Disbursements	17,000	13,239	17,000	11,212	49,726	7,700	37,514	5,724
Transfers Out	36,882	36,881	35,374	35,374	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	$ 53,882	$ 50,120	$ 52,374	$ 46,586	$ 81,026	$ 44,019	$ 74,914	$ 31,444
Receipts Over (Under) Disbursements	$ (4,782)	$ (12,563)	$ (3,274)	$ (618)	$ (45,876)	$ 3,453	$ (44,664)	$ 6,112
Cash and Equivalents, Jan 1	100,948	100,948	101,566	101,566	81,026	81,026	74,914	74,914
Cash and Equivalents, Dec 31	$ 96,166	$ 88,385	$ 98,292	$ 100,948	$ 35,150	$ 84,479	$ 30,250	$ 81,026

See Notes to the Financial Statements

The County of Dent
Salem, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Law Enforcement Training Fund				Collector's Tax Maintenance			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	18,000	20,040	18,000	18,297
Interest	20	27	20	17	375	222	425	397
Other Receipts	4,000	3,351	4,000	3,300	-	-	-	86
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 4,020	$ 3,378	$ 4,020	$ 3,317	$ 18,375	$ 20,262	$ 18,425	$ 18,780
Disbursements								
General County Government:								
Collector	$ -	$ -	$ -	$ -	$ 36,500	$ 23,795	$ 73,084	$ 16,308
Public Safety:								
Sheriff	4,000	2,859	4,000	2,672	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 4,000	$ 2,859	$ 4,000	$ 2,672	$ 36,500	$ 23,795	$ 73,084	$ 16,308
Receipts Over (Under) Disbursements	$ 20	$ 519	$ 20	$ 645	$ (18,125)	$ (3,533)	$ (54,659)	$ 2,472
Cash and Equivalents, Jan 1	7,528	7,528	6,883	6,883	57,131	57,131	54,659	54,659
Cash and Equivalents, Dec 31	$ 7,548	$ 8,047	$ 6,903	$ 7,528	$ 39,006	$ 53,598	$ -	$ 57,131

See Notes to the Financial Statements

The County of Dent
Salem, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Sheriff Revolving Fund				Prosecuting Attorney Training Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	45,333	24,510	10,000	16,419	700	919	700	566
Interest	40	97	80	47	-	12	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 45,373	$ 24,607	$ 10,080	$ 16,466	$ 700	$ 931	$ 700	$ 566
Disbursements								
Public Safety:								
Sheriff	$ 28,480	$ 8,928	$ 6,700	$ 5,485	$ -	$ -	$ -	$ -
Prosecuting Attorney	-	-	-	-	700	292	700	460
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	9,333	9,497	9,064	9,064	-	-	-	-
Total Disbursements	$ 37,813	$ 18,425	$ 15,764	$ 14,549	$ 700	$ 292	$ 700	$ 460
Receipts Over (Under) Disbursements	$ 7,560	$ 6,182	$ (5,684)	$ 1,917	$ -	$ 639	$ -	$ 106
Cash and Equivalents, Jan 1	25,102	25,102	23,185	23,185	3,810	3,810	3,704	3,704
Cash and Equivalents, Dec 31	$ 32,662	$ 31,284	$ 17,501	$ 25,102	$ 3,810	$ 4,449	$ 3,704	$ 3,810

See Notes to the Financial Statements

The County of Dent
Salem, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Prosecuting Attorney Bad Check Fee Fund				Recorder User Fee Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	6,144	5,499	6,144	6,806
Interest	40	59	40	27	25	36	29	23
Other Receipts	5,000	8,757	7,000	9,046	2,736	3,321	2,737	3,117
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 5,040	$ 8,816	$ 7,040	$ 9,073	$ 8,905	$ 8,856	$ 8,910	$ 9,946
Disbursements								
General County Government:								
Recorder	$ -	$ -	$ -	$ -	$ 8,600	$ 8,600	$ 8,500	$ 8,500
Public Safety								
Prosecuting Attorney	1,800	1,280	2,000	1,115	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	3,240	3,240	5,000	5,000	-	-	-	-
Total Disbursements	$ 5,040	$ 4,520	$ 7,000	$ 6,115	$ 8,600	$ 8,600	$ 8,500	$ 8,500
Receipts Over (Under) Disbursements	$ -	$ 4,296	$ 40	$ 2,958	$ 305	$ 256	$ 410	$ 1,446
Cash and Equivalents, Jan 1	15,373	15,373	12,415	12,415	12,140	12,140	10,694	10,694
Cash and Equivalents, Dec 31	$ 15,373	$ 19,669	$ 12,455	$ 15,373	$ 12,445	$ 12,396	$ 11,104	$ 12,140

See Notes to the Financial Statements

The County of Dent
Salem, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Title III Fund				Special Election Services Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	350	554	500	417	12	8	25	12
Other Receipts	24,000	-	28,000	24,595	10,000	6,612	5,000	975
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 24,350	$ 554	$ 28,500	$ 25,012	$ 10,012	$ 6,620	$ 5,025	$ 987
Disbursements								
General County Government:								
Elections	$ -	$ -	$ -	$ -	$ 13,000	$ 8,100	$ 5,000	$ 4,983
Other Disbursements	209,434	59,012	189,284	712	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 209,434	$ 59,012	$ 189,284	$ 712	$ 13,000	$ 8,100	$ 5,000	$ 4,983
Receipts Over (Under) Disbursements	$ (185,084)	$ (58,458)	$ (160,784)	$ 24,300	$ (2,988)	$ (1,480)	$ 25	$ (3,996)
Cash and Equivalents, Jan 1	185,084	185,084	160,784	160,784	3,620	3,620	7,616	7,616
Cash and Equivalents, Dec 31	$ -	$ 126,626	$ -	$ 185,084	$ 632	$ 2,140	$ 7,641	$ 3,620

See Notes to the Financial Statements

The County of Dent
Salem, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Senior Citizens Services Board Fund				Tourism Tax Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ 72,199	$ 72,443	$ 70,830	$ 70,985	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	52,000	61,564	50,000	61,575
Charges for Services	-	-	-	-	-	-	-	-
Interest	120	139	150	117	195	422	200	234
Other Receipts	3,500	3,538	3,300	4,663	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 75,819	$ 76,120	$ 74,280	$ 75,765	$ 52,195	$ 61,986	$ 50,200	$ 61,809
Disbursements								
Other Disbursements	$ 77,500	$ 77,538	$ 75,300	$ 76,485	$ 75,000	$ 58,500	$ 75,000	$ 41,806
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 77,500	$ 77,538	$ 75,300	$ 76,485	$ 75,000	$ 58,500	$ 75,000	$ 41,806
Receipts Over (Under) Disbursements	$ (1,681)	$ (1,418)	$ (1,020)	$ (720)	$ (22,805)	$ 3,486	$ (24,800)	$ 20,003
Cash and Equivalents, Jan 1	22,938	22,938	23,658	23,658	117,132	117,132	97,129	97,129
Cash and Equivalents, Dec 31	$ 21,257	$ 21,520	$ 22,638	$ 22,938	$ 94,327	$ 120,618	$ 72,329	$ 117,132

See Notes to the Financial Statements

The County of Dent
Salem, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Senate Bill 40 Board Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 235,000	$ 243,245	$ 240,000	$ 239,544
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	2,500	2,276	4,000	2,704
Other Receipts	513,600	424,152	501,800	517,373
Transfers In	-	-	-	-
Total Receipts	$ 751,100	$ 669,673	$ 745,800	$ 759,621
Disbursements				
Administration	$ 39,400	$ 38,938	$ 42,649	$ 40,055
Insurance	165,760	37,713	180,260	165,832
Emergency Funding	5,000	-	5,000	-
Contracted Services	104,384	100,830	101,260	95,993
Targeted Case Management	363,440	337,174	357,634	497,103
Capital Outlay	25,000	13,881	215,000	14,087
Total Disbursements	$ 702,984	$ 528,536	$ 901,803	$ 813,070
Receipts Over (Under) Disbursements	$ 48,116	$ 141,137	$ (156,003)	$ (53,449)
Cash and Equivalents, Jan 1	411,866	411,866	465,315	465,315
Cash and Equivalents, Dec 31	$ 459,982	$ 553,003	$ 309,312	$ 411,866

See Notes to the Financial Statements

The County of Dent
Salem, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Inmate Security Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	8	16	12	9
Other Receipts	2,400	2,743	2,500	2,199
Transfers In	-	-	-	-
Total Receipts	$ 2,408	$ 2,759	$ 2,512	$ 2,208
Disbursements				
Other Disbursements	$ -	$ -	$ -	$ -
Transfers Out	2,000	2,000	2,000	2,000
Total Disbursements	$ 2,000	$ 2,000	$ 2,000	$ 2,000
Receipts Over (Under) Disbursements	$ 408	$ 759	$ 512	$ 208
Cash and Equivalents, Jan 1	4,882	4,882	4,674	4,674
Cash and Equivalents, Dec 31	$ 5,290	$ 5,641	$ 5,186	$ 4,882

See Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

Organized in 1851, the county of Dent was named after state representative and pioneer settler, Lewis Dent, and is home to a large area of the Mark Twain National Forest. Dent County is a county-organized, third-class county and is part of the Forty-Second Judicial Circuit. The county seat is Salem. Dent County's government is composed of a three-member county commission and the following separately elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk, Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Dent County, Missouri, the Dent County Senior Citizens Services Board, and the Dent County Senate Bill 40 Board.

Dent County's operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Dent County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise Dent County's legal entity. The Dent County Senior Citizens Services Board and Senate Bill 40 Board are controlled by separate boards and are also included under the control of Dent County.

Certain elected County officials, such as the County Collector, Treasurer, and Sheriff, collect and hold monies in a trustee capacity as an agent of an individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements and are unaudited.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Dent County, Missouri, and the comparisons of such information with the corresponding budgeted information for all funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the County's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If Dent County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo, Dent County adopts a budget for each governmental fund.

On or before January 15th, each elected official and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

Budgets are prepared and adopted on the cash basis of accounting.

During our audit, we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The Senior Citizens Service Board Fund had expenses exceeding their respective budgets for 2013 and 2012.

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuation of the tangible taxable property, included within Dent County's boundaries for the calendar year 2013 and 2012, respectively, for the purposes of County taxation, was as follows:

	2013	2012
Real Estate	$ 111,308,810	$ 111,181,950
Personal Property	37,634,350	37,938,720
Railroad and Utilities	5,058,764	5,336,745
	$ 154,001,924	$ 154,457,415

The tax levy per $100 assessed valuation of tangible taxable property for the calendar year 2013 and 2012, respectively, for the purpose of County taxation, was as follows:

	2013	2012
General Revenue Fund	$ 0.0350	$ 0.0350
Special Road and Bridge Fund	0.2550	0.2550
Senate Bill 40 Board Fund	0.1500	0.1500
Senior Citizens Service Board Fund	0.0467	0.0466

The County also receives sales tax collected by the State and remitted based on the County’s sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in Dent County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

Note 2 - Deposits and Investments

Dent County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013 and 2012, the carrying amount of Dent County's deposits was $2,801,946 and $2,669,340, respectively, and the bank balance was $2,985,926 and $2,800,648, respectively. As of December 31, 2013, 100% of Dent County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

The carrying values of deposits and investments shown below are included in the financial statements at December 31, 2013, as follows:

Deposits	$ 2,801,946
Investments	-
Restricted Cash	-
Total Deposits and Investments as of December 31, 2013	$ 2,801,946

The carrying values of deposits and investments shown below are included in the financial statements at December 31, 2012, as follows:

Deposits	$ 2,669,340
Investments	-
Restricted Cash	-
Total Deposits and Investments as of December 31, 2012	$ 2,669,340

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Dent County's investment policy does not include custodial credit risk requirements. Dent County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013 and 2012.

Note 2 - Deposits and Investments (continued)

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to Dent County or its agent but not in the government's name. Dent County does not have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of Dent County or of a type that are not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Dent County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by Dent County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U. S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). Dent County has no policy in place to minimize the risk of loss resulting from over concentration of assets of a specific maturity, specific issuer or specific class of securities. Dent County's deposits were not exposed to concentration of investment credit risk for the years ended December 31, 2013 and 2012.

Note 3 - Interfund Transfers

Transfers between funds for the years ended December 31, 2013 and 2012 are as follows:

	2013		2012	
Fund	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue	$ 3,240	$ 164,000	$ 5,000	$ 39,000
Special Road and Bridge	100,000	-	-	-
Law Enforcement Sales Tax	73,378	-	46,438	-
911 Emergency Services	-	36,881	-	35,374
Assessment	39,000	-	39,000	-
Sheriff Revolving	-	9,497	-	9,064
Inmate Security	-	2,000	-	2,000
Prosecuting Attorney Bad Check Fee	-	3,240	-	5,000
Total	$ 215,618	$ 215,618	$ 90,438	$ 90,438

Note 4 - County Employees' Retirement Fund (CERF)

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for county officials and employees. The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than (1,000) one thousand hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government.

It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Section 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994. The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two may retire with full benefits with eight or more years of creditable service. The monthly benefit for county employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar amount, targeted replacement ratio formula, and the prior plan's formula). A death benefit of $10,000 will be paid to the designated beneficiary of every active eligible member upon his or her death. Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed. Any member with less than eight years creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions. The County Employees' Retirement Fund issues audited financial statements.

Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65102, or by calling 1-877-632-2373.

Funding Policy

In accordance with state statutes, the plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 are required to contribute 2% of their annual salary, while employees hired after February 2002 are required to contribute 6% of their annual salary in order to participate in CERF. During 2013 and 2012, the County collected and remitted to CERF, employee contributions of $67,982 and $64,879, respectively, for the years then ended.

Note 5 - Prosecuting Attorney Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, Dent County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys' and Circuit Attorneys' Retirement System. Once remitted, the State of Missouri is responsible for administration of this plan. Dent County has contributed $7,752 and $7,752, respectively, for the years ended December 31, 2013 and 2012.

Note 6 - Post-Employment Benefits

Dent County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by Dent County.

Note 7 - Claims, Commitments and Contingencies

Compensated Absences

The County provides employees with up to three weeks of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused compensatory time. These have not been subjected to auditing procedures.

Federal and State Assisted Programs

The County receives proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned. Such audits could result in refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Note 8 - Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.700 RSMo). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make specific assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Injured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

Note 9 - Subsequent Events

The County has evaluated events subsequent to December 31, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through July 9, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

Note 10 - Long-Term Debt

In April of 2009, the County entered into a cancelable lease purchase agreement to finance the purchase of a 2008 Freightliner M2 truck at a cost of $48,500. The agreement requires annual payments of $12,897 ending June 1, 2012, which includes interest of 3.95%. This lease was paid off in 2012.

In April of 2009, the County entered into a cancelable lease purchase agreement to finance the purchase of a 2007 Sterling Model LT 9511 dump truck at a cost of $79,836. The agreement requires annual payments of $21,254 ending June 1, 2012, which includes interest of 3.95%. This lease was paid off in 2012.

In April of 2009, the County entered into a cancelable lease purchase agreement to finance the purchase of a second 2007 Sterling Model LT 9511 dump truck at a cost of $79,836. The agreement requires annual payments of $21,254 ending June 1, 2012, which includes interest of 3.95%. This lease was paid off in 2012.

In March of 2010, the County entered into a cancelable lease purchase agreement to finance the purchase of a Caterpillar 924H Wheel loader at a cost of $69,004. The agreement requires annual payments of $18,989 ending March 11, 2014, which includes interest of 3.95%.

In October of 2010, the County entered into a cancelable lease purchase agreement to finance the purchase of a 2007 Chevy Tahoe at a cost of $21,500. The agreement requires annual payments of $7,167 in 2010 and $7,495 the following years, ending in March 2012, which includes interest of 3.04%. This lease was paid off in 2012.

In September of 2010, the County entered into a cancelable lease purchase agreement to finance the purchase of a 2010 John Deere 672G Motor Grader at a cost of $95,526. The agreement requires annual payments of $21,098 ending October 25, 2015, which includes interest of 3.40%.

In September of 2010, the County entered into a cancelable lease purchase agreement to finance the purchase of a second 2010 John Deere 672G Motor Grader at a cost of $95,526. The agreement requires annual payments of $21,098 ending October 25, 2015, which includes interest of 3.40%.

In August of 2011, the County entered into a cancelable lease purchase agreement to finance the purchase of a 2011 Caterpillar Backhoe at a cost of $87,668. The agreement requires annual payments of $19,227 ending August 8, 2016, which includes interest of 3.15%.

In November of 2011, the County entered into a cancelable lease purchase agreement to finance the purchase of a 2011 John Deere 672 Motor Grader at a cost of $120,187. The Agreement requires annual payments of $26,359 ending November 28, 2016 which includes interest of 3.15%.

In November of 2011, the County entered into a cancelable lease purchase agreement to finance the purchase of a second 2011 John Deere 672 Motor Grader at a cost of $120,187. The Agreement requires annual payments of $26,359 ending November 28, 2016 which includes interest of 3.15%.

In December of 2012, the County entered into a cancelable lease purchase agreement to finance the purchase of a patrol vehicle at a cost of $25,191. The agreement requires annual payments of $8,642 ending March 1, 2015, which includes interest of 2.44%.

In April of 2013, the County entered into a cancelable lease purchase agreement to finance the purchase of two 2013 120M2 AWD Graders at a cost of $190,156. The agreement requires annual payments of $40,860 ending April 8, 2018, which includes interest of 2.44%.

Note 10 - Long -Term Debt (continued)

In May of 2014, the County entered into a cancelable lease purchase agreement to finance the purchase of two 2014 Ford Explorers at a cost of $55,947. The agreement requires annual payments of $19,045 ending in 2016, which includes interest of 2.12%.

As of June 2014, the County was in the process of entering into a cancelable lease purchase agreement to finance the purchase of a John Deere 6105M Tractor/Brush Cutter at a cost of $90,398. The agreement requires annual payments of $23,955 ending in 2018, which includes interest of 2.37%.

Although the agreements provide cancellation of the leases if the County should fail to appropriate funds at the annual renewal dates, the County does not foresee exercising its option to cancel.

The following is the changes in long-term debt for the year ended December 31, 2013:

Capital Lease Obligations	Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013	Interest Paid
Caterpillar 942H Wheel loader	$ 35,840	$ -	$ 17,574	$ 18,266	$ 1,415
2010 John Deere 672G Grader	59,225	-	19,085	40,140	2,013
2011 John Deere 672G Grader	59,225	-	19,085	40,140	2,013
2011 Caterpillar Backhoe	71,203	-	16,984	54,219	2,243
2011 John Deere 672 Grader	97,614	-	23,284	74,330	3,075
2012 John Deere 672 Grader	97,614	-	23,284	74,330	3,075
Patrol vehicle	25,191	-	8,235	16,956	407
2013 120M2 AWD Graders	-	190,156	-	190,156	-
	$ 445,912	$ 190,156	$ 127,531	$ 508,537	$ 14,241

The following is the changes in long-term debt for the year ended December 31, 2012:

Capital Lease Obligations	Balance December 31, 2011	Additions	Retirements	Balance December 31, 2012	Interest Paid
2008 Freightliner M2	$ 12,407	$ -	$ 12,407	$ -	$ 490
2007 Sterling Model LT 9511	20,446	-	20,446	-	808
2007 Sterling Model LT 9511	20,446	-	20,446	-	808
2007 Chevy Tahoe	7,274	-	7,274	-	221
Caterpillar 942H Wheel loader	52,746	-	16,906	35,840	2,083
2010 John Deere 672G Grader	77,683	-	18,458	59,225	2,640
2011 John Deere 672G Grader	77,683	-	18,458	59,225	2,640
2011 Caterpillar Backhoe	87,668	-	16,465	71,203	2,762
2011 John Deere 672 Grader	120,187	-	22,573	97,614	3,786
2012 John Deere 672 Grader	120,187		22,573	97,614	3,786
Patrol vehicle	-	25,191	-	25,191	-
	$ 596,727	$ 25,191	$ 176,006	$ 445,912	$ 20,024

Note 10 - Long -Term Debt (continued)

The following is the 2013 future minimum payments for all operating leases:

Year Ending December 31,	Principal	Interest	Total
2014	$ 167,743	$ 14,891	$ 182,634
2015	194,827	11,819	206,646
2016	148,185	9,042	157,227
2017	80,445	3,414	83,859
2018	63,682	1,528	65,210
	$ 654,882	$ 40,694	$ 695,576

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141
PHONE: 314-569-3800
FAX: 314-569-0020
www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission and
Officeholders of Dent County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Dent County, Missouri, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Dent County, Missouri's basic financial statements and have issued our report thereon dated July 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dent County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dent County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Dent County, Missouri's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies: 13/12-2 and 13/12-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dent County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 13/12-1.

Dent County, Missouri's Response to Findings

Dent County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Dent County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
July 9, 2014

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141

PHONE: 314-569-3800
FAX: 314-569-0020

www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the County Commission and
Officeholders of Dent County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Dent County, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Dent County, Missouri's major federal programs for the years ended December 31, 2013 and 2012. Dent County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Dent County, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dent County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Dent County, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, Dent County, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2013 and 2012.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 13/12-4. Our opinion on each major federal program is not modified with respect to these matters.

Dent County, Missouri's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Dent County,

Missouri's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Dent County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dent County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dent County, Missouri's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
July 9, 2014

The County of Dent
Salem, Missouri
Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31, 2013	2012
U.S. Department of Agriculture				
Passed through state:				
Missouri Office of Administration -				
Schools and Roads - Grants to States	10.665	N/A	$ 374,134	$ 322,466
U.S. Department of Commerce				
Passed through state:				
Missouri Office of Homeland Security -				
Public Telecommunications Facilities				
Planning and Construction	11.550	2007-GS-H7-0001-4613	-	109,013
U.S. Department of the Interior				
Direct Program:				
Payments in Lieu of Taxes	15.226	N/A	88,478	70,675
U.S. Department of Justice				
Passed through state:				
Missouri Department of Public Safety -				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant	16.738	2012-LLEBG-015	6,966	-
Recovery Act - Eward Byrne Memorial				
Justice Assistance Grant Program	16.803	2009-MJCCG-044	7,927	20,052
Recovery Act - Eward Byrne Memorial				
Justice Assistance Grant Program	16.803	2009-MJCCG-030	-	22,243
Total JAG Program Cluster			14,893	42,295
Recovery Act - Internet Crimes Against				
Children Task Force Program	16.800	2011-MC-CX-K012	10,866	5,955
Total U.S. Department of Justice			25,759	48,250
U.S. Department of Transportation				
Passed through state:				
Missouri Department of Transportation -				
Highway Planning and Construction	20.205	BRO-NBIL-BO33(001)	5,114	-
Election Assistance Commission				
Passed through state:				
Office of Secretary of State -				
Help America Vote Act Requirements Payments	90.401	N/A	6,612	4,982
Total Expenditures of Federal Awards			$ 500,097	$ 555,386

The County of Dent
Salem, Missouri
Notes to Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012

Note 1 - Summary of Significant Accounting Policies

Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of *OMB Circular A-133*. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA number is not available.

This schedule includes all federal awards administered by Dent County, Missouri.

Basis of Presentation

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Note 2 - Subrecipients

The County passed through $236,342 and $241,315 of federal funds related to the Schools and Roads - Grants to States (CFDA# 10.665) to local schools for the years ended December 31, 2013 and 2012, respectively.

The County of Dent
Salem, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2013 & 2012

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified Regulatory Basis			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	X	Yes		None Reported
Any noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiencies identified not considered to be material weaknesses?	X	Yes		None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?	X	Yes		No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
10.665	Schools and Roads - Grants to States

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000			
Auditee qualified as low-risk auditee?		Yes	X	No

Section 2 - Financial Statement Findings

13/12-1 ***Condition:*** During our audit, we noted one fund with actual expenditures that exceeded the budgeted expenditures.

Effect: Missouri statutes requires Counties to prepare an annual budget and expenditures are not to exceed the budget. Due to exceeding budget in certain funds the County is in violation of Missouri Revised Statutes.

Cause: Oversight

Recommendation: We recommend that the County adopt a budget for all funds, and periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: The County Commission, County Treasurer and County Clerk will review all funds throughout the year and make all necessary budget amendments as necessary in accordance with the Mo Revised Statutes.

13/12-2 ***Condition:*** Documentation of the County's internal controls has not been prepared.

Effect: Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Management has not prepared documentation of internal controls.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: The County Commission and County Clerk will attempt to document the County's internal controls as recommended.

13/12-3 ***Condition:*** During our audit, we noted there is no formal fraud risk assessment in place.

Effect: Lack of an appropriate audit risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identifying risks and mitigating controls.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: The County Commission and County Clerk will attempt to develop and implement formal fraud risk assessment procedures.

Section 3 - Federal Award Findings and Questioned Costs

13/12-4

Federal Grantor:	All Programs
Pass-Through Grantor:	All Programs
Federal CFDA Number:	All Programs
Program Title:	All Programs

Condition: The Schedule of Expenditures of Federal Awards (SEFA) contained errors.

Criteria: OMB Circular A-133 requires auditees to prepare an accurate SEFA containing awards expended, CFDA title and number, award number, name of the Federal agency, and name of the pass-through entity.

Cause: Management was unaware of the reporting requirements related to the Schedule of Expenditures of Federal Awards.

Effect: Federal expenditures reported on the SEFA were incorrect.

Recommendation: We recommend that management develop internal controls over reporting and consult with outside accountants when needed to ensure an accurate SEFA is prepared.

Management's Response: The County Clerk prepares the SEFA and will prepare each year in compliance with *OMB Circular A-133.*

The County of Dent
Salem, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Dent County, Missouri, on the applicable findings in the prior audit report issued for the year ended December 31, 2010.

Prior Year Financial Statement Findings

2010-01 ***Condition:*** Two individuals perform conflicting duties in the accounts receivable/revenue, accounts payable/purchases and payroll cycles and some accounts are manually maintained with little or no oversight.

Criteria: Internal controls should be in place that provide reasonable assurance that access/authorization, recording and monitoring duties are adequately separated.

Cause: The current internal control structure and number of personnel available to perform these functions does not adequately separate the recording function from the access/authorization and monitoring duties.

Effect: Without effective internal controls, transactions could be inappropriately recorded without being detected.

Recommendation: Duties should be assigned to ensure that individuals perform duties that are properly segregated and manually maintained accounts are reviewed periodically.

Views of responsible officials and planned corrective actions: Management will continue to weigh the cost versus benefit of obtaining resources to further segregate duties.

Status: We do not consider this a significant deficiency.

2010-02 ***Condition:*** Current grant procedures do not separate all grant revenues and expenditures within the accounting system, nor do they ensure that all monitoring reports are filed as required.

Criteria: Effective grant monitoring procedures include noting grant expenditures within the accounting system and making sure necessary reports are timely filed.

Cause: Current internal procedures did not provide for review of grant revenues and expenditures in total to ensure that all grant requirements were met.

Effect: Noncompliance with grant agreements and potential for unreimbursed expenditures.

Recommendation: Responsible parties should work together to ensure that all incurred costs are tracked separately within the accounting software, billed routinely and that compliance requirements under grant awards are completed timely and sufficiently documented.

Views of responsible officials and planned corrective actions: Management will evaluate the procedures in this area and address the procedure changes needed.

Status: Management has corrected this issue.

Prior Year Federal Award Findings and Questioned Cost

None

Thomas A. Schweich

Missouri State Auditor

Andrew County

September 2014

Report No. 2014-080

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Andrew County

Public Administrator Controls and Procedures	The Public Administrator did not obtain or retain adequate supporting documentation for some disbursements from individual ward bank accounts. The Public Administrator did not adequately review the financial activity of some wards, resulting in non-sufficient funds and overdraft fees, and did not make one ward's rent payments timely. For 9 of the 37 wards we reviewed, the Public Administrator's case files were missing receipts, invoices, and bank statements. The Public Administrator did not timely perform bank reconciliations for some wards and did not file annual settlements for some wards for up to 4 years. On the wards' annual settlements, the Public Administrator failed to include $3,000 of tools and equipment, automobiles, and a burial plan. The Associate Circuit Court, Probate Division did not follow up on annual settlements not filed by the required date, and the Associate Circuit Court, Probate Division review did not detect any of the described errors. The Public Administrator did not timely take action to close the estates of deceased wards, and one case remained open almost 7 years after the assets were distributed and the bank accounts closed.
Sheriff Controls and Procedures	As noted in our prior audit report, Sheriff's office personnel do not deposit fee receipts intact or timely and do not prepare a monthly list of liabilities to reconcile to the cash balance for the Sheriff's fee account. At our request, office personnel prepared a list of liabilities, and the reconciled book balance exceeded the list of liabilities by $286, but the Sheriff's office was unable to determine to whom the excess funds were owed.
Prosecuting Attorney Receipt Procedures	The Prosecuting Attorney's office does not issue receipts for some monies received, so office personnel cannot document the amounts received from defendants or transmitted to the court. In addition, the Prosecuting Attorney's office does not always restrictively endorse money orders received upon receipt.
Computer Controls	The County Commission does not require that computer passwords be periodically changed, and there are no security controls in place to lock a computer after a specified number of incorrect logon attempts.
Property Tax System	As noted in our 2 prior audit reports, neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector. The County Clerk does not maintain records summarizing property tax transactions and changes, and there is no evidence that the County Clerk or the County Commission verify the County Collector's annual settlements.

Additional Comments

Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Andrew County
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Andrew County

We have audited certain operations of Andrew County in fulfillment of our duties under Section 29.230, RSMo. In addition, Nichols, Stopp & VanHoy, LLC, Certified Public Accountants, was engaged to audit the financial statements of Andrew County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Andrew County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Lori Melton, M.Acct., CPA
In-Charge Auditor:	Patrick M. Pullins, M.Acct., CISA
Audit Staff:	Amanda Messick
	John R. Ebling
	Nancy McDowell

1. Public Administrator Controls and Procedures

There are significant deficiencies with the Public Administrator's accounting controls and procedures.

During the year ended December 31, 2013, the Public Administrator served as the court appointed personal representative for 37 individuals (wards) and decedent estates of the Associate Circuit Court, Probate Division.

Unless otherwise specified, references to Public Administrator relate to the former Public Administrator who resigned effective February 28, 2014. The current Public Administrator took office in March 2014. Recommendations are directed to the current Public Administrator since she is in a position to work with the Associate Circuit Court, Probate Division and implement changes.

1.1 Disbursements

Documentation retained by the Public Administrator to support disbursements was not complete or adequate. Additionally, the Public Administrator did not monitor account balances, causing wards to incur unnecessary bank fees and paid some disbursements late.

Documentation

The Public Administrator did not obtain or retain adequate supporting documentation for some disbursements from individual ward bank accounts during the year ended December 31, 2013.

- A check for $400 was written from one ward's account to a bank on October 29, 2013, with "money order" indicated in the memo section. The description on the annual settlement indicated this money order was used for rent. The December 2013 rent payment was reduced by $400, but no supporting documentation was available to ensure the money order was used for rent and was the reason the rent payment for December was reduced. Also, on October 29, 2013, two checks for $400 each were written from a second ward's account to a bank with "money order" in the memo section. The description on the annual settlement indicated one money order was for a service provider; however, the service provider had already been paid for that month. The other description on the annual settlement was only "money order" and probate division personnel, the current Public Administrator, and records could not explain how this money was used. On February 5, 2014, $600 was withdrawn from the second ward's account. The description on the annual settlement indicated the Public Administrator used this money to purchase a money order for burial expenses; however, there was no documentation of a burial plan for this ward. The current Public Administrator was able to confirm the existence of a burial plan for this ward, but was not able to verify the money order was credited to the burial plan. The Probate Clerk indicated she did not see any documentation supporting these money orders when reviewing the annual settlements. With no documentation of how these monies were used, there is no assurance these funds were spent appropriately.

- Checks totaling $3,790 were issued to two wards for personal expenses during the year ended December 31, 2013; however, the wards did not sign a receipt indicating monies had been received from the Public Administrator.

To ensure payments are valid and proper and reduce the risk of loss, theft, or misuse of funds, the Public Administrator should maintain adequate supporting documentation for all disbursements.

Monitoring

The Public Administrator did not adequately review the financial activity of some wards or make ward's rent payments timely.

The Public Administrator did not adequately monitor ward account balances. Three wards were charged non-sufficient funds and overdraft fees by the bank totaling $456. Of these fees, $420 was refunded by the bank or reimbursed by the Public Administrator. However, the fees could have been avoided if the Public Administrator had properly monitored account balances.

The Public Administrator did not pay one ward's rent payments for the months of August and September 2013 until November 2013. Payment of each month's rent occurred approximately 2 months after the due date for the remainder of the year.

Part of the Public Administrator's function is to serve in a fiduciary role for individuals who cannot provide adequate oversight of their own finances. The failure to adequately monitor the financial activity, including account balances, of wards increases the risk that loss, theft, or misuse of funds could go undetected. The Public Administrator should monitor ward account balances and pay all bills timely to avoid unnecessary bank charges.

1.2 Ward documentation

The Public Administrator did not retain complete case files for all wards.

For 9 of the 37 wards reviewed, the Public Administrator case files did not contain complete financial information or documentation to support the financial activity that occurred in the wards' accounts. Missing documentation included receipts, invoices, and bank statements.

Failing to maintain complete case files for all wards significantly increases the risk that loss, theft, or misuse of funds could occur undetected. Record retention is necessary to ensure the validity of transactions and provide an audit trail. Section 109.270, RSMo, states all records made or received by officials in the course of their public duties are public property and are not to be disposed of except as provided by law.

1.3 Bank reconciliations

The Public Administrator did not perform timely bank reconciliations for some wards. For 3 wards we noted the following concerns.

- The May 24, 2013, bank statement was not reconciled until July 30, 2013. The bank statements for periods ending July through December 2013 for this same ward were not reconciled until January 19, 2014.

- The November 7, 2013, bank statement for another ward was not reconciled until January 19, 2014.

- The bank reconciliations for the May 20, June 20, and August 20, 2013, bank statements were not reconciled until October 16, 2013, for a third ward. No documentation was retained to indicate the bank reconciliation for the July 20, 2013, bank statement was completed. The reconciliation for the November 21, 2013, bank statement was not completed until January 21, 2014.

Monthly bank reconciliations are necessary to ensure the bank activity and accounting records are in agreement, and to identify errors timely.

1.4 Annual settlements

The Public Administrator does not always file annual settlements timely in compliance with state law, and assets purchased during the annual settlement period did not appear on the asset list section of the annual settlement.

Timely filing

Annual settlements were not filed for some wards with the court for up to 4 years. The Public Administrator is scheduled to submit most annual settlements at December 31. Due to the Public Administrator's planned resignation in February 2014, the Associate Circuit Judge agreed to allow the Public Administrator to file final settlements for the 14 months ending in February 2014, for all of her open cases. However, some of the settlements submitted were for longer than 14 months. Annual settlements filed in February 2014 included a settlement for the period December 29, 2009, through February 9, 2014; one settlement was from December 16, 2011, through February 18, 2014; and another settlement was from December 22, 2011, through February 24, 2014. Also, another settlement filed on February 11, 2014, was for the period of December 20, 2011, to December 20, 2012, and a subsequent settlement for the period of December 20, 2012, to February 21, 2014, was filed for this ward on March 10, 2014.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate. Timely settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that loss, theft, or misuse of funds will go undetected.

Ward assets

The assets included in the wards' annual settlements were not accurate. Examples of assets excluded from the annual settlements include $3,000 of tools and equipment, automobiles, and a burial plan.

To ensure the financial activity of the wards is accurately and completely reported to the court, all assets should be reflected on the annual settlements.

Probate Division review

The Associate Circuit Court, Probate Division review of annual settlements filed by the Public Administrator did not detect any of the issues identified above. In addition, the Associate Circuit Court, Probate Division did not follow up on annual settlements not filed by the required date. Failure to adequately review settlements and ensure they are filed timely increases the risk that loss, theft, or misuse of funds could go undetected.

1.5 Closing estates

The Public Administrator did not take timely action to close the estates of deceased wards.

Court records indicate a final settlement was not filed for one ward who passed away in October 2003. Due to litigation involving the estate, the estate was not ready to be finally settled until March 2007. An interim settlement was filed in March 2007, indicating the remaining assets of the estate totaled approximately $37,000. A judicial order was entered at that time to disburse the remaining assets of the estate, close the estate's bank accounts, and to close the estate after the filing of the final documents and reports. Although the assets were distributed and the bank accounts closed, the final settlement was not filed and the case remained open. After we asked about this case remaining open almost 7 years after the last activity, the court administratively closed the case in March 2014, even though a final settlement was never filed by the Public Administrator.

Court and Public Administrator records indicate the Public Administrator is responsible for at least six other cases in which the ward is deceased. These cases should all be reviewed to determine if the case is active or should be closed.

Recommendations

The Public Administrator:

1.1 Support disbursements with adequate documentation, monitor financial activity to ensure sufficient funds are available for disbursements to avoid unnecessary bank charges, and make rent payments timely.

1.2 Retain adequate documentation for each ward.

1.3 Prepare bank reconciliations on a monthly basis for all accounts.

1.4 File annual settlements timely. The Public Administrator should also ensure annual settlements are complete and accurate. In addition, the Associate Circuit Court, Probate Division should establish procedures to ensure annual settlements filed with the court are submitted timely and review the settlements appropriately.

1.5 Ensure estates pertaining to deceased individuals are closed timely.

Auditee's Response

The Public Administrator provided the following responses:

The current Public Administrator agrees with the recommendations. The current Public Administrator took office in March 2014 and took over the bank accounts of wards on March 25, 2014. Since this date, steps have been taken to implement each recommendation as detailed below.

1.1 This recommendation has been fully implemented.

1.2 Documentation is currently being maintained for the wards under the current Public Administrator's care.

1.3 Monthly bank reconciliations are being prepared for the wards under the current Public Administrator's care.

1.4 The current Public Administrator plans to file complete and accurate annual settlements when they are due.

1.5 These estates were not turned over to the current Public Administrator. The Associate Circuit Judge, Probate Division, is working to ensure the closure of these cases. However, the current Public Administrator is taking action to close out three cases for wards that have passed away since she took office.

The Circuit Clerk provided the following response:

1.4 An additional employee has recently been hired to help with the workload in the Probate Division. The staff in the Probate Division will work with the Public Administrator to identify the dates each settlement is due and will monitor this in the future.

2. Sheriff Controls and Procedures

Procedures related to receipts and deposits need improvement. Sheriff's office personnel do not prepare monthly lists of liabilities to reconcile to the available cash balances.

Sheriff fee receipts totaled approximately $187,000 and inmate commissary receipts totaled approximately $60,000 during the year ended December 31, 2013.

2.1 Receipting and depositing

Sheriff's office personnel do not deposit fee receipts intact or timely. A deposit on January 2, 2014, included receipts from December 18 and 19, 2013, which should have been included in an earlier deposit made on December 27, 2013. In addition, checks for inmate commissary accounts are not restrictively endorsed immediately upon receipt.

Failure to implement adequate receipting and depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected. To adequately safeguard receipts and reduce this risk, procedures should ensure all receipts are deposited in a timely manner.

2.2 Liabilities

Sheriff's office personnel do not prepare a monthly list of liabilities to reconcile to the cash balance for the Sheriff's fee account. At our request, a list of liabilities was prepared as of March 31, 2014, which totaled $14,372. The March 31, 2014, reconciled book balance of $14,658 exceeded the list of liabilities by $286. The Sheriff's office was unable to determine to whom the excess funds were owed.

To ensure records are in balance, identify errors timely, and ensure sufficient cash is available for payment of amounts due; liabilities should be identified monthly and reconciled to cash balances. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed. Various statutory provisions address the disposal of unidentified monies.

Similar conditions previously reported

Similar conditions were noted in our prior audit report.

Recommendations

The Sheriff:

2.1 Ensure receipts are deposited intact and timely. In addition, the Sheriff should ensure checks are restrictively endorsed immediately upon receipt.

2.2 Ensure a list of liabilities is prepared monthly and compared to the available cash balance. Differences should be promptly investigated. After sufficient efforts are made to resolve discrepancies, any remaining unidentified monies should be disposed of in accordance with state law.

Auditee's Response

The Sheriff provided the following responses:

2.1 The Sheriff agrees with the recommendation. These errors occurred as the result of staff turnover and temporary staff performing these duties. Staff has been made aware of proper receipting and

depositing procedures and the recommendation has been implemented.

2.2 The Sheriff agrees with the recommendation and has begun preparing a monthly list of liabilities to compare to the cash balance. The Sheriff will work with the County Treasurer to determine the proper disposition of the remaining unidentified monies, in accordance with state law.

3. Prosecuting Attorney Receipt Procedures

The Prosecuting Attorney does not have adequate controls over receipts. During the year ended December 31, 2013, the Prosecuting Attorney's office receipted approximately $149,000 for bad check and court-ordered restitution monies. The Prosecuting Attorney also handles amended tickets, but does not maintain a record of these monies.

The Prosecuting Attorney does not issue receipts for some monies received. Individuals charged with certain moving violations are allowed to plead their case to a non-moving violation in return for paying a higher fine. The Prosecuting Attorney receives these fines and court costs payments and transmits the fines and court costs to the court with the amended ticket. The Prosecuting Attorney does not issue a receipt slip to the individual who submitted the plea, nor does the Prosecuting Attorney obtain a receipt from the court documenting the amount of fines and court costs transmitted. Instead the court issues a receipt slip (typically by mail) directly to the individual who made the payment. As a result, the Prosecuting Attorney has no documentation of the amount received from the defendant or transmitted to the court. In addition, money orders received for bad check and court-ordered restitution are not always restrictively endorsed immediately upon receipt.

Failure to implement adequate receipting and transmitting procedures increases the risk that loss, theft, or misuse of monies received will go undetected. To adequately safeguard receipts and reduce this risk, procedures should ensure receipt slips are written for all monies received and all receipts are restrictively endorsed upon receipt.

Recommendation

The Prosecuting Attorney should issue receipt slips for all monies received and ensure that all receipts are restrictively endorsed upon receipt.

Auditee's Response

The Prosecuting Attorney provided the following response:

The Prosecuting Attorney agrees with the recommendation and has implemented procedures to correct these concerns.

4. Computer Controls

Controls over county computers are not sufficient to prevent unauthorized access by requiring password changes and restricting logon attempts. As a

result, county records are not adequately protected and are susceptible to unauthorized access.

4.1 Password controls

The County Commission has not established adequate password controls to reduce the risk of unauthorized access to computers and data. Passwords are not required to be changed on a periodic basis.

Passwords are required to authenticate access to computers. The security of a computer password is dependent upon keeping passwords confidential. However, since passwords do not have to be periodically changed, there is less assurance passwords are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

4.2 Security controls

Security controls are not in place to lock a computer after a specified number of incorrect logon attempts. Logon attempt controls lock the capability to access a computer after a specified number of consecutive invalid logon attempts and are necessary to prevent unauthorized individuals from continually attempting to logon to a computer by guessing passwords. Without effective security controls, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

Recommendations

The County Commission:

4.1 Require unique passwords for each employee that are confidential and periodically changed to prevent unauthorized access to the county's computers and data.

4.2 Require each county computer to have security controls in place to lock the computer after a specified number of incorrect logon attempts.

Auditee's Response

The County Commission provided the following response:

The county has contacted our computer service provider and is in the process of correcting these issues.

5. Property Tax System

As similarly noted in our prior 2 audit reports, neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector, who processed property tax monies of approximately $15.2 million during the year ended February 28, 2014.

The County Clerk does not maintain an account book or other records summarizing property tax transactions and changes. In addition, no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's annual settlements. As a result, errors and irregularities could go undetected and there is an increased risk of loss, theft, or misuse of property tax monies going undetected.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable to the county treasury. An account book or other records that summarize all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector are accounted for properly and could also be used by the County Clerk and County Commission to verify the County Collector's annual settlements. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

Recommendation

The County Clerk maintain a complete and accurate account book with the County Collector. In addition, the County Clerk and the County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.

Auditee's Response

The County Clerk and County Commission provided the following response:

The County Clerk agrees with the recommendation and now has the ability to obtain reports from the property tax system, which she is using as her account book. The County Clerk is using these reports to ensure the accuracy and completeness of the monthly reports of collections and disbursements submitted by the County Collector and to ensure property tax additions and abatements made by the County Collector were approved by the County Commission. The County Clerk and County Commission will review monthly changes to tax records for accuracy and completeness. The County Clerk plans to use these monthly reports to review the accuracy and completeness of the County Collector's annual settlement.

Andrew County
Organization and Statistical Information

Andrew County is a county-organized, third-class county. The county seat is Savannah.

Andrew County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 66 full-time employees and 19 part-time employees on December 31, 2013.

In addition, county operations include the Senate Bill 40 Board, the Senior Citizen Services Board, and five neighborhood improvement districts.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Larry L. Atkins, Presiding Commissioner	$	29,870
Greg Wall, Associate Commissioner (1)		7,503
John Rotterman, Associate Commissioner (1)		17,151
Darryl Howard, Associate Commissioner		27,870
Rosa Lea Lancey, Recorder of Deeds		41,500
Cyndee Merritt, County Clerk		41,980
Steven Stevenson, Prosecuting Attorney		51,480
Bryan Atkins, Sheriff		46,480
Cindy Esely, County Treasurer		41,980
Douglas Johnson, County Coroner		14,480
Karen Keller, Public Administrator		20,000
Phillip Rogers, County Collector (2), year ended February 28,	46,124	
Ronald Christmas, County Assessor, year ended August 31,		41,980
F. Shane Terhune, County Surveyor (3)		

(1) John Rotterman served until July 2013. Greg Wall was appointed by the Governor in September 2013 to serve until January 2015.
(2) Includes $4,144 of commissions earned for collecting city property taxes.
(3) Compensation on a fee basis.

Financing Arrangements

The county entered into a lease contract with the Andrew County Public Benefit Corporation (ACPBC) in September 2011. The terms of the contract call for the ACPBC to provide funding for the construction of a Sheriff's office and jail facility and for the county to lease the facility from the ACPBC for lease payments equal to the amount due to retire the ACPBC's indebtedness and administrative costs. To fund construction of the facility, the ACPBC obtained two loans from the United States Department of Agriculture totaling $5.9 million in September 2011. Construction was completed in November 2012. The remaining principal outstanding at December 31, 2013, was $5,765,930. Interest remaining to be paid over the life of the agreement totals $5,431,343.

The county has 5 Neighborhood Improvement Districts. The county issued general obligation bonds to finance the projects and levied special assessments on property located in the districts to pay the debt principal and interest. As of December 31, 2013, the bonds had been paid off for 1 of the 5 districts. The remaining principal outstanding for the bonds of the other 4 districts as of December 31, 2013, was $252,000. Interest remaining to be paid over the life of the agreements totals $66,095.

Thomas A. Schweich

Missouri State Auditor

Gasconade County

September 2014

Report No. 2014-081

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Gasconade County

Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney's office lacks procedures to ensure restitution collected by the office for certain court cases is forwarded to the Circuit Clerk's office. The Prosecuting Attorney's office deposited and disbursed a receipt that should have been forwarded to the Circuit Clerk's office and did not notify the Circuit Clerk's office of the receipt causing that office's restitution balance on the case to be inaccurate. As similarly noted in our prior audit report, receipt slips are not issued immediately for some monies received. In addition, the Prosecuting Attorney's office did not always timely deposit receipts.
Sheriff Controls and Procedures	The Sheriff does not review fuel usage logs for reasonableness, and the logs are not used to reconcile to fuel purchased, making it difficult to ensure vehicles are properly utilized, vendors are not paid for improper amounts, and fuel is not stolen or misused.
Public Administrator's Annual Settlements	The Public Administrator does not timely file annual settlements, and 19 of the 23 (83 percent) settlements we reviewed were filed after the due date, including one settlement that was filed approximately 10 months after the due date.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Gasconade County
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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Gasconade County

We have audited certain operations of Gasconade County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, was engaged to audit the financial statements of Gasconade County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Gasconade County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Robyn Vogt, M.Acct., CPA
In-Charge Auditor:	Tina Disney, M.Acct.
Audit Staff:	Erica Schroer, MBA
	Dustin T. Davis

1. Prosecuting Attorney Controls and Procedures

Improvement is needed over accounting controls and procedures in the Prosecuting Attorney's office. The Prosecuting Attorney's office collected bad check restitution and fees and court-ordered restitution totaling approximately $135,000 for the year ended December 31, 2013.

1.1 Restitution

Procedures are not adequate to ensure restitution collected by the Prosecuting Attorney's office for certain court cases is forwarded to the Circuit Clerk's office. Per discussions with both offices, the Circuit Clerk's office should collect restitution on court cases filed prior to 2010, and the Prosecuting Attorney's office should collect restitution on court cases filed in 2010 and after. If payments are made to the Prosecuting Attorney's office in error on court cases filed prior to 2010, these payments are to be forwarded to the Circuit Clerk's office for processing.

Our review of 10 restitution receipts collected by the Prosecuting Attorney's office identified a $220 payment in June 2013, on a case filed prior to 2010. This receipt was deposited and disbursed by the Prosecuting Attorney's office in error, when the receipt should have been forwarded to the Circuit Clerk's office. In addition, the Prosecuting Attorney's office did not notify the Circuit Clerk's office about this payment causing that office's restitution balance on the case to be inaccurate. After we discussed this issue with the Circuit Clerk's office, the restitution balance was corrected.

The Prosecuting Attorney should work with the Circuit Clerk to ensure the proper amounts are collected on restitution court cases, and to ensure all restitution collected by the Prosecuting Attorney's office on court cases filed prior to 2010 is forwarded to the Circuit Clerk's office.

1.2 Receipting and depositing

As similarly noted in our prior audit report, receipt slips are not issued immediately for some monies received. In addition, monies received are not always timely deposited. For example, a $134 receipt was deposited into the Prosecuting Attorney's bank account on November 27, 2013; however, a receipt slip for these monies was not issued until December 3, 2013. Additionally, receipts collected between December 4 and December 9, 2013, totaling $301, were not deposited until December 16, 2013, and receipts collected on December 19 and December 20, 2013, totaling $470, were not deposited until December 31, 2013.

Failure to implement adequate receipting and depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected.

Recommendations

The Prosecuting Attorney:

1.1 Work with the Circuit Clerk's office to ensure restitution amounts are properly recorded and processed. Any restitution collected on court cases filed prior to 2010 should be forwarded to the Circuit Clerk's office for processing.

1.2 Issue receipt slips for all monies received immediately upon receipt, and timely deposit all monies received.

Auditee's Response

The Prosecuting Attorney provided the following responses:

1.1 We will work with the Circuit Clerk's office to ensure all restitution is properly recorded and processed. All restitution on cases prior to 2010 will be closed out by the Circuit Clerk's office.

1.2 For individuals who bring monies to the office, we will issue receipt slips immediately upon receipt. For monies mailed in, we will issue receipt slips within 24 hours. Also, we will ensure monies are deposited at least weekly, if not more often depending on the amount of monies on hand.

2. Sheriff Controls and Procedures

The Sheriff does not review fuel usage logs for reasonableness and the logs are not used to reconcile to fuel purchased. The Sheriff's office spent approximately $66,000 for fuel during the year ended December 31, 2013, for the 24 Sheriff's office vehicles.

Procedures for maintaining and reviewing fuel usage logs and reconciling the information to fuel purchased and related records are necessary to ensure vehicles are properly utilized, prevent paying vendors for improper amounts, and decrease the risk of theft or misuse of fuel occurring without detection. Logs should provide sufficient details to enable the Sheriff to effectively monitor vehicle fuel costs.

Recommendation

The Sheriff establish procedures to maintain adequate records to effectively monitor vehicle and fuel use. In addition, fuel use should be reconciled to fuel purchases, and any significant discrepancies should be investigated.

Auditee's Response

The Sheriff provided the following written response:

Effective June 2014, each deputy now keeps a fuel record (log) and turns this log into the Sheriff's office every 28 days. The Sheriff can now total the number of gallons used each 28 day period and compare it to the fuel bills received from our supplier. (The supplier fills the bulk fuel tank every 10 days at the Sheriff's office sub-station.) Any fuel charged on a credit card is kept track of separately by gallons used. The Sheriff's office is also looking

into installing a camera to monitor all vehicles that use the gas pump at our sub-station, providing it is cost effective.

3. Public Administrator's Annual Settlements

The Public Administrator does not timely file annual settlements. We reviewed settlements filed for 23 of the 41 wards or estates and noted annual and final settlements for 19 of the 23 wards or estates were filed after the Probate Clerk's due date, including one final settlement that was filed approximately 10 months after the due date. The Probate Clerk sends a past due notice to the Public Administrator after a settlement is a month past due. Despite this procedure, settlements have been filed late.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate. Timely settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that loss, theft, or misuse of funds will go undetected.

Recommendation

The Public Administrator ensure annual settlements are filed timely.

Auditee's Response

The Public Administrator provided the following written response:

Though the findings of the auditors are true, I have found that meeting the physical needs of the individuals I serve must be a priority. Both the paperwork and the individual are important. These people (35+) that Gasconade County serves are often without friends or family. I find that the responsibilities of caring for them consumes some of the time necessary for making reports. The County Commissioners have allowed this office to have part-time assistance. We hope that working together we will be able to catch up the annual reports and provide them in a timely manner without sacrificing the personal needs of the wards entrusted to my care.

Gasconade County
Organization and Statistical Information

Gasconade County is a county-organized, third-class county. The county seat is Hermann.

Gasconade County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 49 full-time employees and 14 part-time employees on December 31, 2013.

In addition, county operations include the Senate Bill 40 Board and the Community Mental Health Services Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Nicholas H. Baxter, Presiding Commissioner	$	29,390
Larry Miskel, Associate Commissioner		27,390
Jerry D. Lairmore, Associate Commissioner		27,390
Joyce Gabathuler, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Lesa Lietzow, County Clerk		41,500
Ada Brehe-Kreuger, Prosecuting Attorney		51,000
Randy Esphorst, Sheriff		46,000
Joey R. Gross, County Treasurer		41,500
Benjamin D. Grosse, County Coroner		14,000
Fay Owsley, Public Administrator		25,000
Shawn Schlottach, County Collector (2), year ended February 28,	51,714	
Joseph M. Mundwiller, County Assessor, year ended August 31,		41,500
Paul Dopuch, County Surveyor (3)		3,000

(1) Compensation is paid by the state.
(2) Includes $10,214 of commissions earned for collecting city property taxes.
(3) Compensation on a fee basis.

Financing Arrangements

The county has entered into a lease-purchase agreement for vehicles for the Sheriff's office. Principal and interest payments are made from the Sheriff's

Law Enforcement Civil Fee Fund. The final payment for the lease-purchase is scheduled to occur in 2016. The remaining principal outstanding at December 31, 2013, was $42,999. Interest remaining to be paid over the life of the agreement totals $3,442.

The county has entered into a lease-purchase agreement for vehicles for the Sheriff's office. Principal and interest payments are made from the General Revenue Fund. The final payment for the lease-purchase is scheduled to occur in 2014. The remaining principal outstanding at December 31, 2013, was $18,727. Interest remaining to be paid over the life of the agreement totals $584.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Iron County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Iron County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-082

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

THE COUNTY OF IRON
IRONTON, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013 AND 2012

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IRONTON, MISSOURI
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FINANCIAL SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Iron, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Iron ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2013, and 2012, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note I of the financial statements, the financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2013, and 2012, or changes in financial position or cash flows thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The Senate Bill 40 Board was unable to provide bank reconciliations and some bank statements for their accounts. Because of this, we were unable to determine the book or bank cash balance. Since we were unable to determine the cash balance of the Senate Bill 40 accounts, we used the balances from their budget reports for the years ended December 31, 2013, and December 31, 2012, respectively.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on Regulatory Basis of Accounting paragraph, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the County as of December 31, 2013, and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, on our consideration of the County of Iron's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Iron's internal control over financial reporting and compliance.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 26, 2014

FINANCIAL STATEMENTS

THE COUNTY OF IRON
IRONTON, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

FUND	CASH BALANCES JANUARY 1, 2013	RECEIPTS 2013	DISBURSEMENTS 2013	CASH BALANCES DECEMBER 31, 2013
General Revenue Fund	$ 4,986.27	$ 1,887,496.81	$ 1,849,401.28	$ 43,081.80
Special Road and Bridge Fund	198,089.11	1,218,038.93	1,184,479.25	231,648.79
Assessment Fund	37,142.29	185,662.91	200,451.14	22,354.06
Law Enforcement Training Fund	438.28	1,574.10	1,267.86	744.52
Prosecuting Attorney Training Fund	3,211.75	291.25	890.82	2,612.18
Marriage Fund	1.83	395.75	350.00	47.58
Sheriff's Revolving Fund	11,100.13	12,086.13	9,593.67	13,592.59
Record Preservation Fund	1,526.87	3,209.33	1,877.17	2,859.03
Sheriff's Civil Fund	7,349.27	14,813.64	10,239.74	11,923.17
Tax Maintenance Fund	2,937.09	11,684.38	10,040.20	4,581.27
Audio Fund	-	-	-	-
Recorder's Technical Fund	11,273.26	1,901.21	2,003.84	11,170.63
Election Services Fund	9,021.89	7,167.92	4,519.94	11,669.87
Bad Check Fund	176.98	8,056.93	6,548.65	1,685.26
Sheriff's Special Fund	2,764.91	7,092.29	9,857.20	-
Law Enforcement Restitution Fund	26,538.95	25,900.86	26,289.07	26,150.74
Hospital Lease Fund	26,025.54	150,012.58	175,000.00	1,038.12
Hospital Sales Tax Fund	342.83	49.08	391.91	-
Grants Fund	-	1,697.33	1,697.33	-
Deputy Sheriff Salary Fund	-	5,340.00	5,340.00	-
Inmate Security Fund	150.22	8,767.33	5,024.97	3,892.58
Special Election Fund	2,000.00	30,821.85	29,027.80	3,794.05
Senate Bill 40 Fund	469,731.01	311,207.22	103,202.17	677,736.06
Total	$ 814,808.48	$ 3,893,267.83	$ 3,637,494.01	$ 1,070,582.30

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF IRON
IRONTON, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

FUND	CASH BALANCES January 1, 2012	RECEIPTS 2012	DISBURSEMENTS 2012	CASH BALANCES December 31, 2012
General Revenue Fund	$ 29,754.01	$ 1,671,769.74	$ 1,696,537.48	$ 4,986.27
Special Road and Bridge Fund	284,222.65	1,228,784.81	1,314,918.35	198,089.11
Assessment Fund	38,009.64	177,046.12	177,913.47	37,142.29
Law Enforcement Training Fund	33.65	1,502.34	1,097.71	438.28
Prosecuting Attorney Training Fund	4,368.45	343.30	1,500.00	3,211.75
Marriage Fund	319.08	382.75	700.00	1.83
Sheriff's Revolving Fund	6,338.56	6,482.32	1,720.75	11,100.13
Record Preservation Fund	597.83	3,760.69	2,831.65	1,526.87
Sheriff's Civil Fund	14,516.27	15,596.60	22,763.60	7,349.27
Tax Maintenance Fund	2,401.06	12,151.42	11,615.39	2,937.09
Audio Fund	366.51	77.33	443.84	-
Recorder's Technical Fund	12,783.16	2,324.78	3,834.68	11,273.26
Election Services Fund	11,244.89	5,191.22	7,414.22	9,021.89
Bad Check Fund	6,485.09	6,816.96	13,125.07	176.98
Sheriff's Special Fund	2,373.38	8,132.06	7,740.53	2,764.91
Law Enforcement Restitution Fund	25,579.18	31,069.49	30,109.72	26,538.95
Hospital Lease Fund	1,003.23	325,022.31	300,000.00	26,025.54
Hospital Sales Tax Fund	239.02	103.81	-	342.83
Grants Fund	23.00	1,019.86	1,042.86	-
Deputy Sheriff Salary Fund	-	5,830.00	5,830.00	-
Inmate Security Fund	222.13	628.09	700.00	150.22
Special Election Fund	2,000.00	33,266.84	33,266.84	2,000.00
Senate Bill 40 Fund	411,740.51	186,354.22	128,363.72	469,731.01
Total	$ 854,621.30	$ 3,723,657.06	$ 3,763,469.88	$ 814,808.48

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF IRON
IRONTON, MISSOURI
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YEARS ENDED DECEMBER 31, 2013 AND 2012

	GENERAL REVENUE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 589,000.00	$ 603,188.00	$ 584,000.00	$ 587,346.19
Sales Taxes	340,000.00	361,347.95	350,000.00	339,821.19
Intergovernmental	305,401.00	340,777.51	270,729.00	270,021.09
Charges for Services	266,000.00	248,449.48	275,525.00	265,936.78
Interest Income	800.00	833.87	1,000.00	693.37
Other	367,900.00	267,900.00	230,463.00	127,951.12
Transfers In	65,000.00	65,000.00	80,000.00	80,000.00
TOTAL RECEIPTS	1,934,101.00	1,887,496.81	1,791,717.00	1,671,769.74
DISBURSEMENTS				
County Commission	81,200.00	81,200.04	83,300.00	82,565.46
County Clerk	87,496.00	85,620.91	87,197.00	86,629.59
Elections	4,300.00	1,569.45	36,060.00	30,989.68
Buildings and Grounds	94,400.00	93,070.56	83,000.00	77,944.59
Employee Fringe Benefits	192,676.00	168,892.13	196,415.00	161,087.61
County Treasurer	41,000.00	40,798.60	41,100.00	41,095.41
Collector	71,360.00	71,100.36	71,773.00	71,596.23
Recorder of Deeds	48,000.00	47,346.30	46,200.00	46,049.36
Circuit Clerk	13,100.00	11,683.62	10,200.00	8,376.34
Court Administration	11,420.00	9,166.86	11,265.00	9,393.55
Public Administrator	43,700.00	42,472.69	43,700.00	43,477.37
Sheriff	401,954.00	401,601.59	360,919.00	360,842.49
Jail	164,550.00	164,537.85	149,400.00	145,258.00
Prosecuting Attorney	100,686.00	96,303.25	97,266.00	97,214.23
Juvenile Officer	35,604.00	35,604.00	31,696.00	31,696.00
Coroner	12,394.00	12,307.64	12,994.00	12,818.12
Other	477,551.00	473,724.43	386,701.00	380,145.45
Transfers Out	12,401.00	12,401.00	9,358.00	9,358.00
Emergency Fund	30,000.00	-	30,000.00	-
TOTAL DISBURSEMENTS	1,923,792.00	1,849,401.28	1,788,544.00	1,696,537.48
RECEIPTS OVER (UNDER) DISBURSEMENTS	10,309.00	38,095.53	3,173.00	(24,767.74)
CASH BALANCES JANUARY 1	4,986.27	4,986.27	29,754.01	29,754.01
CASH BALANCES DECEMBER 31	$ 15,295.27	$ 43,081.80	$ 32,927.01	$ 4,986.27

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THE COUNTY OF IRON
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YEARS ENDED DECEMBER 31, 2013 AND 2012

	SPECIAL ROAD AND BRIDGE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ 533,000.00	$ 537,021.86	$ 522,000.00	$ 533,115.58
Intergovernmental	505,200.00	541,513.25	508,200.00	520,170.17
Charges for Services	-	-	-	-
Interest Income	3,000.00	2,183.53	4,000.00	3,007.79
Other	437,000.00	137,320.29	416,000.00	172,491.27
Transfers In	-	-	-	-
TOTAL RECEIPTS	1,478,200.00	1,218,038.93	1,450,200.00	1,228,784.81
DISBURSEMENTS				
Salaries	390,000.00	364,988.36	385,000.00	356,654.94
Employee Fringe Benefits	175,000.00	128,681.49	149,000.00	130,052.70
Materials and Supplies	171,000.00	160,582.96	158,750.00	170,278.59
Insurance	23,000.00	20,549.00	23,000.00	17,641.00
Road and Bridge Materials	225,000.00	216,725.69	250,000.00	245,439.15
Equipment Repairs	112,000.00	87,997.64	112,000.00	125,251.79
Equipment Rental	500.00	-	500.00	375.68
Equipment Purchases	26,000.00	47,032.94	138,000.00	132,148.61
Services and Other	-	-	-	-
Debt Service	-	-	-	-
Construction	370,000.00	37,350.88	370,000.00	4,244.42
Other	63,450.00	55,570.29	63,750.00	52,831.47
Transfers Out	65,000.00	65,000.00	80,000.00	80,000.00
TOTAL DISBURSEMENTS	1,620,950.00	1,184,479.25	1,730,000.00	1,314,918.35
RECEIPTS OVER (UNDER) DISBURSEMENTS	(142,750.00)	33,559.68	(279,800.00)	(86,133.54)
CASH BALANCES JANUARY 1	198,089.11	198,089.11	284,222.65	284,222.65
CASH BALANCES DECEMBER 31	$ 55,339.11	$ 231,648.79	$ 4,422.65	$ 198,089.11

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YEARS ENDED DECEMBER 31, 2013 AND 2012

	ASSESSMENT FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	169,065.00	170,978.07	157,915.00	165,012.37
Interest Income	1,500.00	312.34	1,500.00	398.75
Other	2,500.00	1,971.50	-	2,277.00
Transfers In	12,401.00	12,401.00	9,358.00	9,358.00
TOTAL RECEIPTS	185,466.00	185,662.91	168,773.00	177,046.12
DISBURSEMENTS				
Assessor	220,689.00	200,451.14	186,053.00	177,913.47
TOTAL DISBURSEMENTS	220,689.00	200,451.14	186,053.00	177,913.47
RECEIPTS OVER (UNDER) DISBURSEMENTS	(35,223.00)	(14,788.23)	(17,280.00)	(867.35)
CASH BALANCES JANUARY 1	37,142.29	37,142.29	38,009.64	38,009.64
CASH BALANCES DECEMBER 31	$ 1,919.29	$ 22,354.06	$ 20,729.64	$ 37,142.29

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THE COUNTY OF IRON
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YEARS ENDED DECEMBER 31, 2013 AND 2012

	LAW ENFORCEMENT TRAINING FUND				PROSECUTING ATTORNEY TRAINING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Other	1,600.00	1,570.87	2,000.00	1,500.71	400.00	276.22	400.00	319.04
Interest Income	-	3.23	-	1.63	100.00	15.03	100.00	24.26
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	1,600.00	1,574.10	2,000.00	1,502.34	500.00	291.25	500.00	343.30
DISBURSEMENTS								
Training	2,000.00	1,267.86	2,000.00	1,097.71	1,000.00	890.82	1,500.00	1,500.00
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	2,000.00	1,267.86	2,000.00	1,097.71	1,000.00	890.82	1,500.00	1,500.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(400.00)	306.24	-	404.63	(500.00)	(599.57)	(1,000.00)	(1,156.70)
CASH BALANCES JANUARY 1	438.28	438.28	33.65	33.65	3,211.75	3,211.75	4,368.45	4,368.45
CASH BALANCES DECEMBER 31	$ 38.28	$ 744.52	$ 33.65	$ 438.28	$ 2,711.75	$ 2,612.18	$ 3,368.45	$ 3,211.75

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THE COUNTY OF IRON
IRONTON, MISSOURI
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YEARS ENDED DECEMBER 31, 2013 AND 2012

	MARRIAGE FUND				SHERIFF'S REVOLVING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	12,036.00	12,025.00	5,000.00	6,432.00
Interest Income	-	0.75	-	2.75	50.00	61.13	50.00	50.32
Other	800.00	395.00	500.00	380.00	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	800.00	395.75	500.00	382.75	12,086.00	12,086.13	5,050.00	6,482.32
DISBURSEMENTS								
Equipment	-	-	-	-	23,086.00	9,593.67	8,000.00	1,720.75
Marriage Licenses	800.00	350.00	800.00	700.00	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	800.00	350.00	800.00	700.00	23,086.00	9,593.67	8,000.00	1,720.75
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	45.75	(300.00)	(317.25)	(11,000.00)	2,492.46	(2,950.00)	4,761.57
CASH BALANCES JANUARY 1	1.83	1.83	319.08	319.08	11,100.13	11,100.13	6,338.56	6,338.56
CASH BALANCES DECEMBER 31	$ 1.83	$ 47.58	$ 19.08	$ 1.83	$ 100.13	$ 13,592.59	$ 3,388.56	$ 11,100.13

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THE COUNTY OF IRON
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	RECORD PRESERVATION FUND				SHERIFF'S CIVIL FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	3,400.00	3,199.17	4,500.00	3,754.00	14,000.00	14,770.26	14,000.00	15,505.68
Interest Income	-	10.16	-	6.69	-	43.38	-	90.92
Fees	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	3,400.00	3,209.33	4,500.00	3,760.69	14,000.00	14,813.64	14,000.00	15,596.60
DISBURSEMENTS								
Equipment	3,396.00	1,877.17	4,000.00	2,831.65	-	-	-	-
Sheriff Expenses	-	-	-	-	21,000.00	10,239.74	26,000.00	22,763.60
Other Expenses	1,000.00	-	1,000.00	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	4,396.00	1,877.17	5,000.00	2,831.65	21,000.00	10,239.74	26,000.00	22,763.60
RECEIPTS OVER (UNDER) DISBURSEMENTS	(996.00)	1,332.16	(500.00)	929.04	(7,000.00)	4,573.90	(12,000.00)	(7,167.00)
CASH BALANCES JANUARY 1	1,526.87	1,526.87	597.83	597.83	7,349.27	7,349.27	14,516.27	14,516.27
CASH BALANCES DECEMBER 31	$ 530.87	$ 2,859.03	$ 97.83	$ 1,526.87	$ 349.27	$ 11,923.17	$ 2,516.27	$ 7,349.27

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THE COUNTY OF IRON
IRONTON, MISSOURI
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YEARS ENDED DECEMBER 31, 2013 AND 2012

	TAX MAINTENANCE FUND				AUDIO FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	11,000.00	11,684.38	10,000.00	12,151.42	-	-	1,200.00	75.00
Interest Income	-	-	-	-	-	-	-	2.33
Fees	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	11,000.00	11,684.38	10,000.00	12,151.42	-	-	1,200.00	77.33
DISBURSEMENTS								
Office Expenses	8,130.00	10,040.20	8,400.00	11,615.39	-	-	1,500.00	443.84
Engineering Fees	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	8,130.00	10,040.20	8,400.00	11,615.39	-	-	1,500.00	443.84
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,870.00	1,644.18	1,600.00	536.03	-	-	(300.00)	(366.51)
CASH BALANCES JANUARY 1	2,937.09	2,937.09	2,401.06	2,401.06	-	-	366.51	366.51
CASH BALANCES DECEMBER 31	$ 5,807.09	$ 4,581.27	$ 4,001.06	$ 2,937.09	$ -	$ -	$ 66.51	$ -

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	RECORDER'S TECHNICAL FUND				ELECTION SERVICES FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	2,611.00	-	-
Charges for Services	1,400.00	1,845.00	2,000.00	2,251.25	6,000.00	4,494.22	6,800.00	1,378.10
Interest Income	100.00	56.21	100.00	73.53	-	62.70	-	45.14
Fees	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	3,767.98
TOTAL RECEIPTS	1,500.00	1,901.21	2,100.00	2,324.78	6,000.00	7,167.92	6,800.00	5,191.22
DISBURSEMENTS								
Supplies	8,000.00	2,003.84	10,000.00	3,834.68	12,000.00	4,519.94	9,000.00	7,414.22
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	8,000.00	2,003.84	10,000.00	3,834.68	12,000.00	4,519.94	9,000.00	7,414.22
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,500.00)	(102.63)	(7,900.00)	(1,509.90)	(6,000.00)	2,647.98	(2,200.00)	(2,223.00)
CASH BALANCES JANUARY 1	11,273.26	11,273.26	12,783.16	12,783.16	9,021.89	9,021.89	11,244.89	11,244.89
CASH BALANCES DECEMBER 31	$ 4,773.26	$ 11,170.63	$ 4,883.16	$ 11,273.26	$ 3,021.89	$ 11,669.87	$ 9,044.89	$ 9,021.89

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THE COUNTY OF IRON
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	BAD CHECK FUND				SHERIFF'S SPECIAL FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	8,400.00	8,048.00	16,000.00	6,784.52	-	-	-	-
Other	-	-	-	-	10,000.00	7,081.84	20,000.00	8,120.44
Interest Income	-	8.93	100.00	32.44	15.00	10.45	50.00	11.62
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	8,400.00	8,056.93	16,100.00	6,816.96	10,015.00	7,092.29	20,050.00	8,132.06
DISBURSEMENTS								
Sheriff Expenses	-	-	-	-	12,000.00	9,857.20	22,000.00	7,740.53
Bad Check Expenses	8,508.00	6,548.65	20,000.00	13,125.07	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	8,508.00	6,548.65	20,000.00	13,125.07	12,000.00	9,857.20	22,000.00	7,740.53
RECEIPTS OVER (UNDER) DISBURSEMENTS	(108.00)	1,508.28	(3,900.00)	(6,308.11)	(1,985.00)	(2,764.91)	(1,950.00)	391.53
CASH BALANCES JANUARY 1	176.98	176.98	6,485.09	6,485.09	2,764.91	2,764.91	2,373.38	2,373.38
CASH BALANCES DECEMBER 31	$ 68.98	$ 1,685.26	$ 2,585.09	$ 176.98	$ 779.91	$ -	$ 423.38	$ 2,764.91

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	LAW ENFORCEMENT RESTITUTION FUND				HOSPITAL LEASE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	300,000.00	150,000.00	300,000.00	325,000.00
Other	31,000.00	25,784.50	30,000.00	30,898.75	-	-	-	-
Interest Income	200.00	116.36	100.00	170.74	-	12.58	-	22.31
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	31,200.00	25,900.86	30,100.00	31,069.49	300,000.00	150,012.58	300,000.00	325,022.31
DISBURSEMENTS								
Hospital Lease	-	-	-	-	300,000.00	175,000.00	300,000.00	300,000.00
Law Enforcement Expenses	53,000.00	26,289.07	50,000.00	30,109.72	-	-	-	-
TOTAL DISBURSEMENTS	53,000.00	26,289.07	50,000.00	30,109.72	300,000.00	175,000.00	300,000.00	300,000.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,800.00)	(388.21)	(19,900.00)	959.77	-	(24,987.42)	-	25,022.31
CASH BALANCES JANUARY 1	26,538.95	26,538.95	25,579.18	25,579.18	26,025.54	26,025.54	1,003.23	1,003.23
CASH BALANCES DECEMBER 31	$ 4,738.95	$ 26,150.74	$ 5,679.18	$ 26,538.95	$ 26,025.54	$ 1,038.12	$ 1,003.23	$ 26,025.54

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF IRON
IRONTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	HOSPITAL SALES TAX FUND				GRANTS FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	Actual	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	1,697.33	3,000.00	1,019.86
Interest Income	-	0.65	-	0.84	-	-	-	-
Other	100.00	48.43	-	102.97	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	100.00	49.08	-	103.81	-	1,697.33	3,000.00	1,019.86
DISBURSEMENTS								
Grant Expenses	-	-	-	-	-	1,697.33	3,023.00	1,042.86
Hospital Sales Tax Expenses	442.00	391.91	239.00	-	-	-	-	-
TOTAL DISBURSEMENTS	442.00	391.91	239.00	-	-	1,697.33	3,023.00	1,042.86
RECEIPTS OVER (UNDER) DISBURSEMENTS	(342.00)	(342.83)	(239.00)	103.81	-	-	(23.00)	(23.00)
CASH BALANCES JANUARY 1	342.83	342.83	239.02	239.02	-	-	23.00	23.00
CASH BALANCES DECEMBER 31	$ 0.83	$ -	$ 0.02	$ 342.83	$ -	$ -	$ -	$ -

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF IRON
IRONTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	DEPUTY SHERIFF SALARY FUND				INMATE SECURITY FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	Actual	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	8,000.00	5,340.00	8,000.00	5,830.00	8,706.00	8,760.34	1,200.00	626.00
Interest Income	-	-	-	-	-	6.99	-	2.09
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	8,000.00	5,340.00	8,000.00	5,830.00	8,706.00	8,767.33	1,200.00	628.09
DISBURSEMENTS								
Inmate Security	-	-	-	-	8,856.00	5,024.97	1,200.00	700.00
Salaries	8,000.00	5,340.00	8,000.00	5,830.00	-	-	-	-
TOTAL DISBURSEMENTS	8,000.00	5,340.00	8,000.00	5,830.00	8,856.00	5,024.97	1,200.00	700.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	(150.00)	3,742.36	-	(71.91)
CASH BALANCES JANUARY 1	-	-	-	-	150.22	150.22	222.13	222.13
CASH BALANCES DECEMBER 31	$ -	$ -	$ -	$ -	$ 0.22	$ 3,892.58	$ 222.13	$ 150.22

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF IRON
IRONTON, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	SPECIAL ELECTION FUND				SENATE BILL 40 FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	Actual	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	$ -	$ -	$ -	$ -	$163,000.00	$311,207.22	$150,000.00	$186,354.22
Charges for Services	-	30,806.71	-	33,266.84	-	-	-	-
Interest Income	-	15.14	-	-	3,000.00	-	5,000.00	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	-	30,821.85	-	33,266.84	166,000.00	311,207.22	155,000.00	186,354.22
DISBURSEMENTS								
Senate Bill 40	-	-	-	-	187,183.61	103,202.17	154,567.00	128,363.72
Election Expenses	-	29,027.80	-	29,498.86	-	-	-	-
Transfers Out	-	-	-	3,767.98	-	-	-	-
TOTAL DISBURSEMENTS	-	29,027.80	-	33,266.84	187,183.61	103,202.17	154,567.00	128,363.72
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	1,794.05	-	-	(21,183.61)	208,005.05	433.00	57,990.50
CASH BALANCES JANUARY 1	2,000.00	2,000.00	2,000.00	2,000.00	469,731.01	469,731.01	411,740.51	411,740.51
CASH BALANCES DECEMBER 31	$ 2,000.00	$ 3,794.05	$ 2,000.00	$ 2,000.00	$448,547.40	$677,736.06	$412,173.51	$469,731.01

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF IRON
IRONTON, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2013

	COLLECTOR ACCOUNTS	RECORDER OF DEEDS	SHERIFF ACCOUNTS	LAW LIBRARY	PROSECUTING ATTORNEY DELINQUENT	SCHOOLS FUND
ASSETS						
Cash and Cash Equivalents	$ 7,821,859.77	$ 4,165.30	$ 1,203,943.90	$ 16,391.97	$ 686.31	$ 77,916.32
TOTAL ASSETS	7,821,859.77	4,165.30	1,203,943.90	16,391.97	686.31	77,916.32
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	7,821,859.77	4,165.30	1,203,943.90	16,391.97	686.31	77,916.32
TOTAL LIABILITIES AND FUND BALANCES	$ 7,821,859.77	$ 4,165.30	$ 1,203,943.90	$ 16,391.97	$ 686.31	$ 77,916.32

	SHELTERED WORKSHOP	AMBULANCE	LIBRARY	HEALTH	R2 ARCADIA VALLEY	IRONTON CITY
ASSETS						
Cash and Cash Equivalents	$ 13.10	$ 13.47	$ 13.10	$ 13.10	$ 521.65	$ 102.96
TOTAL ASSETS	13.10	13.47	13.10	13.10	521.65	102.96
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	13.10	13.47	13.10	13.10	521.65	102.96
TOTAL LIABILITIES AND FUND BALANCES	$ 13.10	$ 13.47	$ 13.10	$ 13.10	$ 521.65	$ 102.96

	CEMETERY FUND	UNCLAIMED FEES FUND	SURPLUS TAX FUND	TOTAL AGENCY FUNDS
ASSETS				
Cash and Cash Equivalents	$ 1,690.42	$ 224.84	$ 92,596.08	$ 9,220,152.29
TOTAL ASSETS	1,690.42	224.84	92,596.08	9,220,152.29
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	1,690.42	224.84	92,596.08	9,220,152.29
TOTAL LIABILITIES AND FUND BALANCES	$ 1,690.42	$ 224.84	$ 92,596.08	$ 9,220,152.29

The accompanying notes to the financial statements are an integral part of this financial statement.

THE COUNTY OF IRON
IRONTON, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2012

	COLLECTOR ACCOUNTS	RECORDER OF DEEDS	SHERIFF ACCOUNTS	LAW LIBRARY	PROSECUTING ATTORNEY DELINQUENT	SCHOOLS FUND
ASSETS						
Cash and Cash Equivalents	$ 7,053,855.92	$ 5,008.30	$ 3,301.81	$ 18,549.94	$ 682.96	$ 52,147.60
TOTAL ASSETS	7,053,855.92	5,008.30	3,301.81	18,549.94	682.96	52,147.60
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	7,053,855.92	5,008.30	3,301.81	18,549.94	682.96	52,147.60
TOTAL LIABILITIES AND FUND BALANCES	$ 7,053,855.92	$ 5,008.30	$ 3,301.81	$ 18,549.94	$ 682.96	$ 52,147.60

	SHELTERED WORKSHOP	AMBULANCE	LIBRARY	HEALTH	R2 ARCADIA VALLEY	IRONTON CITY
ASSETS						
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL ASSETS	-	-	-	-	-	-
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ -	$ -	$ -	$ -	$ -

	CEMETERY FUND	UNCLAIMED FEES FUND	SURPLUS TAX FUND	TOTAL AGENCY FUNDS
ASSETS				
Cash and Cash Equivalents	$ 1,519.88	$ 224.33	$ 54,754.04	$ 7,190,044.78
TOTAL ASSETS	1,519.88	224.33	54,754.04	7,190,044.78
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	1,519.88	224.33	54,754.04	7,190,044.78
TOTAL LIABILITIES AND FUND BALANCES	$ 1,519.88	$ 224.33	$ 54,754.04	$ 7,190,044.78

The accompanying notes to the financial statements are an integral part of this financial statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Iron, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1857 by an Act of the Missouri Territory. In addition to the three Commissioners, there are ten elected Constitutional Officers: County Clerk, Collector, Treasurer, Sheriff, Assessor, Coroner, Circuit Clerk, Recorder of Deeds, Public Administrator and Prosecuting Attorney.

As discussed further in Note I, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of the County.

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, transportation, economic development, and social and recreation services.

The financial statements referred to above include only the primary government of the County of Iron, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri law, which include a Statement of Receipts, Disbursements and Changes in Cash and Investment Balances – All Governmental Funds, a Comparative Statement of Receipts and Disbursements – Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following fund types are used by the County:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

Fiduciary Fund Types

Agency – Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds or other governmental units. Agency funds are accounted for and reported similarly to the governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector of Revenue and other officeholders.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

As a result of using this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.

2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets.

4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.

6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

   Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

7. Budgets are prepared and adopted on the cash basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

E. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar years 2013 and 2012, for purposes of taxation was:

	2013	2012
Real Estate	$ 140,413,480	$ 124,904,210
Personal Property	34,469,480	31,268,720
Railroad and Utilities	36,670,950	33,958,882
	$ 211,553,910	$ 190,131,812

The County Commission approved a $0.3623 and $0.3849 tax levy per $100 of assessed valuation of tangible taxable property for the calendar years 2013 and 2012, for purpose of County taxation, as follows:

	2013	2012
General Revenue Fund	$ .2777	$ .2950
Senate Bill 40 Fund	.0846	.0899
	$ .3623	$ .3849

F. Cash

The County pools cash resources of various funds in the County Treasurer's office in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. Some county offices also hold cash in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements. Details of these cash balances are presented in Note II.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are eliminated due to reporting the financial statements on the regulatory basis of accounting.

Legally required transfers are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

II. CASH

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash" under each fund's caption.

Deposits with maturities greater than three months are considered investments. In addition, cash is separately held by several of the County's funds.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013, and 2012, the carrying amounts of the County's deposits were $1,070,582.30 and $814,808.48, and the bank balances were $4,270,719.25 and $2,565,834.73, respectively. As of December 31, 2013, and 2012, the County's deposits were properly pledged by FDIC insurance and pledged securities.

SUMMARY OF CARRYING VALUES

Carrying values of deposits shown above are included in the financial statements at December 31, 2013, as follows:

Included in the following fund financial statement captions:	
Statements of Receipts, Disbursements and Changes in Cash – Governmental Funds:	
Deposits	$ 1,070,582.30
Total Governmental Funds	1,070,582.30
Statement of Assets and Liabilities Arising From Cash Transactions – Agency Funds:	
Deposits	9,220,152.29
Total Agency Funds	9,220,152.29
Total Deposits as of December 31, 2013	$ 10,290,734.59

The carrying values of deposits at December 31, 2012, are as follows:

Included in the following fund financial statement captions:	
Statements of Receipts, Disbursements and Changes in Cash – Governmental Funds:	
Deposits	$ 814,808.48
Total Governmental Funds	814,808.48
Statement of Assets and Liabilities Arising From Cash Transactions – Agency Funds:	
Deposits	7,190,044.78
Total Agency Funds	7,190,044.78
Total Deposits as of December 31, 2012	$ 8,004,853.26

II. CASH (concluded)

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013, and 2012.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments. All investments, evidenced by individual securities, are registered in the name of the County or of a type not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's investments were not exposed to concentration of investment credit risk for the years ended December 31, 2013, and 2012.

III. CAPITAL LEASES

In 2010, the County entered into a capital lease agreement with Caterpillar Financial Services for a Backhoe and a Loader for $208,201. The lease expires April 23, 2015, with a nominal annual rate of 4.150%. Combined interest and principal payments are paid annually in the amount of $46,964.47.

In 2013, the County entered into a capital lease agreement with John Deere for two MotorGraders for $250,168. The lease expires January 2019 with a nominal annual rate of 1.884%. Combined interest and principal payments are paid annually in the amount of $52,949.92.

III. CAPITAL LEASES (continued)

In 2013, the County entered into a capital lease agreement with Diversified Lending Inc. for accounting software for $39,738. The lease expires February 2016 with an interest rate of 6.316%. Combined interest and principal payments are paid annually in the amount of $10,704.79.

The schedule of debt payments for capital leases are as follows:

2013

	Balance at December 31, 2012	Amount Borrowed	Amount Repaid	Balance at December 31, 2013	Interest Paid During Year
Backhoe and Loader	$ 129,962.30	$ -	$ 41,571.04	$ 88,391.26	$ 5,393.43
2 MotorGraders	-	250,168.00	-	250,168.00	-
Accounting Software	-	39,738.00	10,016.26	29,721.74	983.74
Totals	$ 129,962.30	$ 289,906.00	$ 51,587.30	$ 368,281.00	$ 6,377.17

2012

	Balance at December 31, 2011	Amount Borrowed	Amount Repaid	Balance at December 31, 2012	Interest Paid During Year
Backhoe and Loader	$ 169,876.87	$ -	$ 39,914.57	$ 129,962.30	$ 7,049.90
Totals	$ 169,876.87	$ -	$ 39,914.57	$ 129,962.30	$ 7,049.90

The schedule of future payments of capital leases of the County as of December 31, 2013, is as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2014	$ 53,529.21	$ 4,160.05	$ 57,689.26
2015	102,595.57	8,025.61	110,621.18
2016	59,159.44	4,495.27	63,654.71
2017	50,041.69	2,908.23	52,949.92
2018	50,992.90	1,957.02	52,949.92
2019	51,962.19	987.73	52,949.92
TOTALS	$ 368,281.00	$ 22,533.91	$ 390,814.91

III. CAPITAL LEASES (concluded)

The schedule of future payments of capital leases of the County as of December 31, 2012, is as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2013	$ 41,571.04	$ 5,393.43	$ 46,964.47
2014	43,296.23	3,668.24	46,964.47
2015	45,095.03	1,871.44	46,966.47
TOTALS	$ 129,962.30	$ 10,933.11	$ 140,895.41

IV. LONG-TERM DEBT

In 2007, the County entered into an U.S. Department of Agriculture Rural Development loan with the USDA to finance the design, acquisition, and construction costs of a hospital building to be used by the County and the County Hospital Board with an original principal amount of $7,000,000. The interest rate on these loans was 4.125%. The building and the accompanying debt were released to the Hospital Board, making this loan paid in full.

In 2007, the County entered into an U.S. Department of Agriculture Rural Development loan with the USDA to finance the design, acquisition, and construction costs of a hospital building to be used by the County and the County Hospital Board with an original principal amount of $500,000. The interest rate on these loans was 4.125%. The building and the accompanying debt were released to the Hospital Board, making this loan paid in full.

Line of Credit – This line of credit can be used for whatever purpose the County sees fit. Currently, the line of credit is used to fund a portion of the General Revenue Fund expenditures until the tax revenue is received in the following January. The Line of Credit matures annually, but the line is renewed each year. The interest rate is variable according to the prime rate published in the Wall Street Journal. There is no future payment schedule required for this debt.

V. OPERATING LEASES

In 2013, the County Recorder entered into an operating lease agreement with General Electric Capital Corporation for the use of a copy machine. The term of the lease is 39 months ending March 2016 and consists of monthly payments. Payments of $1,788 were paid to General Electric Capital Corporation by the County during the year ended December 31, 2013.

The future payments of the operating lease as of December 31, 2013, is as follows:

Fiscal Year Ending December 31,	Payment
2014	$ 1,788.00
2015	1,788.00
2016	447.00
TOTAL	$ 4,023.00

VI. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2013, and 2012 are as follows:

	2013		2012	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	$ 65,000.00	$ 12,401.00	$ 80,000.00	$ 9,358.00
Special Road and Bridge Fund	-	65,000.00	-	80,000.00
Assessment Fund	12,401.00	-	9,358.00	-
Election Services Fund	-	-	3,767.98	-
Special Election Fund	-	-	-	3,767.98
TOTAL	$ 77,401.00	$ 77,401.00	$ 93,125.98	$ 93,125.98

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Revenue Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VII. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of 11 members, 9 of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the State of Missouri, except any City not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system. CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member receives upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee.

The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. During 2013 and 2012, the County collected and remitted to CERF, employee contributions of approximately $47,060.34 and $46,024.35, respectively, for the years then ended.

VIII. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed $2,244 and $2,244, respectively, for the years ended December 31, 2013, and 2012.

IX. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

A. Plan Description

Iron County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and governed by statute section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Status

Full-time employees of Iron County contribute 4% of their gross pay to the pension plan. The June 30th statutorily required contribution rates are 0.2% (General) and 0.2% (Police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for 2013 and 2012 were as follows:

	2013	2012
Annual required contribution	$ 2,325	$ 5,255
Interest on net pension obligation	0	0
Adjustment to annual required contribution	0	0
Annual pension cost	2,325	5,255
Actual contributions	2,325	5,255
Increase (decrease) in NPO	0	0
NPO beginning of year	0	0
NPO end of year	$ 0	$ 0

IX. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

For 2013, the annual required contribution (ARC) was determined as part of the February 28, 2011, and February 29, 2012, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011, was 15 years for the General division and 14 years for the Police division. The amortization period as of February 29, 2012, was 15 years for the General division and 16 years for the Police division.

For 2012, the annual required contribution (ARC) was determined as part of the February 28, 2010, and February 28, 2011, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010, was 12 years for the General division and 8 years for the Police division. The amortization period as of February 28, 2011, was 15 years for the General division and 14 years for the Police division.

THREE-YEAR TREND INFORMATION - 2013

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 6,697	100.0%	$ 0
2012	5,255	100.0	0
2013	2,325	100.0	0

IX. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (concluded)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (concluded)

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
02/28/2011	$ 2,329,787	$ 1,748,576	$ (581,211)	133%	$ 999,229	
02/29/2012	2,291,672	1,611,016	(680,656)	142	1,131,050	
02/28/2013	2,542,090	1,738,280	(803,810)	146	1,117,019	

THREE-YEAR TREND INFORMATION - 2012

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$ 5,975	100.0%	$ 0
2011	6,697	100.0	0
2012	5,255	100.0	0

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
02/28/2010	$ 2,652,221	$ 2,140,412	$ (511,809)	124%	$1,202,429	
02/28/2011	2,329,787	1,748,576	(581,211)	133	999,229	
02/29/2012	2,291,672	1,611,016	(680,656)	142	1,131,050	

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

X. POST-EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. There were 2 participants for COBRA at December 31, 2013, and 4 participants at December 31, 2012.

XI. CLAIMS, COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is not currently involved in pending litigation as of the audit report date.

B. Compensated Absences

The County provides employees with annual leave. Each employee is entitled to five days annual leave after one year of employment, is entitled to ten days annual leave after two years of employment and fifteen days after ten years of employment. Annual leave may not be accumulated in excess of 30 days. Sick time is accrued at ½ day for each full month employed, which may accumulate up to 60 days. An employee is not reimbursed for unused sick time upon termination of employment. Employees are entitled up to three days leave for a death in the immediate family. These have not been subjected to auditing procedures.

C. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

XII. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. Insurance is obtained from commercial insurance companies. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool, which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

XIII. SUBSEQUENT EVENTS

There are no subsequent events to report up to the date of the audit report.

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

SCHEDULE OF STATE FINDINGS

I. For the year ended December 31, 2013, actual expenditures exceeded those budgeted in the Tax Maintenance Fund and Grants Fund.

II. For the year ended December 31, 2012, actual expenditures exceeded those budgeted in the Tax Maintenance Fund.

III. For the years ended December 31, 2013 and 2012, there was not a budget presented for the Special Election Fund.

INTERNAL CONTROL AND COMPLIANCE SECTION

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the County Commission
The County of Iron, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Iron ("County") as of and for the years ended December 31, 2013, and 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. [FS 13/12-03]

3510 JEFFCO BOULEVARD • SUITE 200 • ARNOLD, MISSOURI 63010-3999 • 636-464-1330 • FAX 636-464-3076

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. [FS 13/12-01, FS 13/12-02]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

June 26, 2014

I. FINANCIAL STATEMENT FINDINGS

FS 13/12-01 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During walkthroughs, the County informed us that internal control documentation had not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk (Virginia Queen) will attempt to prepare the SAS 122 documentation for internal controls before the next audit period. The Clerk's office phone number is 573-546-2912.

FS 13/12-02 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During the County's walkthroughs, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

I. FINANCIAL STATEMENT FINDINGS (continued)

FS 13/12-02 Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk (Virginia Queen) will attempt to prepare the SAS 122 documentation for fraud risk assessment before the next audit period. The Clerk's office phone number is 573-546-2912.

FS 13/12-03 Criteria: Formal bank reconciliations must be prepared monthly on a timely basis by the Senate Bill 40's office, they must also keep track of all bank accounts and investments.

Condition: We noted that bank reconciliations were not being documented, though the general ledger was being reviewed and reconciled to the bank statements that were available, and that CD's were not being tracked or even known about at times. We noted that the Senate Bill 40 was missing bank statements and account information.

Context: This deficiency became apparent through our testing of the Senate Bill 40's cash accounts.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions.

Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate reconciliations.

Recommendation: We recommend that the Senate Bill 40 board prepare monthly bank reconciliations and adjustments to the cash accounts along with tracking all CD's and bank accounts. We also recommend obtaining and keeping all bank statement information.

Views of Responsible Officials and Planned Corrective Actions: This will be taken under advisement in the future. The Treasurer of the Senate Bill 40 Board is Joan Duncan and her office number is (573) 915-8979.

THE COUNTY OF IRON
IRONTON, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2013 AND 2012

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings related to internal control and compliance since there was not an audit performed for the prior audit period.

Daniel Jones
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

June 26, 2014

To the Board of Commissioners
County of Iron

In planning and performing our audit of the regulatory based financial statements of the County of Iron (the "County") as of and for the years ended December 31, 2013, and December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the County's internal control to be material weaknesses as noted in section II.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the County's internal control to be significant deficiencies as noted in section I:

Our comments concerning internal control and other significant matters are presented as follows:

I. Deficiencies Considered to be Significant
II. Deficiency Considered to be a Material Weakness
III. Information Required by Professional Standards

The County's management has provided written responses to the findings in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the County Commission, County Office Holders, the Missouri State Auditor and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 13/12-01 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit,* which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification,* considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During walkthroughs, the County informed us that internal control documentation had not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of Responsible Officials and Planned Corrective Actions: The County Clerk (Virginia Queen) will attempt to prepare the SAS 122 documentation for internal controls before the next audit period. The Clerk's office phone number is 573-546-2912.

FS 13/12-02 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During the County's walkthroughs, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

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I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (concluded)

FS 13/12-02 Views of Responsible Officials and Planned Corrective Actions: The County Clerk (Virginia Queen) will attempt to prepare the SAS 122 documentation for fraud risk assessment before the next audit period. The Clerk's office phone number is 573-546-2912.

II. DEFICIENCY CONSIDERED TO BE A MATERIAL WEAKNESS

FS 13/12-03 Criteria: Formal bank reconciliations must be prepared monthly on a timely basis by the Senate Bill 40's office, they must also keep track of all bank accounts and investments.

Condition: We noted that bank reconciliations were not being documented, though the general ledger was being reviewed and reconciled to the bank statements that were available, and that CD's were not being tracked or even known about at times. We noted that the Senate Bill 40 was missing bank statements and account information.

Context: This deficiency became apparent through our testing of the Senate Bill 40's cash accounts.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions.

Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate reconciliations.

Recommendation: We recommend that the Senate Bill 40 board prepare monthly bank reconciliations and adjustments to the cash accounts along with tracking all CD's and bank accounts. We also recommend obtaining and keeping all bank statement information.

Views of Responsible Officials and Planned Corrective Actions: This will be taken under advisement in the future. The Treasurer of the Senate Bill 40 Board is Joan Duncan and her office number is (573) 915-8979.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 2, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2013-2012 fiscal years. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (continued)

Significant Audit Findings (concluded)

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the County applying the regulatory basis of accounting, no estimates are made during the preparation of financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 26, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

Other Matters

We were engaged to report on the schedule of state findings, schedule of findings and responses and the summary of prior year findings and responses, which accompany the financial statements but are not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We noted during our audit certain matters that were not considered to be significant deficiencies or material weaknesses. Several county offices have limited numbers of staff which inherently increases the risk of misstatement. Office holders appear to have mitigating controls in place to lower these risks to an acceptable level but the commission does need to be aware of these risks and offices need to remain vigilant in deterring the potential for erroneous or fraudulent activity.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Adair County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Adair County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Nichols, Stopp & VanHoy, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-083

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

The County of Adair
Kirksville, Missouri
Independent Auditor's Report and Financial Statements
For the years ended December 31, 2013 & 2012

Nichols Stopp & VanHoy LLC
Certified Public Accountants

The County of Adair
Kirksville, Missouri
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Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141
PHONE: 314-569-3800
FAX: 314-569-0020
www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of Adair County, Missouri

We have audited the accompanying financial statements of Adair County, Missouri, as of and for the years ended December 31, 2013 and 2012, which collectively comprise the County's basic financial statements and the related notes to the financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Adair County, Missouri, using accounting practices prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Adair County, Missouri, as of December 31, 2013 and 2012, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Adair County, Missouri, as of December 31, 2013 and 2012, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Adair County, Missouri's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, on our consideration of Adair County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adair County, Missouri's internal control over financial reporting and compliance.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
June 26, 2014

The County of Adair
Kirksville, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2013

Fund	Cash and Equivalents January 1, 2013	Receipts 2013	Disbursements 2013	Cash and Equivalents December 31, 2013
General Revenue Fund	$ 1,234,282	$ 2,309,061	$ 2,544,152	$ 999,191
Special Road and Bridge Fund	270,998	2,735,787	2,355,080	651,705
Assessment Fund	96,332	365,976	347,555	114,753
Multi Co Child Support Enforcement Fund	6,044	107,289	106,362	6,971
Financial Emergency Fund	319,884	4,791	-	324,675
Sheriff Revolving Fund	19,539	27,302	18,658	28,183
Law Enforcement Services Fund	678,528	771,800	714,072	736,256
Countryside Fund	111,063	1,600	-	112,663
Domestic Violence Fund	26,951	4,379	-	31,330
Election Administration Fund	15,961	6,091	785	21,267
E-911 Emergency Fund	102,568	1,536	-	104,104
Election Services Fund	778	24,754	25,332	200
Recorder User Fund	36,872	8,209	6,909	38,172
Recorder Technical Fund	44,017	4,988	2,144	46,861
Collector Tax Fund	107,715	22,674	15,746	114,643
Law Enforcement General Fund	281,615	1,692,667	1,646,862	327,420
Law Enforcement Training Fund	6,376	4,021	4,192	6,205
Sheriff Civil Fund	46,671	19,754	10,969	55,456
Prosecuting Attorney Training Fund	7,309	775	1,379	6,705
Prosecuting Attorney Delinquent Fund	10,700	604	1,111	10,193
Prosecuting Attorney Administrative Fund	14,579	88,311	69,946	32,944
Law Enforcement Restitution Fund	-	7,300	-	7,300
Total	$ 3,438,782	$ 8,209,669	$ 7,871,254	$ 3,777,197

See Notes to the Financial Statements

The County of Adair
Kirksville, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

Fund	Cash and Equivalents January 1, 2012 (Restated)	Receipts 2012	Disbursements 2012	Cash and Equivalents December 31, 2012
General Revenue Fund	$ 1,361,010	$ 2,433,365	$ 2,560,093	$ 1,234,282
Special Road and Bridge Fund	322,649	1,653,320	1,704,971	270,998
Assessment Fund	74,998	335,325	313,991	96,332
Multi Co Child Support Enforcement Fund	6,422	110,963	111,341	6,044
Financial Emergency Fund	314,796	5,088	-	319,884
Sheriff Revolving Fund	18,067	15,628	14,156	19,539
Law Enforcement Services Fund	759,253	742,939	823,664	678,528
Countryside Fund	109,297	1,766	-	111,063
Domestic Violence Fund	22,395	4,556	-	26,951
Election Administration Fund	15,794	2,772	2,605	15,961
E-911 Emergency Fund	51,232	51,336	-	102,568
Election Services Fund	213	23,011	22,446	778
Recorder User Fund	39,344	8,782	11,254	36,872
Recorder Technical Fund	40,700	5,317	2,000	44,017
Collector Tax Fund	100,502	22,837	15,624	107,715
Law Enforcement General Fund	236,750	1,758,199	1,713,334	281,615
Law Enforcement Training Fund	6,445	4,220	4,289	6,376
Sheriff Civil Fund	41,918	24,901	20,148	46,671
Prosecuting Attorney Training Fund	7,092	848	631	7,309
Prosecuting Attorney Delinquent Fund	9,574	1,542	416	10,700
Prosecuting Attorney Administrative Fund	39,138	45,503	70,062	14,579
Law Enforcement Restitution Fund	-	-	-	-
Total	$ 3,577,589	$ 7,252,218	$ 7,391,025	$ 3,438,782

See Notes to the Financial Statements

The County of Adair
Kirksville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	General Revenue Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	1,400,000	1,492,856	1,400,000	1,452,769
Intergovernmental	319,365	223,862	501,759	467,343
Charges for Services	370,520	401,151	348,840	407,275
Interest	17,400	18,534	17,556	22,263
Other	175,125	166,333	95,088	83,715
Transfers In	11,900	6,325	8,000	-
Total Receipts	$ 2,294,310	$ 2,309,061	$ 2,371,243	$ 2,433,365
Disbursements				
County Commission	$ 141,524	$ 127,327	$ 145,666	$ 119,760
County Clerk	159,249	153,885	147,164	133,979
Elections	47,700	30,868	188,246	155,033
Buildings and Grounds	317,954	159,625	259,412	150,384
Employee Fringe Benefits	488,400	397,611	466,213	405,580
County Treasurer	83,073	79,310	83,560	78,975
County Collector	134,960	129,085	130,066	130,462
Recorder of Deeds	123,652	114,791	117,682	108,770
Circuit Clerk	80,000	57,204	84,000	51,200
Court Administration	116,348	91,263	59,838	55,052
Public Administrator	103,898	101,451	97,726	95,825
Prosecuting Attorney	294,350	278,611	251,886	247,589
County Coroner	34,793	27,993	34,623	26,323
Health and Welfare	105,573	102,625	101,261	120,627
Emergency	70,000	33,660	200,000	-
Transfers Out	218,200	85,000	188,200	50,000
Other	648,517	573,843	622,019	630,534
Total Disbursements	$ 3,168,191	$ 2,544,152	$ 3,177,562	$ 2,560,093
Receipts Over (Under) Disbursements	$ (873,881)	$ (235,091)	$ (806,319)	$ (126,728)
Cash, January 1	1,234,282	1,234,282	1,361,010	1,361,010
Cash, December 31	$ 360,401	$ 999,191	$ 554,691	$ 1,234,282

See Notes to the Financial Statements

The County of Adair
Kirksville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Special Road and Bridge Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 718,159	$ 720,269	$ 685,000	$ 716,189
Sales Taxes	35,000	197,937	-	-
Intergovernmental	2,720,141	1,726,218	1,168,827	822,214
Charges for Services	52,000	49,564	48,000	55,800
Interest	7,000	10,115	17,000	7,763
Other	19,500	31,684	29,000	51,354
Transfers In	-	-	-	-
Total Receipts	$ 3,551,800	$ 2,735,787	$ 1,947,827	$ 1,653,320
Disbursements				
Salaries	$ 373,175	$ 374,212	$ 423,566	$ 393,079
Employee Fringe Benefits	213,275	209,056	254,947	229,351
Supplies	228,500	210,839	236,500	223,963
Insurance	43,202	43,274	39,371	39,445
Road & Bridge Materials	448,653	370,194	789,595	575,128
Equipment Repairs	86,000	60,258	95,000	91,299
Equipment Purchases	84,000	74,611	57,000	50,083
R & B Construction	1,688,035	980,855	237,000	76,436
Other Expenditures	38,400	31,781	41,650	26,187
Transfers Out	-	-	-	-
Total Disbursements	$ 3,203,240	$ 2,355,080	$ 2,174,629	$ 1,704,971
Receipts Over (Under) Disbursements	$ 348,560	$ 380,707	$ (226,802)	$ (51,651)
Cash, January 1	270,998	270,998	322,649	322,649
Cash, December 31	$ 619,558	$ 651,705	$ 95,847	$ 270,998

See Notes to the Financial Statements

The County of Adair
Kirksville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Assessment Fund				Multi Co Child Support Enforcement Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	268,276	270,513	261,680	270,357	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	3,000	2,113	3,700	2,153	128	69	-	96
Other	10,900	8,350	9,433	12,815	113,013	107,220	118,103	110,867
Transfers In	85,000	85,000	50,000	50,000	-	-	-	-
Total Receipts	$ 367,176	$ 365,976	$ 324,813	$ 335,325	$ 113,141	$ 107,289	$ 118,103	$ 110,963
Disbursements								
Salaries	$ 176,469	$ 175,814	$ 176,451	$ 170,975	$ 73,700	$ 68,075	$ 73,700	$ 73,700
Employee Fringe Benefits	98,317	92,845	97,148	87,212	22,839	19,655	22,858	22,830
Materials and Supplies	-	-	-		5,324	3,174	5,300	4,297
Services and Other	101,390	78,896	75,600	55,804	16,550	15,458	16,154	10,514
Transfers Out	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Disbursements	$ 376,176	$ 347,555	$ 349,199	$ 313,991	$ 118,413	$ 106,362	$ 118,012	$ 111,341
Receipts Over (Under) Disbursements	$ (9,000)	$ 18,421	$ (24,386)	$ 21,334	$ (5,272)	$ 927	$ 91	$ (378)
Cash, January 1	96,332	96,332	74,998	74,998	6,044	6,044	6,422	6,422
Cash, December 31	$ 87,332	$ 114,753	$ 50,612	$ 96,332	$ 772	$ 6,971	$ 6,513	$ 6,044

See Notes to the Financial Statements

The County of Adair
Kirksville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Financial Emergency Fund				Sheriff Revolving Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	18,000	20,321	8,500	11,783
Interest	4,500	4,791	4,000	5,088	225	332	360	246
Other	-	-	-	-	8,000	6,649	2,800	3,599
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 4,500	$ 4,791	$ 4,000	$ 5,088	$ 26,225	$ 27,302	$ 11,660	$ 15,628
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	12,000	11,057	12,000	10,843
Services and Other	-	-	-	-	9,000	7,601	2,800	3,313
Transfers Out	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Disbursements	$ -	$ -	$ -	$ -	$ 21,000	$ 18,658	$ 14,800	$ 14,156
Receipts Over (Under) Disbursements	$ 4,500	$ 4,791	$ 4,000	$ 5,088	$ 5,225	$ 8,644	$ (3,140)	$ 1,472
Cash, January 1	319,884	319,884	314,796	314,796	19,539	19,539	18,067	18,067
Cash, December 31	$ 324,384	$ 324,675	$ 318,796	$ 319,884	$ 24,764	$ 28,183	$ 14,927	$ 19,539

See Notes to the Financial Statements

The County of Adair
Kirksville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Law Enforcement Services Fund				Countryside Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	700,000	744,690	700,000	724,177	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	13,500	11,661	23,500	13,011	1,400	1,600	1,400	1,766
Other	15,619	15,449	7,189	5,751	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 729,119	$ 771,800	$ 730,689	$ 742,939	$ 1,400	$ 1,600	$ 1,400	$ 1,766
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	-	-	-	-
Transfers Out	715,619	699,289	833,634	795,500	-	-	-	-
Other	-	14,783	-	28,164	-	-	-	-
Total Disbursements	$ 715,619	$ 714,072	$ 833,634	$ 823,664	$ -	$ -	$ -	$ -
Receipts Over (Under) Disbursements	$ 13,500	$ 57,728	$ (102,945)	$ (80,725)	$ 1,400	$ 1,600	$ 1,400	$ 1,766
Cash, January 1	678,528	678,528	759,253	759,253	111,063	111,063	109,297	109,297
Cash, December 31	$ 692,028	$ 736,256	$ 656,308	$ 678,528	$ 112,463	$ 112,663	$ 110,697	$ 111,063

See Notes to the Financial Statements

The County of Adair
Kirksville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Domestic Violence Fund				Election Administration Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	6,297	5,828	1,500	2,515
Interest	370	425	250	390	250	263	200	257
Other	4,000	3,954	2,580	4,166	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 4,370	$ 4,379	$ 2,830	$ 4,556	$ 6,547	$ 6,091	$ 1,700	$ 2,772
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	1,000	465	5,000	1,783
Services and Other	-	-	-	-	2,100	320	5,200	822
Transfers Out	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Disbursements	$ -	$ -	$ -	$ -	$ 3,100	$ 785	$ 10,200	$ 2,605
Receipts Over (Under) Disbursements	$ 4,370	$ 4,379	$ 2,830	$ 4,556	$ 3,447	$ 5,306	$ (8,500)	$ 167
Cash, January 1	26,951	26,951	22,395	22,395	15,961	15,961	15,794	15,794
Cash, December 31	$ 31,321	$ 31,330	$ 25,225	$ 26,951	$ 19,408	$ 21,267	$ 7,294	$ 15,961

See Notes to the Financial Statements

The County of Adair
Kirksville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	E-911 Emergency Fund				Election Services Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	1,536	-	1,336		-	-	-
Other	-	-	-	-	-	24,754	-	23,011
Transfers In	-	-	-	50,000		-	-	-
Total Receipts	$ -	$ 1,536	$ -	$ 51,336	$ -	$ 24,754	$ -	$ 23,011
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	25,332	-	22,446
Total Disbursements	$ -	$ -	$ -	$ -	$ -	$ 25,332	$ -	$ 22,446
Receipts Over (Under) Disbursements	$ -	$ 1,536	$ -	$ 51,336	$ -	$ (578)	$ -	$ 565
Cash, January 1	102,568	102,568	51,232	51,232	778	778	213	213
Cash, December 31	$ 102,568	$ 104,104	$ 51,232	$ 102,568	$ 778	$ 200	$ 213	$ 778

See Notes to the Financial Statements

The County of Adair
Kirksville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Recorder User Fund				Recorder Technical Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	3,500	4,316	3,500	4,646
Interest	500	584	900	683	500	672	700	671
Other	6,000	7,625	6,000	8,099	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 6,500	$ 8,209	$ 6,900	$ 8,782	$ 4,000	$ 4,988	$ 4,200	$ 5,317
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	1,345	6,909	6,800	6,770	6,725	-	1,500	-
Services and Other	17,225	-	5,500	4,484	2,500	2,144	2,000	2,000
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Disbursements	$ 18,570	$ 6,909	$ 12,300	$ 11,254	$ 9,225	$ 2,144	$ 3,500	$ 2,000
Receipts Over (Under) Disbursements	$ (12,070)	$ 1,300	$ (5,400)	$ (2,472)	$ (5,225)	$ 2,844	$ 700	$ 3,317
Cash, January 1	36,872	36,872	39,344	39,344	44,017	44,017	40,700	40,700
Cash, December 31	$ 24,802	$ 38,172	$ 33,944	$ 36,872	$ 38,792	$ 46,861	$ 41,400	$ 44,017

See Notes to the Financial Statements

The County of Adair
Kirksville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Collector Tax Fund				Law Enforcement General Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	700,000	747,474	700,000	727,451
Intergovernmental	-	-	-	-				
Charges for Services	23,000	20,949	23,000	21,092	185,000	161,156	185,000	216,141
Interest	2,500	1,725	2,500	1,745	3,000	2,348	3,000	1,738
Other	-	-	-	-	53,684	82,400	60,055	67,369
Transfers In	-	-	-	-	707,500	699,289	752,500	745,500
Total Receipts	$ 25,500	$ 22,674	$ 25,500	$ 22,837	$ 1,649,184	$ 1,692,667	$ 1,700,555	$ 1,758,199
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ 841,983	$ 790,410	$ 882,339	$ 836,182
Employee Fringe Benefits	-	-	-	-	461,018	397,214	498,741	446,932
Materials and Supplies	19,000	7,461	22,200	14,784	-	-	-	-
Services and Other	3,000	1,960	2,000	840	-	-	-	-
Capital Outlay	1,600	-	-	-	-	-	-	-
Transfers Out	8,400	6,325	-	-	-	-	-	-
Other	-	-	-	-	504,445	459,238	516,351	430,220
Total Disbursements	$ 32,000	$ 15,746	$ 24,200	$ 15,624	$ 1,807,446	$ 1,646,862	$ 1,897,431	$ 1,713,334
Receipts Over (Under) Disbursements	$ (6,500)	$ 6,928	$ 1,300	$ 7,213	$ (158,262)	$ 45,805	$ (196,876)	$ 44,865
Cash, January 1	107,715	107,715	100,502	100,502	281,615	281,615	236,750	236,750
Cash, December 31	$ 101,215	$ 114,643	$ 101,802	$ 107,715	$ 123,353	$ 327,420	$ 39,874	$ 281,615

See Notes to the Financial Statements

The County of Adair
Kirksville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Law Enforcement Training Fund				Sheriff Civil Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	26,000	19,001	26,000	24,262
Interest	115	91	115	98	700	753	700	639
Other	3,750	3,930	3,300	4,122	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 3,865	$ 4,021	$ 3,415	$ 4,220	$ 26,700	$ 19,754	$ 26,700	$ 24,901
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	51,200	10,969	25,600	14,512
Services and Other	5,000	4,192	5,300	4,289	12,500	-	12,500	5,636
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Disbursements	$ 5,000	$ 4,192	$ 5,300	$ 4,289	$ 63,700	$ 10,969	$ 38,100	$ 20,148
Receipts Over (Under) Disbursements	$ (1,135)	$ (171)	$ (1,885)	$ (69)	$ (37,000)	$ 8,785	$ (11,400)	$ 4,753
Cash, January 1	6,376	6,376	6,445	6,445	46,671	46,671	41,918	41,918
Cash, December 31	$ 5,241	$ 6,205	$ 4,560	$ 6,376	$ 9,671	$ 55,456	$ 30,518	$ 46,671

See Notes to the Financial Statements

The County of Adair
Kirksville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Prosecuting Attorney Training Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	150	107	160	122
Other	800	668	638	726
Transfers In	-	-	-	-
Total Receipts	$ 950	$ 775	$ 798	$ 848
Disbursements				
Salaries	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	400	343	-	-
Services and Other	1,000	1,036	800	631
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Other	-	-	-	-
Total Disbursements	$ 1,400	$ 1,379	$ 800	$ 631
Receipts Over (Under) Disbursements	$ (450)	$ (604)	$ (2)	$ 217
Cash, January 1	7,309	7,309	7,092	7,092
Cash, December 31	$ 6,859	$ 6,705	$ 7,090	$ 7,309

See Notes to the Financial Statements

The County of Adair
Kirksville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Prosecuting Attorney Delinquent Fund				Prosecuting Attorney Administrative Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	175	156	200	168	700	447	1,200	639
Other	1,400	448	590	1,374	80,351	71,093	45,942	17,864
Transfers In	-	-	-	-	16,771	16,771	27,000	27,000
Total Receipts	$ 1,575	$ 604	$ 790	$ 1,542	$ 97,822	$ 88,311	$ 74,142	$ 45,503
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ 33,150	$ 33,151	$ 32,500	$ 32,813
Employee Fringe Benefits	-	-	-	-	15,620	15,509	16,357	14,963
Materials and Supplies	1,575	1,111	1,000	416	9,000	8,236	9,000	9,595
Services and Other	-	-	-	-	16,000	13,050	17,000	12,691
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Disbursements	$ 1,575	$ 1,111	$ 1,000	$ 416	$ 73,770	$ 69,946	$ 74,857	$ 70,062
Receipts Over (Under) Disbursements	$ -	$ (507)	$ (210)	$ 1,126	$ 24,052	$ 18,365	$ (715)	$ (24,559)
Cash, January 1	10,700	10,700	9,574	9,574	14,579	14,579	39,138	39,138
Cash, December 31	$ 10,700	$ 10,193	$ 9,364	$ 10,700	$ 38,631	$ 32,944	$ 38,423	$ 14,579

See Notes to the Financial Statements

The County of Adair
Kirksville, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Law Enforcement Restitution Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other	-	7,300	-	-
Transfers In	-	-	-	-
Total Receipts	$ -	$ 7,300	$ -	$ -
Disbursements				
Salaries	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	-	-	-	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Other	-	-	-	-
Total Disbursements	$ -	$ -	$ -	$ -
Receipts Over (Under) Disbursements	$ -	$ 7,300	$ -	$ -
Cash, January 1	-	-	-	-
Cash, December 31	$ -	$ 7,300	$ -	$ -

See Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

Adair County, Missouri, which is governed by a three-member board of commissioners, was established in 1841 by an Act of the Missouri Territory. In addition to the three Commissioners, there are ten elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk, Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator, and Prosecuting Attorney.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Adair County, Missouri.

Adair County's operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Adair County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise Adair County's legal entity. The financial statements do not include financial data for the County's legally separate component unit, which accounting principles generally accepted in the United States of America, as applicable to the regulatory basis of accounting, require to be reported with the financial data of the County. The Adair County Senate Bill 40 Board has issued separately audited financial statements. For information on this component unit, please contact the Adair County Senate Bill 40 Board by calling (660) 665-9400 (or write to 1107 Country Club Drive, Kirksville, MO 63501).

Certain elected County officials, such as the County Collector, Treasurer, and Sheriff, collect and hold monies in a trustee capacity as an agent of an individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements and are unaudited.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Adair County, Missouri, and the comparisons of such information with the corresponding budgeted information for all funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the County's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If Adair County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo, Adair County adopts a budget for each governmental fund.

On or before January 15th, each elected official and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for his or her office or department for the budget year.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year, as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

Budgets are prepared and adopted on the cash basis of accounting.

During our audit we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The County did not prepare a budget for the Election Services Fund in 2013 and 2012.

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuation of the tangible taxable property included within Adair County's boundaries for the calendar year 2013 and 2012, respectively, for the purposes of County taxation, was:

	2013	2012
Real Estate	$ 184,256,870	$ 182,095,970
Personal Property	58,171,641	54,698,057
Railroad and Utilities	26,584,095	24,778,802
	$ 269,012,606	$ 261,572,829

The tax levy per $100 assessed valuation of tangible taxable property for the calendar year 2013 and 2012, respectively, for the purpose of County taxation, was as follows:

	2013	2012
Special Road and Bridge Fund	0.2752	0.2752

The County also receives sales tax collected by the State and remitted based on the County’s sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in Adair County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

Note 2 - Deposits and Investments

Adair County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013 and 2012, the carrying amount of Adair County's deposits was $3,777,197 and $3,438,782 and the bank balance was $5,019,029 and $4,576,505, respectively. As of December 31, 2013, 100% of Adair County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

The carrying values of deposits and investments shown below are included in the financial statements at December 31, 2013, as follows:

Deposits	$ 3,777,197
Investments	-
Restricted Cash	-
Total Deposits and Investments as of December 31, 2013	$ 3,777,197

The carrying values of deposits and investments shown below are included in the financial statements at December 31, 2012, as follows:

Deposits	$ 3,438,782
Investments	-
Restricted Cash	-
Total Deposits and Investments as of December 31, 2012	$ 3,438,782

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Adair County's investment policy does include custodial credit risk requirements. Adair County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013 and 2012.

Note 2 - Deposits and Investments (continued)

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to Adair County or its agent but not in the government's name. Adair County does have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of Adair County or of a type that are not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Adair County does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by Adair County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U. S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). Adair County has a policy in place to minimize the risk of loss resulting from over concentration of assets of a specific maturity, specific issuer or specific class of securities. Adair County's deposits were not exposed to concentration of investment credit risk for the years ended December 31, 2013 and 2012.

Note 3 - Interfund Transfers

Transfers between funds for the years ended December 31, 2013 and 2012 are as follows:

	2013		2012	
Fund	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	$ 6,325	$ 85,000	$ -	$ 50,000
Law Enforcement Services Fund	-	699,289	-	795,500
Law Enforcement General Fund	699,289	-	745,500	-
Assessment Fund	85,000	-	50,000	-
Emergency 911 Fund	-	-	50,000	-
Collector Tax Fund	-	6,325	-	-
Juvenile Justice Fund*	-	166,315	-	147,444
Juvenile Grant Operations Fund*	149,544	-	120,444	-
Prosecuting Attorney Administrative Fund	16,771	-	27,000	-
Total	$ 956,929	$ 956,929	$ 992,944	$ 992,944

* The auditors were not engaged to audit the Juvenile Justice Fund and the Juvenile Grant Operations Fund; therefore, these funds were not audited.

Note 4 - County Employees' Retirement Fund (CERF)

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees. The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than (1,000) one thousand hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government.

It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Section 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994. The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two may retire with full benefits with eight or more years of creditable service. The monthly benefit for county employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar amount, targeted replacement ratio formula, and the prior plan's formula). A death benefit of $10,000 will be paid to the designated beneficiary of every active eligible member upon his or her death. Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed. Any member with less than eight years creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions. The County Employees' Retirement Fund issues audited financial statements.

Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65102, or by calling 1-877-632-2373.

Funding Policy

In accordance with state statutes, the plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002, contribute 0% of their annual salary, while employees hired after February 2002 are required to contribute 4% of their annual salary in order to participate in CERF. During 2013 and 2012, the County collected and remitted to CERF, employee contributions of $30,551 and $30,448, respectively, for the years then ended.

Note 5 - Missouri Local Government Employees Retirement System (LAGERS)

Plan Description

Adair County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and governed by statutes section RSMo 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

Note 5 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling (800) 447-4334.

Funding Status

Full-time employees of Adair County do not contribute to the pension plan. The June 30th statutorily required contribution rates are 12.4% (General) and 14.5% (Police) of annual covered payroll for the year ended December 31, 2013. The June 30th statutorily required contribution rates are 12.8% (General) and 14.3% (Police) of annual covered payroll for the year ended December 31, 2012. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the year ended December 31, 2013 was as follows:

	2013
Annual required contribution	$ 304,309
Interest on net pension obligation	-
Adjustment to required contribution	-
Annual pension cost	304,309
Actual contributions	304,309
Increase (decrease) in NPO	-
NPO beginning of year	-
NPO end of year	$ -

The annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011 was 16 years for the General division and 16 years for the police division. The amortization period of February 29, 2012 was 24 years for the General division and 17 years for the Police division.

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 271,209	100.0%	$ -
2012	310,605	100.0%	-
2013	304,309	100.0%	-

Note 5 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

Required Supplementary Information - Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2011	$ 2,860,097	$ 3,317,185	$ 457,088	86%	$ 2,432,656	19%
2/29/2012	3,134,768	3,867,802	733,034	81%	2,393,448	31%
2/28/2013	3,140,139	3,791,331	651,192	83%	2,261,292	29%

The subdivision's annual pension cost and net pension obligation for the year ended December 31, 2012 was as follows:

	2012
Annual required contribution	$ 310,605
Interest on net pension obligation	-
Adjustment to required contribution	-
Annual pension cost	310,605
Actual contributions	310,605
Increase (decrease) in NPO	-
NPO beginning of year	-
NPO end of year	$ -

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010 was 17 years for the General division and 18 years for the police division. The amortization period of February 28, 2011 was 16 years for the General division and 16 years for the Police division.

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$ 226,940	100.0%	$ -
2011	271,209	100.0%	-
2012	310,605	100.0%	-

Note 5 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

Required Supplementary Information - Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2010	$ 2,404,718	$ 2,849,349	$ 444,631	84%	$ 2,155,385	21%
2/28/2011	2,860,097	3,317,185	457,088	86%	2,432,656	19%
2/29/2012	3,134,768	3,410,833	276,065	92%	2,393,448	12%
2/29/2012*	3,134,768	3,867,802	733,034	81%	2,393,448	31%

* After benefit changes

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

Note 6 - Prosecuting Attorney Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, Adair County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys' and Circuit Attorneys' Retirement System. Once remitted, the State of Missouri is responsible for administration of this plan. Adair County has contributed $7,752 and $7,106, respectively, for the years ended December 31, 2013 and 2012.

Note 7 - Post-Employment Benefits

Adair County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by Adair County.

Note 8 - Claims, Commitments and Contingencies

Litigation

Adair County is involved in pending litigation as of December 31, 2013. The extent of the liability, if any, cannot be determined at this time.

Compensated Absences

The County provides employees with up to five weeks of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused vacation and overtime, if applicable but not sick time. These have not been subjected to auditing procedures.

Note 8 - Claims, Commitments and Contingencies (continued)

Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Note 9 - Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.700 RSMo). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make specific assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Injured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

Note 10 - Subsequent Events

The County has evaluated events subsequent to December 31, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through June 26, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

Note 11 - Long-Term Debt

During June of 2000, the County entered into a lease purchase agreement in the amount of $1,975,000 for a term of 20 years at an interest rate of 6.245% for the purpose of constructing a juvenile justice center. In June of 2011, the County amended the lease purchase agreement to obtain a lower interest rate of 3.900%. This amended lease purchase is for a term of nine years with an annual lease payment of $151,085 and one balloon payment of $75,000 at the end of the lease.

As of December 31, 2013, the unpaid principal balance of the lease purchase was $985,104. The future payments for the lease purchase agreement of the juvenile justice center are as follows:

Note 11 - Long-Term Debt (continued)

Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013	Interest Paid
$ 1,096,356	$ -	$ 111,252	$ 985,104	$ 39,833

Year Ending December 31	Principal	Interest	Total
2014	$ 115,591	$ 35,494	$ 151,085
2015	120,099	30,986	151,085
2016	124,711	26,374	151,085
2017	129,646	21,439	151,085
2018	134,703	16,382	151,085
2019-2020	360,354	16,815	377,169
	$ 985,104	$ 147,490	$ 1,132,594

As of December 31, 2012, the unpaid principal balance of the lease purchase was $1,096,356. The future payments for the lease purchase agreement of the juvenile justice center are as follows:

Balance 12/31/2011	Additions	Retirements	Balance 12/31/2012	Interest Paid
$ 1,203,316	$ -	$ 106,960	$ 1,096,356	$ 44,125

Year Ending December 31	Principal	Interest	Total
2013	$ 111,252	$ 39,833	$ 151,085
2014	115,591	35,494	151,085
2015	120,099	30,986	151,085
2016	124,711	26,374	151,085
2017	129,646	21,439	151,085
2018-2020	495,057	33,197	528,254
	$ 1,096,356	$ 187,323	$ 1,283,679

Note 12 - Operating Leases

The County entered into an operating lease for the Public Defender's office as of June 1, 2010. This lease is effective from June 1, 2010, through May 31, 2017, with quarterly payments of $2,336. During the years ended December 31, 2013 and 2012, the County made payments totaling $9,344 and $9,344.

2013 Future Minimum Payments for Operating Lease:

Year Ending December 31	Amount
2014	$ 9,344
2015	9,344
2016	9,344
2017	4,672
	$ 32,704

Note 12 - Operating Leases (continued)

2012 Future Minimum Payments for Operating Lease:

Year Ending December 31	Amount
2013	$ 9,344
2014	9,344
2015	9,344
2016	9,344
2017	4,672
	$ 42,048

Note 13 - Prior Period Adjustment

January 1, 2012 cash has been restated to include the E-911 Emergency Fund and Election Services Fund, and to remove the Overplus Tax Fund, Unclaimed Fees Fund, Deputy Sheriff Supplemental Fund, Juvenile Justice Fund, and Juvenile Grant Operations Fund.

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141
PHONE: 314-569-3800
FAX: 314-569-0020
www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission and
Officeholders of Adair County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Adair County, Missouri, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Adair County, Missouri's basic financial statements and have issued our report thereon dated June 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Adair County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Adair County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Adair County, Missouri's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency: 13/12-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adair County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 13/12-1.

Adair County, Missouri's Response to Findings

Adair County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Adair County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
June 26, 2014

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141

PHONE: 314-569-3800
FAX: 314-569-0020

www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the County Commission and
Officeholders of Adair County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Adair County, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Adair County, Missouri's major federal programs for the years ended December 31, 2013 and 2012. Adair County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Adair County, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Adair County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Adair County, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, Adair County, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2013 and 2012.

Report on Internal Control Over Compliance

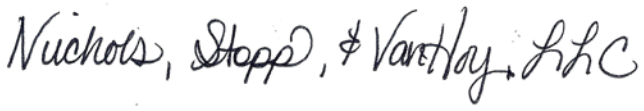
Management of Adair County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Adair County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing

an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Adair County, Missouri's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Creve Coeur, Missouri
June 26, 2014

The County of Adair
Kirksville, Missouri
Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31, 2013	2012
U.S. Department of Agriculture				
Passed through state:				
MO Department of Elementary and Secondary Education -				
Food Service Cluster				
School Breakfast Program	10.553	N/A	$ 9,040	$ 8,803
School Snack Program	10.555	N/A	2,858	2,736
National School Lunch Program	10.555	N/A	14,043	13,345
Non-Cash Assistance				
National School Lunch Program - Commodities	10.555	N/A	3,240	4,043
Total Department of Agriculture			29,181	28,927
U.S. Department of Housing and Urban Development				
Passed through state:				
Department of Economic Development -				
Community Development Block Grant	14.228	2009-PF11	-	274
Department of Social Services -				
ARRA - Homeless Prevention and Rapid Rehousing Program	14.257	ER16410052A	-	12,496
Total U.S. Department of Housing and Urban Development			-	12,770
U.S. Department of the Interior				
Passed through state:				
MO Department of Natural Recourses -				
Historic Preservation Fund Grants-In-Aid	15.904	Proj. 29-1241932-011	71,939	3,100
Total U.S. Department of the Interior			71,939	3,100
U.S. Department of Justice				
Passed through state:				
Department of Public Safety -				
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	2010-2011-Title 2-01	13,969	1,505
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	2009-2010-Title 2-20	-	15,540
Total Juvenile Justice and Delinquency and Prevention to States			13,969	17,045
Court Appointed Special Advocates	16.756	N/A	7,371	9,800
Total Court Appointed Special Advocates			7,371	9,800

The County of Adair
Kirksville, Missouri
Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31, 2013	2012
U.S. Department of Justice (cont.)				
Justice Assistance Grant Cluster				
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-JAG-030	88,258	71,562
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-JAG-028	-	138,509
ARRA - Eward Byrne Memorial Justice Assistance Grant	16.803	2009-JAG-RA-094	-	54,196
Total Justice Assistance Grant Cluster			88,258	264,267
Total U.S. Department of Justice			109,598	291,112
U.S Department of Transportation				
Passed through state:				
Missouri Safety Center				
State and Community Highway Safety	20.600	12-OP-05-005	-	2,000
Alcohol Open Container Requirements	20.607	12-154-AL-083	-	1,000
Alcohol Open Container Requirements	20.607	13-154-AL-074	2,200	400
Alcohol Open Container Requirements	20.607	14-154-AL-062	400	-
Total Alcohol Open Container Requirements			2,600	1,400
Highway and Transportation Commission -				
Highway Planning and Construction	20.205	BRO-B001(45)	-	13,317
Highway Planning and Construction	20.205	BRO-B001(46)	410,518	30,200
Highway Planning and Construction	20.205	BRO-B001(47)	257,860	40,783
Highway Planning and Construction	20.205	BRO-B001(48)	312,500	-
Total Highway Planning and Construction			980,878	84,300
Total U.S. Department of Transportation			983,478	87,700
General Services Administration				
Passed through state:				
Office of Secretary of State -				
Election Reform Payments	39.011	N/A	176	-
Total General Service Administration			176	-
Election Assistance Commission				
Passed through state:				
Office of Secretary of State -				
Help America Vote Act Requirements Payments	90.401	N/A	3,499	668
Total Election Assistance Commission			3,499	668

The County of Adair
Kirksville, Missouri
Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31, 2013	2012
U.S. Department of Health and Human Services				
Passed through state:				
Department of Social Services -				
Child Support Enforcement	93.563	04MO4005	86,957	93,944
Social Services Block Grant	93.667	SDA3991100124s	-	8,452
Foster Care - Title IV - E	93.658	AOC08380039	886	677
Office of Secretary of State -				
Voting Access for Individuals with Disabilities Grants to States	93.617	N/A	4,734	-
Preferred Family Healthcare, Inc. -				
Drug Free Communities Support Grants Programs	93.276	21179SP014190	15,920	10,800
Total U.S. Department of Health and Human Services			108,497	113,873
U.S. Department of Homeland Security				
Passed through state:				
Emergency Management Agency -				
Disaster Grants - Public Assistance	97.036	1847-DR-MO	-	3,557
Disaster Grants - Public Assistance	97.036	1934-DR-MO	-	129,672
Total Disaster Grants - Public Assistance			-	133,229
Total U.S. Department of Homeland Security			-	133,229
Total Expenditures of Federal Awards			$ 1,306,368	$ 671,379

The County of Adair
Kirksville, Missouri
Notes to Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012

Note 1 - Summary of Significant Accounting Policies

Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of *OMB Circular A-133*. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA number is not available.

This schedule includes all federal awards administered by Adair County, Missouri.

Basis of Presentation

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Note 2 - Subrecipients

The County passed through $88,258 and $264,267 of federal funds related to the Edward Byrne Memorial Justice Assistance Grants and ARRA - Eward Byrne Memorial Justice Assistance Grant (CFDA# 16.738 & 16.803) to another agency for the years ended December 31, 2013 & 2012, respectively.

The County of Adair
Kirksville, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2013 & 2012

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified Regulatory Basis			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	X	Yes		None Reported
Any noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiencies identified not considered to be material weaknesses?		Yes	X	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?		Yes	X	No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000			
Auditee qualified as low-risk auditee?		Yes	X	No

Section 2 - Financial Statement Findings

13/12-1 ***Condition:*** During our audit, we noted the County did not prepare a budget for the Election Services Fund.

Effect: Missouri statutes require Counties to prepare an annual budget and expenditures are not to exceed the budget. Because the County did not prepare a budget in a fund, the County is in violation of Missouri Revised Statutes.

Cause: Oversight

Recommendation: We recommend that the County adopt a budget and periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: The Adair County Clerk's office will take into consideration compiling a budget for the Election Services Fund.

13/12-2 ***Condition:*** During our audit, we noted the County was not recording all cash receipts in the proper period.

Effect: If cash receipts are not recorded in the proper period, revenue and ending cash/fund balance will be reported inaccurately in the financial statements.

Cause: The Treasurer was receipting ACH deposits in the wrong period, and was unaware of the effect on the financial statements.

Recommendation: We recommend that the County adopt a year-end closing process to ensure all revenue is being recorded in the proper period.

Management's Response: The Adair County Treasurer has always receipted ACH's when the bank statement is reconciled. This practice has always been accepted by the state auditor's office as we reflect those receipts in the following month and list each ACH as outstanding items on the monthly bank reconciliation reports and balance to the monthly bank statements. This information is received in the Treasurer's office after the end of the month and the Treasurer's office has always taken the stand that we will not back date or pre date any documents. Since this is our policy, we date the receipts when we have all the information through the bank statements to verify the ACH's and track down which fund they are to be deposited into and from which state agency that they were issued. Bank statements are provided to the county after the close of each month. As this method is acceptable by the state auditor's office we will continue to do so, but we will make every attempt to track down monies that are deposited in December and issue receipts before the last working day in December so those monies will be recorded in the same calendar year.

Section 3 - Federal Award Findings and Questioned Cost

None

The County of Adair
Kirksville, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Adair County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2011.

Prior Year Financial Statement Findings

FS 11/10-1 ***Criteria:*** Auditors may continue to assist clients with the preparation of the financial statements now and in the future. According to Statement on Auditing Standards (SAS) No. 115, which was amended by SAS No. 112, Communicating Internal Control Related Matters Identified in an Audit, which is effective for periods ending on or after December 15, 2009, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

Condition: During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to financial statements.

Context: During the audit planning phase of the audit the client informed us that we would be preparing the audited financials.

Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 115 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

Cause: The County did not prepare the appropriate documentation.

Recommendation: Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

Views of Responsible Officials and Planned Corrective Actions: The County will consider implementing corrective action in future years.

Status: Management has corrected this issue.

FS 11/10-2 ***Criteria:*** Statement on Auditing Standards (SAS) No. 115, Communicating Internal Control Related Matters Identified in an Audit, which is effective for periods ending on or after December 15, 2009, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During walkthroughs the County informed us that internal control documentation had not been prepared.

Effect: The new SAS 115 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Due to the short time frame for the implementation of the new SAS requirements, the County did not prepare the required documentation.

FS 11/10-2 (Cont.)

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Views of Responsible Officials and Planned Corrective Actions: The County has developed internal controls and accounting documentation to cover the Budget, Accounts Payable, Payroll, Receipts, General Ledger, Grant Procedures, Financial Statements, and a Risk Management Committee.

Status: Management has corrected this issue.

FS 11/10-3

Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During the walkthroughs of the County, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs the County informed us that the necessary risk assessment documentation had not been prepared.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Views of Responsible Officials and Planned Corrective Actions: The County is in the process of implementing a Risk Management Committee.

Status: Management has corrected this issue.

FS 11/10-4 ***Criteria:*** Bank reconciliations must be prepared on a timely basis.

Condition: Bank reconciliations were not made available by the Prosecuting Attorney's office.

Context: During our testing of the Prosecuting Attorney's office we were not provided documentation that cash accounts were being accounted for and therefore reconciliation was not being performed.

Effect: Effective internal controls are not in place to deter misstatements from occurring in a timely manner.

Cause: The Prosecuting Attorney's office was unaware of the necessity of this activity being performed.

Recommendation: We recommend that the Prosecuting Attorney's office prepare a running report of the activity of their bank accounts as checks and deposits are written and received in order to prepare a meaningful and accurate reconciliation.

Views of Responsible Officials and Planned Corrective Actions: The Prosecuting Attorney's office disagrees with said finding. Our office does not accept cash under any circumstances. Furthermore, we provided the auditors with several documents outlining our procedures. Our office receives money orders and cashier checks daily. Each day, those payments are entered into our bad check/restitution system electronically. Deposits of those payments are made to victims of crimes. Each month as the bank statements are provided, both Dana Buster and myself reconcile the account statement from the bank, with the statement provided by our bad check/restitution program to monitor that all payments are being handled appropriately. We also review to see if there are any outstanding checks in the account that need to be followed up on. These monthly reconciliations along with all deposit slips, program receipts were provided to the auditors. However, they informed me this would be a finding because I do not maintain a separate ledger of these same items and because I cannot give them the account balance on any given day. I first have to say that I do not see the need to duplicate the efforts that we are already doing. Secondly, our office does not have the human resources to duplicate these efforts. We are strained to ensure that we have the proper checks in place and adding additional work, I fear, will create problems with our ability to complete the jobs we were elected to do. As to the daily balance issue, I recall talking with our auditor and asked if it was normal for a daily reconciliation to take place. He, Matt Norrid, indicated that daily is not normal, but monthly is. This is because it is unclear as to what checks have cleared for that day without going online and looking. Banks provide us a monthly statement. While I agree that a ledger will provide it all to the auditors in a neat little package, I will continue to disagree with their assessment that we are not reconciling nor did we provide them with the needed documents. I will not duplicate the work in our office unless the Adair County Commission finds a way to provide me with the necessary manpower to accomplish this work that needs to be completed that is not duplicative.

Status: Management has corrected this issue.

The County of Adair
Kirksville, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

Section 3 - Federal Award Findings and Questioned Cost

SA 11/10-1	Federal Grantor:	All Programs
	Pass-Through Grantor:	All Programs
	Federal CFDA Number:	All Programs
	Program Title:	All Programs

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

Context: During the audit of federal programs we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by Governmental Accounting and Financial Reporting Standards.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's Office.

Views of responsible officials and planned corrective actions: The County will ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correct.

Status: Management has corrected this issue.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Atchison County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Atchison County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Nichols, Stopp & VanHoy, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-084

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

The County of Atchison
Rock Port, Missouri
Independent Auditor's Report and Financial Statements
For the years ended December 31, 2013 & 2012

Nichols Stopp & VanHoy LLC
Certified Public Accountants

The County of Atchison
Rock Port, Missouri
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INDEPENDENT AUDITOR'S REPORT

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141
PHONE: 314-569-3800
FAX: 314-569-0020
www.nsvcpa.com

To the County Commission and
Officeholders of Atchison County, Missouri

We have audited the accompanying financial statements of Atchison County, Missouri, as of and for the years ended December 31, 2013 and 2012, which collectively comprise the County's basic financial statements and the related notes to the financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Atchison County, Missouri, using accounting practices prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Atchison County, Missouri, as of December 31, 2013 and 2012, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Atchison County, Missouri, as of December 31, 2013 and 2012, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2014, on our consideration of Atchison County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Atchison County, Missouri's internal control over financial reporting and compliance.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
August 5, 2014

The County of Atchison
Rock Port, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2013

Fund	Cash and Equivalents January 1, 2013	Receipts 2013	Disbursements 2013	Cash and Equivalents December 31, 2013
General Revenue	$ 995,712	$ 1,509,378	$ 1,525,580	$ 979,510
Special Road and Bridge	68,655	1,482,567	1,479,138	72,084
Assessment	23,685	177,486	190,816	10,355
Law Enforcement Sales Tax	100,378	675,748	740,937	35,189
Landfill	30,753	36	3,833	26,956
Mitigation	117,426	34,742	126,655	25,513
Multi-Purpose Election	-	8,827	8,827	-
Special Allocation (Tax Increment Financing)	35	129,625	129,592	68
Law Enforcement Training	11,453	5,682	7,420	9,715
Prosecuting Attorney Training	3,972	936	1,655	3,253
Emergency Management	41,062	143,804	118,885	65,981
Hazardous Materials Emergency Preparedness	-	-	-	-
Chemical Emergency Preparedness	5,503	7	-	5,510
Shelter for Victims of Domestic Violence	4,771	4,776	4,771	4,776
Collector's Tax Maintenance	33,382	12,341	9,196	36,527
County Road Rock	50,318	380,500	430,769	49
Economic Development	50,949	124,777	175,726	-
Recorder's User Fees	15,904	4,601	6,612	13,893
Senate Bill 40 Board (Sheltered Workshop)	21,351	119,412	120,000	20,763
Sheriff's Civil Fees	32,547	12,395	19,277	25,665
Prosecuting Attorney Bad Check	17,488	1,804	8,314	10,978
911	103,045	276,871	302,136	77,780
HAVA Election Grant	-	1,037	1,037	-
Senior Citizens Service	15,963	57,967	65,126	8,804
Sheriff's Revolving	12,670	10,420	1,577	21,513
Resthome Improvement	2,456	2	200	2,258
County Law Enforcement Restitution	57,721	21,792	741	78,772
Inmate Security	10,519	5,733	3,191	13,061
Election Services	7,143	1,734	2,581	6,296
Health Reimbursement	44,493	31,329	19,600	56,222
Federal Awards	-	267,227	267,227	-
Total	$ 1,879,354	$ 5,503,556	$ 5,771,419	$ 1,611,491

See Notes to the Financial Statements

The County of Atchison
Rock Port, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

Fund	Cash and Equivalents January 1, 2012	Receipts 2012	Disbursements 2012	Cash and Equivalents December 31, 2012
General Revenue	$ 780,639	$ 1,626,161	$ 1,411,088	$ 995,712
Special Road and Bridge	611	1,560,123	1,492,079	68,655
Assessment	15,457	193,239	185,011	23,685
Law Enforcement Sales Tax	63,902	695,027	658,551	100,378
Landfill	34,780	44	4,071	30,753
Mitigation	48,032	69,394	-	117,426
Multi-Purpose Election	9,856	14,761	24,617	-
Special Allocation (Tax Increment Financing)	35	126,383	126,383	35
Law Enforcement Training	12,744	4,979	6,270	11,453
Prosecuting Attorney Training	4,961	929	1,918	3,972
Emergency Management	57,734	97,126	113,798	41,062
Hazardous Materials Emergency Preparedness	4,083	1	4,084	-
Chemical Emergency Preparedness	11,517	7	6,021	5,503
Shelter for Victims of Domestic Violence	2,535	4,771	2,535	4,771
Collector's Tax Maintenance	29,999	12,570	9,187	33,382
County Road Rock	43,488	387,479	380,649	50,318
Economic Development	-	228,374	177,425	50,949
Recorder's User Fees	12,838	4,573	1,507	15,904
Senate Bill 40 Board (Sheltered Workshop)	18,020	120,800	117,469	21,351
Sheriff's Civil Fees	26,614	8,818	2,885	32,547
Prosecuting Attorney Bad Check	23,682	3,217	9,411	17,488
911	77,931	333,291	308,177	103,045
HAVA Election Grant	-	7,152	7,152	-
Senior Citizens Service	6,193	58,775	49,005	15,963
Sheriff's Revolving	7,682	7,237	2,249	12,670
Resthome Improvement	2,452	4	-	2,456
County Law Enforcement Restitution	59,022	29,461	30,762	57,721
Inmate Security	9,848	3,709	3,038	10,519
Election Services	5,287	2,667	811	7,143
Health Reimbursement	23,778	42,522	21,807	44,493
Federal Awards	-	119,141	119,141	-
Total	$ 1,393,720	$ 5,762,735	$ 5,277,101	$ 1,879,354

See Notes to the Financial Statements

The County of Atchison
Rock Port, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	General Revenue Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 603,600	$ 593,863	$ 641,500	$ 602,193
Sales Taxes	486,500	543,650	423,500	550,607
Intergovernmental	250	3,292	48,830	56,252
Charges for Services	234,950	234,048	212,500	232,472
Interest	1,650	1,612	1,600	1,703
Other Receipts	120,750	121,817	112,877	125,088
Transfers In	7,250	11,096	57,850	57,846
Total Receipts	$ 1,454,950	$ 1,509,378	$ 1,498,657	$ 1,626,161
Disbursements				
General County Government:				
County Commission	$ 114,961	$ 108,208	$ 113,286	$ 106,785
County Clerk	141,616	124,524	137,600	122,975
Elections	5,500	5,238	40,900	44,950
Buildings and Grounds	605,368	180,846	149,110	101,415
Employee Fringe Benefits	210,071	186,353	184,085	165,115
County Treasurer	59,125	52,943	58,157	51,907
County Collector	98,309	88,345	100,980	86,749
Recorder of Deeds	29,719	26,583	29,255	26,624
Circuit Clerk	25,243	18,002	25,185	13,780
Court Administration	8,400	3,380	8,400	1,093
Public Administrator	38,587	35,921	36,193	32,750
Public Safety:				
Prosecuting Attorney	97,548	96,897	94,410	94,884
Juvenile Officer	8,668	6,534	9,945	6,145
County Coroner	24,017	16,563	23,470	16,265
Other:				
Health and Welfare	5,500	3,000	5,500	3,000
Other Disbursements	77,250	49,299	61,750	49,097
Transfers Out	587,576	522,944	583,137	478,588
Emergency Fund	75,000	-	100,000	8,966
Total Disbursements	$ 2,212,458	$ 1,525,580	$ 1,761,363	$ 1,411,088
Receipts Over (Under) Disbursements	$ (757,508)	$ (16,202)	$ (262,706)	$ 215,073
Cash and Equivalents, Jan 1	995,712	995,712	780,639	780,639
Cash and Equivalents, Dec 31	$ 238,204	$ 979,510	$ 517,933	$ 995,712

See Notes to the Financial Statements

The County of Atchison
Rock Port, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Special Road and Bridge Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 793,500	$ 750,607	$ 750,800	$ 762,002
Sales Taxes	-	-	-	-
Intergovernmental	739,740	684,431	1,110,735	706,354
Charges for Services	-	4,494	41,000	6,201
Interest	576	314	726	495
Other Receipts	61,800	24,896	27,300	80,399
Transfers In	7,058	17,825	4,675	4,672
Total Receipts	$ 1,602,674	$ 1,482,567	$ 1,935,236	$ 1,560,123
Disbursements				
Salaries	$ 465,000	$ 454,536	$ 477,000	$ 428,493
Employee Fringe Benefits	194,550	170,636	167,646	153,038
Supplies	41,300	32,309	35,500	28,656
Insurance	24,000	23,468	22,000	19,662
Equipment Repairs	95,000	146,611	95,000	105,200
Rentals	500	-	500	-
Equipment Purchases	130,360	101,452	40,000	33,867
Road and Bridge Construction	158,500	109,745	366,000	40,063
Debt Service	93,000	92,511	92,420	92,396
Other Expenditures	395,888	303,734	393,104	462,344
Transfers Out	35,740	44,136	128,380	128,360
Total Disbursements	$ 1,633,838	$ 1,479,138	$ 1,817,550	$ 1,492,079
Receipts Over (Under) Disbursements	$ (31,164)	$ 3,429	$ 117,686	$ 68,044
Cash and Equivalents, Jan 1	68,655	68,655	611	611
Cash and Equivalents, Dec 31	$ 37,491	$ 72,084	$ 118,297	$ 68,655

See Notes to the Financial Statements

The County of Atchison
Rock Port, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Assessment Fund				Law Enforcement Sales Tax Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	280,000	249,555	260,000	287,112
Intergovernmental	150,603	149,937	149,145	152,092	35,000	-	35,000	-
Charges for Services	-	-	-	-	49,000	40,628	49,000	45,109
Interest	65	60	85	61	75	49	120	73
Other Receipts	2,500	2,489	2,200	6,086	29,225	10,516	23,725	12,733
Transfers In	25,000	25,000	38,000	35,000	450,000	375,000	450,000	350,000
Total Receipts	$ 178,168	$ 177,486	$ 189,430	$ 193,239	$ 843,300	$ 675,748	$ 817,845	$ 695,027
Disbursements								
Salaries	$ 113,519	$ 113,400	$ 112,844	$ 111,280	$ 421,860	$ 406,396	$ 395,743	$ 374,797
Employee Fringe Benefits	40,845	39,638	36,163	36,522	125,600	122,136	118,053	108,835
Office and Occupancy	16,639	13,255	17,311	12,821	61,300	33,779	47,300	44,161
Vehicle Fuel/Maintenance	400	345	400	461	47,000	36,706	47,000	41,301
Equipment Purchases	15,415	14,536	12,073	12,007	130,369	84,845	140,000	39,480
Insurance	90	90	90	90	13,000	11,208	10,000	9,023
Other Disbursements	8,725	7,221	7,970	7,128	97,029	28,695	97,376	20,269
Transfers Out	2,331	2,331	4,702	4,702	18,062	17,172	20,400	20,685
Total Disbursements	$ 197,964	$ 190,816	$ 191,553	$ 185,011	$ 914,220	$ 740,937	$ 875,872	$ 658,551
Receipts Over (Under) Disbursements	$ (19,796)	$ (13,330)	$ (2,123)	$ 8,228	$ (70,920)	$ (65,189)	$ (58,027)	$ 36,476
Cash and Equivalents, Jan 1	23,685	23,685	15,457	15,457	100,378	100,378	63,902	63,902
Cash and Equivalents, Dec 31	$ 3,889	$ 10,355	$ 13,334	$ 23,685	$ 29,458	$ 35,189	$ 5,875	$ 100,378

See Notes to the Financial Statements

The County of Atchison
Rock Port, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Landfill Fund				Mitigation Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	35	36	40	44	-	-	-	-
Other Receipts	200	-	200	-	-	-	-	-
Transfers In	-	-	-	-	34,740	34,742	69,380	69,394
Total Receipts	$ 235	$ 36	$ 240	$ 44	$ 34,740	$ 34,742	$ 69,380	$ 69,394
Disbursements								
Buildings and Grounds	$ 29,000	$ 3,748	$ 31,500	$ 3,899	$ -	$ -	$ -	$ -
Equipment Purchases	-	-	-	-	151,940	126,655	117,300	-
Other Disbursements	200	85	750	172	-	-	-	-
Transfers Out	1,250	-	1,000	-	-	-	-	-
Total Disbursements	$ 30,450	$ 3,833	$ 33,250	$ 4,071	$ 151,940	$ 126,655	$ 117,300	$ -
Receipts Over (Under) Disbursements	$ (30,215)	$ (3,797)	$ (33,010)	$ (4,027)	$ (117,200)	$ (91,913)	$ (47,920)	$ 69,394
Cash and Equivalents, Jan 1	30,753	30,753	34,780	34,780	117,426	117,426	48,032	48,032
Cash and Equivalents, Dec 31	$ 538	$ 26,956	$ 1,770	$ 30,753	$ 226	$ 25,513	$ 112	$ 117,426

See Notes to the Financial Statements

The County of Atchison
Rock Port, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Multi-Purpose Election Fund				Special Allocation (Tax Increment Financing) Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ 34,368	$ 34,367	$ 34,326	$ 34,325
Sales Taxes	-	-	-	-	48,648	48,644	50,134	46,929
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	8,827	-	14,761	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	46,614	46,614	45,129	45,129
Total Receipts	$ -	$ 8,827	$ -	$ 14,761	$ 129,630	$ 129,625	$ 129,589	$ 126,383
Disbursements								
Election	$ -	$ 8,500	$ -	$ 23,961	$ -	$ -	$ -	$ -
Tax Increment Financing	-	-	-	-	129,665	125,898	129,624	126,383
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	327	-	656	-	3,694	-	-
Total Disbursements	$ -	$ 8,827	$ -	$ 24,617	$ 129,665	$ 129,592	$ 129,624	$ 126,383
Receipts Over (Under) Disbursements	$ -	$ -	$ -	$ (9,856)	$ (35)	$ 33	$ (35)	$ -
Cash and Equivalents, Jan 1	-	-	9,856	9,856	35	35	35	35
Cash and Equivalents, Dec 31	$ -	$ -	$ 9,856	$ -	$ -	$ 68	$ -	$ 35

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The County of Atchison
Rock Port, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Law Enforcement Training Fund				Prosecuting Attorney Training Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,300	1,757	1,560	1,262	-	-	-	-
Charges for Services	3,700	3,712	2,500	3,703	825	932	625	924
Interest	15	13	20	14	5	4	7	5
Other Receipts	-	200	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 5,015	$ 5,682	$ 4,080	$ 4,979	$ 830	$ 936	$ 632	$ 929
Disbursements								
Travel and Training	$ 11,400	$ 7,420	$ 12,500	$ 6,270	$ 3,000	$ 1,655	$ 4,000	$ 868
Other Disbursements	-	-	-	-	750	-	765	1,050
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 11,400	$ 7,420	$ 12,500	$ 6,270	$ 3,750	$ 1,655	$ 4,765	$ 1,918
Receipts Over (Under) Disbursements	$ (6,385)	$ (1,738)	$ (8,420)	$ (1,291)	$ (2,920)	$ (719)	$ (4,133)	$ (989)
Cash and Equivalents, Jan 1	11,453	11,453	12,744	12,744	3,972	3,972	4,961	4,961
Cash and Equivalents, Dec 31	$ 5,068	$ 9,715	$ 4,324	$ 11,453	$ 1,052	$ 3,253	$ 828	$ 3,972

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	Emergency Management Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	31,000	66,326	60,000	20,321
Charges for Services	77,394	77,394	75,876	75,876
Interest	100	84	125	108
Other Receipts	800	-	-	821
Transfers In	-	-	-	-
Total Receipts	$ 109,294	$ 143,804	$ 136,001	$ 97,126
Disbursements				
Salaries	$ 39,707	$ 40,001	$ 42,925	$ 39,460
Employee Fringe Benefits	8,881	9,077	8,731	8,316
Communications	15,900	15,612	14,132	11,840
Supplies	10,200	3,756	9,200	4,473
Commodities/Equipment	12,700	8,485	41,200	7,456
Travel and Training	10,100	9,864	12,600	8,676
Occupancy	8,500	3,858	5,000	4,389
Professional Services	12,921	2,603	33,107	4,347
Other Disbursements	500	558	300	470
Transfers Out	25,700	25,071	25,000	24,371
Total Disbursements	$ 145,109	$ 118,885	$ 192,195	$ 113,798
Receipts Over (Under) Disbursements	$ (35,815)	$ 24,919	$ (56,194)	$ (16,672)
Cash and Equivalents, Jan 1	41,062	41,062	57,734	57,734
Cash and Equivalents, Dec 31	$ 5,247	$ 65,981	$ 1,540	$ 41,062

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	Hazardous Materials Emergency Preparedness Fund				Chemical Emergency Preparedness Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	2,700	-	2,700	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	1	1	-	7	20	7
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ -	$ -	$ 1	$ 1	$ 2,700	$ 7	$ 2,720	$ 7
Disbursements								
Travel and Training	$ -	$ -	$ 4,084	$ 4,084	$ 1,500	$ -	$ 1,500	$ 216
Equipment Purchases	-	-	-	-	6,702	-	8,500	5,805
Supplies	-	-	-	-	-	-	1,500	-
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ -	$ -	$ 4,084	$ 4,084	$ 8,202	$ -	$ 11,500	$ 6,021
Receipts Over (Under) Disbursements	$ -	$ -	$ (4,083)	$ (4,083)	$ (5,502)	$ 7	$ (8,780)	$ (6,014)
Cash and Equivalents, Jan 1	-	-	4,083	4,083	5,503	5,503	11,517	11,517
Cash and Equivalents, Dec 31	$ -	$ -	$ -	$ -	$ 1	$ 5,510	$ 2,737	$ 5,503

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The County of Atchison
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	Shelter for Victims of Domestic Violence Fund				Collector's Tax Maintenance Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	4,700	4,772	3,900	4,767	11,535	12,297	10,000	12,527
Interest	2	4	2	4	35	44	50	43
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 4,702	$ 4,776	$ 3,902	$ 4,771	$ 11,570	$ 12,341	$ 10,050	$ 12,570
Disbursements								
Office and Occupancy	$ -	$ -	$ -	$ -	$ 1,000	$ -	$ 1,000	$ -
Travel and Training	-	-	-	-	4,000	520	1,000	100
Equipment Purchases	-	-	-	-	25,000	6,576	25,000	7,087
Professional Services	4,771	4,771	2,535	2,535	100	100	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	2,000	2,000	2,000	2,000
Total Disbursements	$ 4,771	$ 4,771	$ 2,535	$ 2,535	$ 32,100	$ 9,196	$ 29,000	$ 9,187
Receipts Over (Under) Disbursements	$ (69)	$ 5	$ 1,367	$ 2,236	$ (20,530)	$ 3,145	$ (18,950)	$ 3,383
Cash and Equivalents, Jan 1	4,771	4,771	2,535	2,535	33,382	33,382	29,999	29,999
Cash and Equivalents, Dec 31	$ 4,702	$ 4,776	$ 3,902	$ 4,771	$ 12,852	$ 36,527	$ 11,049	$ 33,382

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	County Road Rock Fund				Economic Development Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	280,000	251,398	250,000	287,395	150,000	124,777	150,000	143,699
Intergovernmental	28,079	26,430	19,832	31,889	-	-	-	-
Charges for Services	-	-	-	-	52,000	-	33,733	84,675
Interest	65	39	130	61	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	90,634	102,633	68,134	68,134	-	-	-	-
Total Receipts	$ 398,778	$ 380,500	$ 338,096	$ 387,479	$ 202,000	$ 124,777	$ 183,733	$ 228,374
Disbursements								
Rock Disbursements	$ 387,000	$ 373,507	$ 326,000	$ 326,000	$ -	$ -	$ -	$ -
Economic Development	-	-	-	-	150,000	124,777	150,000	143,699
Other Disbursements	48,920	44,594	42,969	42,468	38,500	38,498	25,488	25,484
Transfers Out	12,700	12,668	12,500	12,181	12,455	12,451	8,245	8,242
Total Disbursements	$ 448,620	$ 430,769	$ 381,469	$ 380,649	$ 200,955	$ 175,726	$ 183,733	$ 177,425
Receipts Over (Under) Disbursements	$ (49,842)	$ (50,269)	$ (43,373)	$ 6,830	$ 1,045	$ (50,949)	$ -	$ 50,949
Cash and Equivalents, Jan 1	50,318	50,318	43,488	43,488	50,949	50,949	-	-
Cash and Equivalents, Dec 31	$ 476	$ 49	$ 115	$ 50,318	$ 51,994	$ -	$ -	$ 50,949

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	Recorder's User Fees Fund				Senate Bill 40 Board (Sheltered Workshop) Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ 120,300	$ 118,552	$ 117,700	$ 120,208
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	12	-	75	12
Charges for Services	4,200	4,601	4,500	4,573	-	-	-	-
Interest	-	-	-	-	28	30	40	30
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	831	830	550	550
Total Receipts	$ 4,200	$ 4,601	$ 4,500	$ 4,573	$ 121,171	$ 119,412	$ 118,365	$ 120,800
Disbursements								
Office and Occupancy	$ 4,900	$ 127	$ 4,936	$ 894	$ -	$ -	$ -	$ -
Travel and Training	1,000	-	1,000	613	-	-	-	-
Equipment Purchases	9,000	6,485	9,000	-	-	-	-	-
Professional Services	-	-	-	-	120,000	120,000	117,469	117,469
Other Disbursements	-	-	-	-	600	-	75	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 14,900	$ 6,612	$ 14,936	$ 1,507	$ 120,600	$ 120,000	$ 117,544	$ 117,469
Receipts Over (Under) Disbursements	$ (10,700)	$ (2,011)	$ (10,436)	$ 3,066	$ 571	$ (588)	$ 821	$ 3,331
Cash and Equivalents, Jan 1	15,904	15,904	12,838	12,838	21,351	21,351	18,020	18,020
Cash and Equivalents, Dec 31	$ 5,204	$ 13,893	$ 2,402	$ 15,904	$ 21,922	$ 20,763	$ 18,841	$ 21,351

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	Sheriff's Civil Fees Fund				Procecuting Attorney Bad Check Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	10,440	12,358	10,700	8,778	2,950	1,779	2,550	3,071
Interest	40	37	35	40	30	18	30	27
Other Receipts	-	-	-	-	50	7	-	119
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 10,480	$ 12,395	$ 10,735	$ 8,818	$ 3,030	$ 1,804	$ 2,580	$ 3,217
Disbursements								
Office and Occupancy	$ 10,000	$ 10,000	$ 10,000	$ 605	$ 3,800	$ 2,978	$ 3,550	$ 2,372
Travel and Training	2,000	74	1,000	-	-	-	-	-
Equipment Purchases	8,500	5,624	10,000	-	1,000	-	400	515
Professional Services	9,500	3,579	4,500	2,280	-	-	-	-
Court Administration	-	-	-	-	9,900	463	13,500	1,783
Other Disbursements	-	-	-	-	5,770	4,873	6,175	4,741
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 30,000	$ 19,277	$ 25,500	$ 2,885	$ 20,470	$ 8,314	$ 23,625	$ 9,411
Receipts Over (Under) Disbursements	$ (19,520)	$ (6,882)	$ (14,765)	$ 5,933	$ (17,440)	$ (6,510)	$ (21,045)	$ (6,194)
Cash and Equivalents, Jan 1	32,547	32,547	26,614	26,614	17,488	17,488	23,682	23,682
Cash and Equivalents, Dec 31	$ 13,027	$ 25,665	$ 11,849	$ 32,547	$ 48	$ 10,978	$ 2,637	$ 17,488

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	911 Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	280,000	249,550	260,000	287,396
Intergovernmental	50,000	-	125,000	21,000
Charges for Services	2,360	2,360	2,360	2,360
Interest	120	90	125	130
Other Receipts	-	653	20,000	34
Transfers In	23,000	24,218	23,000	22,371
Total Receipts	$ 355,480	$ 276,871	$ 430,485	$ 333,291
Disbursements				
Salaries	$ 170,000	$ 161,949	$ 163,000	$ 166,730
Employee Fringe Benefits	57,581	52,160	53,043	49,930
Communications	43,000	39,707	43,000	40,112
Supplies	1,300	604	1,200	501
Commodities/Equipment	95,220	21,662	70,000	11,459
Travel and Training	6,500	871	6,200	1,045
Occupancy	3,800	3,522	200	203
Professional Services	50,000	-	125,000	18,065
Other Disbursements	5,500	4,593	26,500	2,951
Transfers Out	18,900	17,068	18,500	17,181
Total Disbursements	$ 451,801	$ 302,136	$ 506,643	$ 308,177
Receipts Over (Under) Disbursements	$ (96,321)	$ (25,265)	$ (76,158)	$ 25,114
Cash and Equivalents, Jan 1	103,045	103,045	77,931	77,931
Cash and Equivalents, Dec 31	$ 6,724	$ 77,780	$ 1,773	$ 103,045

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	HAVA Election Grant Fund				Senior Citizens Service Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ 58,050	$ 57,490	$ 54,650	$ 58,444
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	5,000	1,037	11,537	7,152	5	-	50	6
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	50	62	80	52
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	450	415	275	273
Total Receipts	$ 5,000	$ 1,037	$ 11,537	$ 7,152	$ 58,555	$ 57,967	$ 55,055	$ 58,775
Disbursements								
Elections	$ 5,000	$ 1,037	$ 11,537	$ 7,152	$ -	$ -	$ -	$ -
Office and Occupancy	-	-	-	-	750	259	325	416
Travel and Training	-	-	-	-	-	-	-	-
Equipment Purchases	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	68,000	64,767	60,000	48,489
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	100	100	100	100
Total Disbursements	$ 5,000	$ 1,037	$ 11,537	$ 7,152	$ 68,850	$ 65,126	$ 60,425	$ 49,005
Receipts Over (Under) Disbursements	$ -	$ -	$ -	$ -	$ (10,295)	$ (7,159)	$ (5,370)	$ 9,770
Cash and Equivalents, Jan 1	-	-	-	-	15,963	15,963	6,193	6,193
Cash and Equivalents, Dec 31	$ -	$ -	$ -	$ -	$ 5,668	$ 8,804	$ 823	$ 15,963

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	Sheriff's Revolving Fund				Resthome Improvement			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	3,500	10,398	2,000	7,115	-	-	-	-
Interest	15	22	10	12	5	2	15	4
Other Receipts	100	-	-	110	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 3,615	$ 10,420	$ 2,010	$ 7,237	$ 5	$ 2	$ 15	$ 4
Disbursements								
Office and Occupancy	$ 2,500	$ 1,246	$ 1,500	$ 1,443	$ -	$ -	$ -	$ -
Travel and Training	3,000	255	2,000	-	-	-	-	-
Equipment Purchases	7,000	76	4,100	806	-	-	-	-
Professional Services	-	-	-	-	2,455	200	2,450	-
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 12,500	$ 1,577	$ 7,600	$ 2,249	$ 2,455	$ 200	$ 2,450	$ -
Receipts Over (Under) Disbursements	$ (8,885)	$ 8,843	$ (5,590)	$ 4,988	$ (2,450)	$ (198)	$ (2,435)	$ 4
Cash and Equivalents, Jan 1	12,670	12,670	7,682	7,682	2,456	2,456	2,452	2,452
Cash and Equivalents, Dec 31	$ 3,785	$ 21,513	$ 2,092	$ 12,670	$ 6	$ 2,258	$ 17	$ 2,456

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	County Law Enforcement Restitution Fund				Inmate Security Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	4,600	4,409	4,600	4,300	3,800	5,722	2,500	3,696
Interest	80	83	70	92	15	11	15	13
Other Receipts	15,000	17,300	11,000	25,069	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 19,680	$ 21,792	$ 15,670	$ 29,461	$ 3,815	$ 5,733	$ 2,515	$ 3,709
Disbursements								
Office and Occupancy	$ 15,000	$ -	$ 10,000	$ -	$ -	$ -	$ -	$ -
Travel and Training	-	-	-	-	-	-	-	-
Equipment Purchases	42,715	741	35,000	5,289	10,500	3,191	9,800	3,038
Professional Services	-	-	-	-	-	-	-	-
Other Disbursements	-	-	14,000	25,473	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 57,715	$ 741	$ 59,000	$ 30,762	$ 10,500	$ 3,191	$ 9,800	$ 3,038
Receipts Over (Under) Disbursements	$ (38,035)	$ 21,051	$ (43,330)	$ (1,301)	$ (6,685)	$ 2,542	$ (7,285)	$ 671
Cash and Equivalents, Jan 1	57,721	57,721	59,022	59,022	10,519	10,519	9,848	9,848
Cash and Equivalents, Dec 31	$ 19,686	$ 78,772	$ 15,692	$ 57,721	$ 3,834	$ 13,061	$ 2,563	$ 10,519

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For the years ended December 31, 2013 & 2012

	Election Services Fund				Health Reimbursment Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	698	-	1,484	-	-	-	-
Interest	10	9	10	8	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	1,000	1,027	2,000	1,175	31,329	31,329	42,523	42,522
Total Receipts	$ 1,010	$ 1,734	$ 2,010	$ 2,667	$ 31,329	$ 31,329	$ 42,523	$ 42,522
Disbursements								
Office and Occupancy	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Travel and Training	7,500	2,581	5,250	811	-	-	-	-
Employee Fringe Benefits	-	-	-	-	75,821	19,600	66,300	21,807
Professional Services	-	-	-	-	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 7,500	$ 2,581	$ 5,250	$ 811	$ 75,821	$ 19,600	$ 66,300	$ 21,807
Receipts Over (Under) Disbursements	$ (6,490)	$ (847)	$ (3,240)	$ 1,856	$ (44,492)	$ 11,729	$ (23,777)	$ 20,715
Cash and Equivalents, Jan 1	7,143	7,143	5,287	5,287	44,493	44,493	23,778	23,778
Cash and Equivalents, Dec 31	$ 653	$ 6,296	$ 2,047	$ 7,143	$ 1	$ 56,222	$ 1	$ 44,493

See Notes to the Financial Statements

The County of Atchison
Rock Port, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Federal Awards Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	502,868	267,227	2,954,657	119,141
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	$ 502,868	$ 267,227	$ 2,954,657	$ 119,141
Disbursements				
Office and Occupancy	$ -	$ -	$ -	$ -
Travel and Training	-	-	-	-
Equipment Purchases	-	-	-	-
Professional Services	502,868	256,460	2,954,657	119,141
Other Disbursements	-	-	-	-
Transfers Out	-	10,767	-	-
Total Disbursements	$ 502,868	$ 267,227	$ 2,954,657	$ 119,141
Receipts Over (Under) Disbursements	$ -	$ -	$ -	$ -
Cash and Equivalents, Jan 1	-	-	-	-
Cash and Equivalents, Dec 31	$ -	$ -	$ -	$ -

See Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

Organized in 1845, the county of Atchison was named after United States Senator, David Rice Atchison. Atchison County is a county-organized, third-class county, and the county seat is Rock Port. Atchison County's government is composed of a three-member county commission and the following separately elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk/Ex-Officio Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Atchison County, Missouri, the Atchison County Senior Citizens Service Board, and the Atchison County Senate Bill 40 Board.

Atchison County's operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Atchison County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise Atchison County's legal entity. The Atchison County Senior Citizens Service Board and Senate Bill 40 Board are controlled by separate boards and are also included under the control of Atchison County.

Certain elected County officials, such as the County Collector, Treasurer, and Sheriff, collect and hold monies in a trustee capacity as an agent of an individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements and are unaudited.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Atchison County, Missouri, and the comparisons of such information with the corresponding budgeted information for all funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the County's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If Atchison County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo, Atchison County adopts a budget for each governmental fund.

On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

Budgets are prepared and adopted on the cash basis of accounting.

During our audit we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The County did not prepare a budget for the Multi-Purpose Election Fund for 2013 and 2012.

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within Atchison County's boundaries for the calendar year 2013 and 2012, respectively, for the purposes of County taxation was as follows:

	2013	2012
Real Estate	$ 73,613,420	$ 72,971,122
Personal Property	31,168,535	29,695,059
Railroad and Utilities	18,503,095	15,376,034
	$ 123,285,050	$ 118,042,215

The tax levy per $100 assessed valuation of tangible taxable property for the calendar year 2013 and 2012, respectively, for the purpose of County taxation, was as follows:

	2013	2012
General Revenue Fund	$ 0.4984	$ 0.5000
Special Road and Bridge Fund	0.4984	0.5000
Senate Bill 40 Board Fund	0.0997	0.1000
Senior Citizens Service Fund	0.0498	0.0500

The County also receives sales tax collected by the State and remitted based on the County’s sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in Atchison County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

Note 2 - Deposits and Investments

Atchison County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. As of December 31, 2013, 100% of Atchison County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

The bank balances and carrying values of deposits and investments shown below are included in the financial statements at December 31, 2013, as follows:

	Bank Balances	Carrying Value
Deposits	$ 1,996,168	$ 1,611,491
Investments	-	-
Restricted Cash	-	-
Total Deposits and Investments as of December 31, 2013	$ 1,996,168	$ 1,611,491

The bank balances and carrying values of deposits and investments shown below are included in the financial statements at December 31, 2012, as follows:

	Bank Balances	Carrying Value
Deposits	$ 1,740,881	$ 1,879,354
Investments	-	-
Restricted Cash	-	-
Total Deposits and Investments as of December 31, 2012	$ 1,740,881	$ 1,879,354

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Atchison County's investment policy does not include custodial credit risk requirements. Atchison County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013, and 2012.

Note 2 - Deposits and Investments (continued)

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to Atchison County or its agent but not in the government's name. Atchison County does not have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of Atchison County or of a type that are not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Atchison County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by Atchison County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U. S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). Atchison County has no policy in place to minimize the risk of loss resulting from over concentration of assets of a specific maturity, specific issuer or specific class of securities. Atchison County's deposits were not exposed to concentration of investment credit risk for the years ended December 31, 2013 and 2012.

Note 3 - Interfund Transfers

Transfers between funds for the years ended December 31, 2013 and 2012 are as follows:

	2013		2012	
Fund	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	$ 11,096	$ 522,944	$ 57,846	$ 478,588
Special Road and Bridge Fund	17,825	44,136	4,672	128,360
Assessment Fund	25,000	2,331	35,000	4,702
Law Enforcement Sales Tax Fund	375,000	17,172	350,000	20,685
Mitigation Fund	34,742	-	69,394	-
Multi-Purpose Election Fund	-	327	-	656
Special Allocation (Tax Increment Financing) Fund	46,614	3,694	45,129	-
Emergency Management Fund	-	25,071	-	24,371
Collector's Tax Maintenance Fund	-	2,000	-	2,000
County Road Rock Fund	102,633	12,668	68,134	12,181
Economic Development Fund	-	12,451	-	8,242
Senate Bill 40 Board Fund	830	-	550	-
911 Fund	24,218	17,068	22,371	17,181
Senior Citizens Service Fund	415	100	273	100

Note 3 - Interfund Transfers (continued)

	2013		2012	
Fund	Transfers In	Transfers Out	Transfers In	Transfers Out
Election Services Fund	1,027	-	1,175	-
Health Reimbursement Fund	31,329	-	42,522	-
Federal Awards Fund	-	10,767	-	-
	$ 670,729	$ 670,729	$ 697,066	$ 697,066

Note 4 - Missouri Local Government Employees Retirement System (LAGERS)

Plan Description

Atchison County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and governed by statutes section RSMo 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling (800) 447-4334.

Funding Status

Full-time employees of Atchison County do not contribute to the pension plan. The June 30th statutorily required contribution rates are 6.2% (General) and 0.2% (Police) of annual covered payroll for the year ended December 31, 2013. The June 30th statutorily required contribution rates are 5.2% (General) and 1.1% (Police) of annual covered payroll for the year ended December 31, 2012. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the year ended December 31, 2013 was as follows:

	2013
Annual required contribution	$ 85,588
Interest on net pension obligation	622
Adjustment to required contribution	(655)
Annual pension cost	85,555
Actual contributions	76,944
Increase (decrease) in NPO	8,611
NPO beginning of year	8,581
NPO end of year	$ 17,192

Note 4 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011 was 30 years for the General division and 15 years for the police division. The amortization period of February 29, 2012 was 19 years for the General division and 18 years for the Police division.

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 50,101	100.0%	$ -
2012	72,110	88.1%	8,581
2013	85,555	89.9%	17,192

Required Supplementary Information - Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2011	$ 1,962,369	$ 1,861,724	$ (100,645)	105%	$ 1,486,722	
2/29/2012	2,161,192	1,985,073	(176,119)	109%	1,459,140	
2/28/2013	2,463,462	2,178,278	(285,184)	113%	1,511,400	

The subdivision's annual pension cost and net pension obligation for the year ended December 31, 2012 was as follows:

	2012
Annual required contribution	$ 72,110
Interest on net pension obligation	-
Adjustment to required contribution	-
Annual pension cost	72,110
Actual contributions	63,529
Increase (decrease) in NPO	8,581
NPO beginning of year	-
NPO end of year	$ 8,581

Note 4 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010 was 1 year for the General division and 15 years for the police division. The amortization period of February 28, 2011 was 30 years for the General division and 15 years for the Police division.

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$ 35,998	100.0%	$ -
2011	50,101	100.0%	-
2012	72,110	88.1%	8,581

Required Supplementary Information - Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2010	$ 1,817,614	$ 1,682,152	$ (135,462)	108%	$ 1,458,113	
2/28/2011	1,962,369	1,861,724	(100,645)	105%	1,486,722	
2/29/2012	2,161,192	1,985,073	(176,119)	109%	1,459,140	

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

Note 5 - County Employees' Retirement Fund (CERF)

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees. The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than (1,000) one thousand hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government.

It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Section 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994. The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two may retire with full benefits with eight or more years of creditable service. The monthly benefit for county employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar amount, targeted replacement ratio formula, and the prior plan's formula). A death benefit of $10,000 will be paid to the designated beneficiary of every active eligible member upon his or her death. Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed. Any member with less than eight years creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions. The County Employees' Retirement Fund issues audited financial statements.

Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65102, or by calling 1-877-632-2373.

Funding Policy

In accordance with state statutes, the plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 contribute 0% of their annual salary, while employees hired after February 2002 are required to contribute 4% of their annual salary in order to participate in CERF. During 2013 and 2012, the County collected and remitted to CERF, employee contributions of $33,116 and $30,259, respectively, for the years then ended.

Note 6 - Prosecuting Attorney Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, Atchison County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys' and Circuit Attorneys' Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. Atchison County has contributed $2,244 and $2,244, respectively, for the years ended December 31, 2013 and 2012.

Note 7 - Post-Employment Benefits

Atchison County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by Atchison County.

Note 8 - Subsequent Events

The County has evaluated events subsequent to December 31, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through August 5, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

Note 9 - Claims, Commitments and Contingencies

Compensated Absences

The County provides employees with up to five weeks of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused vacation and overtime up to 30 days. The County provides sick leave to employees at an accrual rate of one day per month up to 180 days. Upon termination from county employment (minimum of 10 years service), an employee is reimbursed for one half of accrued sick leave up to 30 days. These have not been subjected to auditing procedures.

Federal and State Assisted Programs

The County receives proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned. Such audits could result in refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Landfill

The County owns a solid waste disposal area and is obligated in the amount of $389,628 to the Missouri Department of Natural Resources upon failure to close and/or provide post-closure care of the solid waste disposal area. At December 31, 2013, the County is not aware of any current obligation, however, any future obligations or liabilities related to the solid waste disposal area are unknown.

Note 10 - Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is also a member of the Missouri Association of Counties Self-Injured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to $2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

Note 11 - Long-Term Debt

In May of 2010, the County entered into a lease purchase agreement to finance the purchase of two 2010 John Deere 672G Motor Graders at a cost of $412,000. The agreement requires annual payments of $91,263 ending May 15, 2015, which includes interest of 3.45%.

Capital Lease Obligations	Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013	Interest Paid
2010 John Deere Graders	$ 260,852	$ -	$ 83,972	$ 176,880	$ 7,291

Capital Lease Obligations	Balance December 31, 2011	Additions	Retirements	Balance December 31, 2012	Interest Paid
2010 John Deere Graders	$ 341,982	$ -	$ 81,130	$ 260,852	$ 10,133

The following is the 2013 future minimum payments for the operating lease:

Year Ending December 31,	Principal	Interest	Total
2014	$ 86,916	$ 4,347	$ 91,263
2015	89,964	1,299	91,263
	$ 176,880	$ 5,646	$ 182,526

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141

PHONE: 314-569-3800
FAX: 314-569-0020

www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission and
Officeholders of Atchison County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Atchison County, Missouri, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Atchison County, Missouri's basic financial statements and have issued our report thereon dated August 5, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Atchison County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Atchison County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Atchison County, Missouri's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 13/12-2 and 13/12-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Atchison County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of

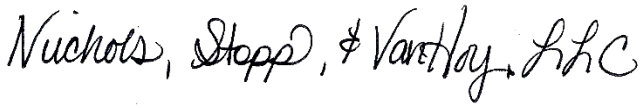
noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item: 13/12-1.

Atchison County, Missouri's Response to Findings

Atchison County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Atchison County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Creve Coeur, Missouri
August 5, 2014

The County of Atchison
Rock Port, Missouri
Schedule of Findings Responses
For the years ended December 31, 2013 & 2012

Financial Statement Findings

13/12-1 ***Condition:*** During our audit, we noted the County did not prepare a budget for the Multi-Purpose Election Fund for 2013 and 2012.

Effect: Missouri statutes require Counties to prepare an annual budget and expenditures are not to exceed the budget. Because the County did not prepare a budget in a fund, the County is in violation of Missouri Revised Statutes.

Cause: Oversight

Recommendation: We recommend that the County adopt a budget and periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: The Multi-Purpose Election Fund is a pass through Fund used to track the revenue and expenditures for other political subdivisions election costs. This fund is within our general accounting detail and a budget is prepared with our software. It has not been shown in our state budget, because it was my understanding through prior audits that it did not need to be since it was not county funds. A budget will be prepared for this fund in the future.

13/12-2 ***Condition:*** During our audit, we noted there is no formal fraud risk assessment in place.

Effect: Lack of an appropriate fraud risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identifying risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.

Management's Response: We do provide risk assessment annually during our budget process with each department and elected official; it has just not been documented in the minutes. We will provide documentation in written form in the future.

13/12-3 ***Condition:*** During our audit, we noted that the County prints and signs checks in the accounting software in order to initiate transfers between funds. These checks are signed by all authorized signatories for formal approval of interfund transfers, however, they remain in County possession and are never submitted to the bank for processing.

Effect: The County has several checks with proper authorization that have not been voided. There is a risk that any of these checks could be erroneously or fraudulently submitted to the bank for payment.

Cause: The County's process for interfund transfers does not include the actual deposit or voiding of the authorized checks.

Financial Statement Findings (continued)

13/12-3 (cont.) ***Recommendation:*** We recommend the County mark all checks generated for interfund transfers as voided to ensure they cannot be processed by the bank for any erroneous or fraudulent payment.

Management's Response: This is a process we have used for approval of interfund transfers for years. It leaves a better paper trail if any questions or concerns arise. We have already purchased a stamp that is used in place of the signatures. The stamp reads "VOID IN HOUSE CHECK".

The County of Atchison
Rock Port, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Atchison County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2009.

Prior Year Financial Statement Findings

09.1 ***Condition:*** The County has not adopted an investment policy as required by State Statutes. The County has no investments, however an investment policy addresses topics such as collateralization of deposits, strategy with respect to investment of public funds, and other areas, and thus such a policy would be beneficial and also required for the County. Section 110.270, RSMo 2007, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2007, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation.

Recommendation: We recommend the County Commission adopt an investment policy and review compliance with this policy at least annually. Sample policies currently in place at other Missouri counties could be adopted to meet the County's requirements. Alternatively, guidelines for developing an investment policy may be found at organizations such as the Missouri State Auditor's Office, the Government Finance Officers' Association, which offers a publication entitled GFOA's New Model Investment Policy, and on the internet, where examples of investment policies for many counties may be found.

County Response: The County Commission will review policies in place at other Missouri counties and find one that can be adopted to meet the County's needs.

Auditor's Evaluation: The County's planned corrective action is responsive to the recommendation.

Status: Management has corrected this issue.

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Clinton County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Clinton County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Nichols, Stopp & VanHoy, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-085

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

The County of Clinton
Plattsburg, Missouri
Independent Auditor's Report and Financial Statements
For the years ended December 31, 2013 & 2012

The County of Clinton
Plattsburg, Missouri
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INDEPENDENT AUDITOR'S REPORT

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141
PHONE: 314-569-3800
FAX: 314-569-0020
www.nsvcpa.com

To the County Commission and
Officeholders of Clinton County, Missouri

We have audited the accompanying financial statements of Clinton County, Missouri, as of and for the years ended December 31, 2013 and 2012, which collectively comprise the County's basic financial statements and the related notes to the financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Clinton County, Missouri, using accounting practices prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Clinton County, Missouri, as of December 31, 2013 and 2012, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Clinton County, Missouri, as of December 31, 2013 and 2012, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2014, on our consideration of Clinton County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clinton County, Missouri's internal control over financial reporting and compliance.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
August 4, 2014

The County of Clinton
Plattsburg, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2013

Fund	Cash and Equivalents January 1, 2013	Receipts 2013	Disbursements 2013	Cash and Equivalents December 31, 2013
General Revenue Fund	$ 5,819	$ 2,447,781	$ 2,447,264	$ 6,336
Special Road and Bridge Fund	66,006	2,034,393	1,940,748	159,651
Assessment Fund	524,630	346,113	251,282	619,461
General Purpose Law Enforcement Fund	1,151	714	5	1,860
Law Enforcement Training Fund	851	4,311	2,323	2,839
Law Enforcement Restitution Fund	399	896	5	1,290
Prosecuting Attorney Training Fund	4,639	1,099	721	5,017
Capital Improvement Fund	601,881	548,945	419,156	731,670
Special Election Fund	1,612	25,759	24,589	2,782
Recorder User Fee Fund	349	13,028	13,377	-
Emergency Management Fund	3,507	28	-	3,535
Local Emergency Planning Commission Fund	3,891	3,437	3,979	3,349
Peace Officer Training Standards Fund	569	2,068	2,472	165
Sheriff's Civil Fees Fund	34,521	47,552	53,371	28,702
Elections Services Fund	39,097	4,117	737	42,477
Prosecuting Attorney Victims of Crime Advocate Fund	612	-	612	-
Prosecuting Attorney Delinquent Tax Fund	2,812	27	-	2,839
Collector's Tax Maintenance Fund	17,167	39,975	33,395	23,747
Sheriff's Revolving Fund	25,929	40,380	23,842	42,467
Senate Bill 40 Board Fund	335,397	279,869	272,057	343,209
Sheriff Supplement Grant Fund	2,518	52,349	49,647	5,220
Prosecuting Attorney Administrative Handling Fund	5,395	5,831	7,722	3,504
Total	$ 1,678,752	$ 5,898,672	$ 5,547,304	$ 2,030,120

See Notes to the Financial Statements

The County of Clinton
Plattsburg, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

Fund	Cash and Equivalents January 1, 2012	Receipts 2012	Disbursements 2012	Cash and Equivalents December 31, 2012
General Revenue Fund	$ 3,616	$ 2,586,717	$ 2,584,514	$ 5,819
Special Road and Bridge Fund	90,768	1,930,887	1,955,649	66,006
Assessment Fund	418,589	347,155	241,114	524,630
General Purpose Law Enforcement Fund	1,561	1,758	2,168	1,151
Law Enforcement Training Fund	2,141	5,023	6,313	851
Law Enforcement Restitution Fund	7,126	1,982	8,709	399
Prosecuting Attorney Training Fund	5,054	1,255	1,670	4,639
Capital Improvement Fund	726,231	538,207	662,557	601,881
Special Election Fund	3,249	40,110	41,747	1,612
Recorder User Fee Fund	-	13,179	12,830	349
Emergency Management Fund	2,885	80,622	80,000	3,507
Local Emergency Planning Commission Fund	4,796	3,070	3,975	3,891
Peace Officer Training Standards Fund	585	2,393	2,409	569
Sheriff's Civil Fees Fund	23,663	37,683	26,825	34,521
Elections Services Fund	33,490	6,414	807	39,097
Prosecuting Attorney Victims of Crime Advocate Fund	9,736	18,548	27,672	612
Prosecuting Attorney Delinquent Tax Fund	3,716	37	941	2,812
Collector's Tax Maintenance Fund	7,026	38,451	28,310	17,167
Sheriff's Revolving Fund	16,501	22,617	13,189	25,929
Senate Bill 40 Board Fund	291,209	263,287	219,099	335,397
Sheriff Supplement Grant Fund	-	48,738	46,220	2,518
Prosecuting Attorney Administrative Handling Fund	11,557	10,734	16,896	5,395
Total	$ 1,663,499	$ 5,998,867	$ 5,983,614	$ 1,678,752

See Notes to the Financial Statements

The County of Clinton
Plattsburg, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	General Revenue Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 804,735	$ 730,351	$ 1,074,002	$ 829,695
Sales Taxes	725,000	688,795	670,000	712,427
Intergovernmental	304,740	397,472	353,597	317,982
Charges for Services	491,808	510,348	525,008	524,485
Interest	3,500	3,175	3,800	3,507
Other	64,050	63,890	46,475	68,360
Transfers In	155,581	53,750	50,710	130,261
Total Receipts	$ 2,549,414	$ 2,447,781	$ 2,723,592	$ 2,586,717
Disbursements				
County Commission	$ 89,238	$ 89,140	$ 90,137	$ 89,146
County Clerk	84,291	74,634	89,311	90,042
Elections	23,121	22,290	72,171	61,416
Buildings and Grounds	145,900	134,283	141,300	137,838
Employee Fringe Benefits	358,787	335,125	340,000	323,902
County Treasurer	52,660	51,723	53,510	52,255
County Collector	87,073	78,305	87,073	79,737
Recorder of Deeds	49,219	35,794	48,219	46,848
Circuit Clerk	7,550	15,106	6,150	5,159
Court Administration	11,750	2,972	11,750	3,691
Public Administrator	58,510	56,954	57,760	55,019
Sheriff	669,547	681,173	681,597	688,576
Jail	417,079	503,026	474,385	471,783
Prosecuting Attorney	141,017	110,571	153,223	146,238
Juvenile Officer	36,515	29,912	36,512	26,254
County Coroner	38,698	35,954	31,488	39,508
Transfers Out	-	-	-	-
Emergency Fund	76,400	-	81,707	80,000
Other	207,877	190,302	239,301	187,102
Total Disbursements	$ 2,555,232	$ 2,447,264	$ 2,695,594	$ 2,584,514
Receipts Over (Under) Disbursements	$ (5,818)	$ 517	$ 27,998	$ 2,203
Cash, January 1	5,819	5,819	3,616	3,616
Cash, December 31	$ 1	$ 6,336	$ 31,614	$ 5,819

See Notes to the Financial Statements

The County of Clinton
Plattsburg, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Special Road and Bridge Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 1,112,063	$ 1,181,175	$ 1,347,623	$ 1,076,340
Sales Taxes	-	-	-	-
Intergovernmental	656,645	650,885	660,400	722,339
Charges for Services	-	-	-	-
Interest	3,000	5,100	4,500	3,286
Other	38,000	85,450	100,000	25,380
Transfers In	200,000	111,783	65,000	103,542
Total Receipts	$ 2,009,708	$ 2,034,393	$ 2,177,523	$ 1,930,887
Disbursements				
Salaries	$ 550,000	$ 503,354	$ 550,000	$ 539,631
Employee Fringe Benefits	202,700	182,673	198,950	179,663
Supplies	306,500	308,506	347,000	267,481
Insurance	40,000	31,914	37,000	35,836
Road & Bridge Materials	605,000	567,874	625,000	488,084
Equipment Repairs	100,000	109,341	100,000	105,095
Rentals	-	-	-	-
Equipment Purchases	168,000	162,926	280,500	268,736
R & B Construction	-	-	3,000	-
Other Expenditures	68,300	49,160	71,000	46,123
Transfers Out	25,000	25,000	25,000	25,000
Emergency Fund	-	-	-	-
Total Disbursements	$ 2,065,500	$ 1,940,748	$ 2,237,450	$ 1,955,649
Receipts Over (Under) Disbursements	$ (55,792)	$ 93,645	$ (59,927)	$ (24,762)
Cash, January 1	66,006	66,006	90,768	90,768
Cash, December 31	$ 10,214	$ 159,651	$ 30,841	$ 66,006

See Notes to the Financial Statements

The County of Clinton
Plattsburg, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Assessment Fund				General Purpose Law Enforcement Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	308,604	339,331	271,112	339,492	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	5,900	6,343	5,068	6,951	10	14	25	18
Other	750	439	2,064	712	4,000	700	3,500	1,740
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 315,254	$ 346,113	$ 278,244	$ 347,155	$ 4,010	$ 714	$ 3,525	$ 1,758
Disbursements								
Salaries	$ 138,768	$ 138,650	$ 136,930	$ 137,441	$ -	$ -	$ -	$ -
Employee Fringe Benefits	45,476	44,600	46,265	42,468	-	-	-	-
Materials and Supplies	67,510	17,144	40,056	22,581	-	-	-	-
Services and Other	454,980	50,888	473,581	38,624	5,150	5	5,084	2,168
Capital Outlay	-	-	-		-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 706,734	$ 251,282	$ 696,832	$ 241,114	$ 5,150	$ 5	$ 5,084	$ 2,168
Receipts Over (Under) Disbursements	$ (391,480)	$ 94,831	$ (418,588)	$ 106,041	$ (1,140)	$ 709	$ (1,559)	$ (410)
Cash, January 1	524,630	524,630	418,589	418,589	1,151	1,151	1,561	1,561
Cash, December 31	$ 133,150	$ 619,461	$ 1	$ 524,630	$ 11	$ 1,860	$ 2	$ 1,151

See Notes to the Financial Statements

The County of Clinton
Plattsburg, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Law Enforcement Training Fund				Law Enforcement Restitution Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	7,018	4,192	7,000	4,772	-	-	-	39
Interest	18	14	18	10	-	9	-	-
Other	-	105	-	241	-	887	36,254	1,943
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 7,036	$ 4,311	$ 7,018	$ 5,023	$ -	$ 896	$ 36,254	$ 1,982
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	7,000	2,323	7,000	6,313	399	5	36,668	5,209
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	3,500
Total Disbursements	$ 7,000	$ 2,323	$ 7,000	$ 6,313	$ 399	$ 5	$ 36,668	$ 8,709
Receipts Over (Under) Disbursements	$ 36	$ 1,988	$ 18	$ (1,290)	$ (399)	$ 891	$ (414)	$ (6,727)
Cash, January 1	851	851	2,141	2,141	399	399	7,126	7,126
Cash, December 31	$ 887	$ 2,839	$ 2,159	$ 851	$ -	$ 1,290	$ 6,712	$ 399

See Notes to the Financial Statements

The County of Clinton
Plattsburg, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Prosecuting Attorney Training Fund				Capital Improvement Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	540,000	520,432	550,000	529,077
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	1,000	1,051	1,250	1,198	-	-	-	-
Interest	-	48	50	57	8,000	6,206	7,000	8,980
Other	-	-	-	-	-	22,307	5,000	150
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 1,000	$ 1,099	$ 1,300	$ 1,255	$ 548,000	$ 548,945	$ 562,000	$ 538,207
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	1,400	721	1,670	1,670	1,032,811	288,623	882,710	533,754
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	130,533	-	128,803
Total Disbursements	$ 1,400	$ 721	$ 1,670	$ 1,670	$ 1,032,811	$ 419,156	$ 882,710	$ 662,557
Receipts Over (Under) Disbursements	$ (400)	$ 378	$ (370)	$ (415)	$ (484,811)	$ 129,789	$ (320,710)	$ (124,350)
Cash, January 1	4,639	4,639	5,054	5,054	601,881	601,881	726,231	726,231
Cash, December 31	$ 4,239	$ 5,017	$ 4,684	$ 4,639	$ 117,070	$ 731,670	$ 405,521	$ 601,881

See Notes to the Financial Statements

The County of Clinton
Plattsburg, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Special Election Fund				Recorder User Fee Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	
Charges for Services	-	25,759	-	40,110	13,177	13,028	12,400	13,179
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-		-
Total Receipts	$ -	$ 25,759	$ -	$ 40,110	$ 13,177	$ 13,028	$ 12,400	$ 13,179
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	24,589	-	41,747	12,400	13,377	12,400	12,830
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ -	$ 24,589	$ -	$ 41,747	$ 12,400	$ 13,377	$ 12,400	$ 12,830
Receipts Over (Under) Disbursements	$ -	$ 1,170	$ -	$ (1,637)	$ 777	$ (349)	$ -	$ 349
Cash, January 1	1,612	1,612	3,249	3,249	349	349	-	-
Cash, December 31	$ 1,612	$ 2,782	$ 3,249	$ 1,612	$ 1,126	$ -	$ -	$ 349

See Notes to the Financial Statements

The County of Clinton
Plattsburg, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Emergency Management Fund				Local Emergency Planning Commission Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	3,025	3,407	4,010	3,026
Charges for Services	-	-	-	-	-	-	-	-
Interest	400	28	200	622	35	30	40	44
Other	76,400	-	81,707	80,000	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 76,800	$ 28	$ 81,907	$ 80,622	$ 3,060	$ 3,437	$ 4,050	$ 3,070
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	750	56	750	31
Services and Other	-	-	-	-	3,300	3,923	3,300	3,944
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	76,400	-	80,000	80,000	-	-	-	-
Total Disbursements	$ 76,400	$ -	$ 80,000	$ 80,000	$ 4,050	$ 3,979	$ 4,050	$ 3,975
Receipts Over (Under) Disbursements	$ 400	$ 28	$ 1,907	$ 622	$ (990)	$ (542)	$ -	$ (905)
Cash, January 1	3,507	3,507	2,885	2,885	3,891	3,891	4,796	4,796
Cash, December 31	$ 3,907	$ 3,535	$ 4,792	$ 3,507	$ 2,901	$ 3,349	$ 4,796	$ 3,891

See Notes to the Financial Statements

The County of Clinton
Plattsburg, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Peace Officer Training Standards Fund				Sheriff's Civil Fees Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	4,500	-	4,000	2,386	-	-	-	
Charges for Services	-	-	-	-	35,000	30,637	40,000	35,428
Interest	10	6	10	7	302	315	244	380
Other	-	2,062	-	-	25,000	16,600	15,000	1,875
Transfers In	-	-	-	-	-	-		-
Total Receipts	$ 4,510	$ 2,068	$ 4,010	$ 2,393	$ 60,302	$ 47,552	$ 55,244	$ 37,683
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	15,000	11,821	10,000	3,750
Services and Other	4,500	2,472	4,500	2,409	46,035	41,550	41,000	23,075
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 4,500	$ 2,472	$ 4,500	$ 2,409	$ 61,035	$ 53,371	$ 51,000	$ 26,825
Receipts Over (Under) Disbursements	$ 10	$ (404)	$ (490)	$ (16)	$ (733)	$ (5,819)	$ 4,244	$ 10,858
Cash, January 1	569	569	585	585	34,521	34,521	23,663	23,663
Cash, December 31	$ 579	$ 165	$ 95	$ 569	$ 33,788	$ 28,702	$ 27,907	$ 34,521

See Notes to the Financial Statements

The County of Clinton
Plattsburg, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Elections Services Fund				Prosecuting Attorney Victims of Crime Advocate Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	1,000	-	-	-	-	-
Charges for Services	1,200	3,729	2,800	5,955	-	-	-	-
Interest	500	388	400	459	-	-	-	48
Other	-	-	-	-	-	-	-	15,000
Transfers In	-	-	-	-	-	-	38,334	3,500
Total Receipts	$ 1,700	$ 4,117	$ 4,200	$ 6,414	$ -	$ -	$ 38,334	$ 18,548
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,220
Employee Fringe Benefits	-	-	-	-	-	-	-	4,452
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	40,797	737	37,690	807	612	612	38,334	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 40,797	$ 737	$ 37,690	$ 807	$ 612	$ 612	$ 38,334	$ 27,672
Receipts Over (Under) Disbursements	$ (39,097)	$ 3,380	$ (33,490)	$ 5,607	$ (612)	$ (612)	$ -	$ (9,124)
Cash, January 1	39,097	39,097	33,490	33,490	612	612	9,736	9,736
Cash, December 31	$ -	$ 42,477	$ -	$ 39,097	$ -	$ -	$ 9,736	$ 612

See Notes to the Financial Statements

The County of Clinton
Plattsburg, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Prosecuting Attorney Delinquent Tax Fund				Collector's Tax Maintenance Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	30	27	25	37	-	-	-	-
Other	-	-	-	-	35,000	39,975	30,000	38,451
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 30	$ 27	$ 25	$ 37	$ 35,000	$ 39,975	$ 30,000	$ 38,451
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	35,000	23,395	30,000	28,310
Services and Other	2,000	-	3,000	941	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	10,000	-	-
Total Disbursements	$ 2,000	$ -	$ 3,000	$ 941	$ 35,000	$ 33,395	$ 30,000	$ 28,310
Receipts Over (Under) Disbursements	$ (1,970)	$ 27	$ (2,975)	$ (904)	$ -	$ 6,580	$ -	$ 10,141
Cash, January 1	2,812	2,812	3,716	3,716	17,167	17,167	7,026	7,026
Cash, December 31	$ 842	$ 2,839	$ 741	$ 2,812	$ 17,167	$ 23,747	$ 7,026	$ 17,167

See Notes to the Financial Statements

The County of Clinton
Plattsburg, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Sheriff's Revolving Fund				Senate Bill 40 Board Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ 245,715	$ 256,171	$ 239,806	$ 259,910
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	17,000	25,011	15,000	19,481	-	-	-	-
Interest	250	328	200	238	3,200	2,435	5,000	3,377
Other	-	15,041	-	2,898	-	21,263	2,063	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 17,250	$ 40,380	$ 15,200	$ 22,617	$ 248,915	$ 279,869	$ 246,869	$ 263,287
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	5,250	17	5,000	101	-	-	-	-
Services and Other	32,600	23,825	25,500	6,088	351,000	272,057	300,000	219,099
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	7,000	-	-	-	-
Total Disbursements	$ 37,850	$ 23,842	$ 30,500	$ 13,189	$ 351,000	$ 272,057	$ 300,000	$ 219,099
Receipts Over (Under) Disbursements	$ (20,600)	$ 16,538	$ (15,300)	$ 9,428	$ (102,085)	$ 7,812	$ (53,131)	$ 44,188
Cash, January 1	25,929	25,929	16,501	16,501	335,397	335,397	291,209	291,209
Cash, December 31	$ 5,329	$ 42,467	$ 1,201	$ 25,929	$ 233,312	$ 343,209	$ 238,078	$ 335,397

See Notes to the Financial Statements

The County of Clinton
Plattsburg, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Sheriff Supplement Grant Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	60,000	50,880	54,304	41,738
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other	-	1,469	-	-
Transfers In	-	-	7,000	7,000
Total Receipts	$ 60,000	$ 52,349	$ 61,304	$ 48,738
Disbursements				
Salaries	$ 45,046	$ 43,575	$ 44,618	$ 40,621
Employee Fringe Benefits	7,954	6,072	9,686	5,599
Materials and Supplies	-	-	-	-
Services and Other	7,000	-	7,000	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	$ 60,000	$ 49,647	$ 61,304	$ 46,220
Receipts Over (Under) Disbursements	$ -	$ 2,702	$ -	$ 2,518
Cash, January 1	2,518	2,518	-	-
Cash, December 31	$ 2,518	$ 5,220	$ -	$ 2,518

See Notes to the Financial Statements

The County of Clinton
Plattsburg, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Prosecuting Attorney Administrative Handling Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	10,000	5,795	12,000	10,671
Interest	60	36	60	63
Other	-	-	-	-
Transfers In	-		-	-
Total Receipts	$ 10,060	$ 5,831	$ 12,060	$ 10,734
Disbursements				
Salaries	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	15,000	7,722	20,000	16,896
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	$ 15,000	$ 7,722	$ 20,000	$ 16,896
Receipts Over (Under) Disbursements	$ (4,940)	$ (1,891)	$ (7,940)	$ (6,162)
Cash, January 1	5,395	5,395	11,557	11,557
Cash, December 31	$ 455	$ 3,504	$ 3,617	$ 5,395

See Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

Organized in 1833, the county of Clinton was named after Governor DeWitt Clinton of New York. Clinton County is a county-organized, third-class county and is part of the Forty-Third Judicial Circuit. The county seat is Plattsburg. Clinton County's government is composed of a three-member county commission and the following separately elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk/Ex-Officio Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Clinton County, Missouri, and the Clinton County Senate Bill 40 Board.

Clinton County's operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Clinton County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise Clinton County's legal entity. The Clinton County Senate Bill 40 Board is controlled by a separate board and is also included under the control of Clinton County.

Certain elected County officials, such as the County Collector, Treasurer, and Sheriff, collect and hold monies in a trustee capacity as an agent of an individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements and are unaudited.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Clinton County, Missouri, and the comparisons of such information with the corresponding budgeted information for all funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the County's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If Clinton County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo, Clinton County adopts a budget for each governmental fund.

On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

Budgets are prepared and adopted on the cash basis of accounting.

During our audit we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The Recorder User Fee Fund had expenses exceeding budget for 2013 and 2012. Also, the County did not prepare a 2013 and 2012 budget for the Special Election Fund.

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuation of the tangible taxable property included within Clinton County's boundaries for the calendar year 2013 and 2012, respectively, for the purposes of County taxation, was as follows:

	2013	2012
Real Estate	$ 196,934,890	$ 193,789,990
Personal Property	49,130,320	47,266,560
Railroad and Utilities	36,081,025	33,854,536
	$ 282,146,235	$ 274,911,086

Special Road and Bridge Fund assessed valuation was $184,719,955 and $179,102,451 for the calendar year 2013 and 2012, respectively.

The tax levy per $100 assessed valuation of tangible taxable property for the calendar year 2013 and 2012, respectively, for the purpose of County taxation, was as follows:

	2013	2012
General Revenue Fund	$ 0.2875	$ 0.2400
Special Road and Bridge Fund*	0.6246	0.6246
Senate Bill 40 Board Fund	0.0905	0.0905

* Special Road and Bridge Fund tax levy includes both the tax levy for Special Road and Bridge and Common Road District.

The County also receives sales tax collected by the State and remitted based on the County’s sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in Clinton County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

Note 2 - Deposits and Investments

Clinton County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013 and 2012, the carrying amount of Clinton County's deposits was $2,030,120 and $1,678,752 and the bank balance was $2,310,313 and $1,966,515, respectively. As of December 31, 2013, 100% of Clinton County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2013, as follows:

Deposits	$ 2,030,120
Investments	-
Restricted Cash	-
Total Deposits and Investments as of December 31, 2013	$ 2,030,120

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2012, as follows:

Deposits	$ 1,678,752
Investments	-
Restricted Cash	-
Total Deposits and Investments as of December 31, 2012	$ 1,678,752

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Clinton County's investment policy does not include custodial credit risk requirements. Clinton County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013, and 2012.

Note 2 - Deposits and Investments (continued)

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to Clinton County or its agent but not in the government's name. Clinton County does not have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of Clinton County or of a type that are not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Clinton County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by Clinton County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U. S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). Clinton County has no policy in place to minimize the risk of loss resulting from over concentration of assets of a specific maturity, specific issuer or specific class of securities. Clinton County's deposits were not exposed to concentration of investment credit risk for the years ended in December 31, 2013 and 2012.

Note 3 - Interfund Transfers

Transfers between funds for the years ended December 31, 2013 and 2012 are as follows:

	2013		2012	
Fund	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue	$ 53,750	$ -	$ 130,261	$ -
Capital Improvement	-	130,533	-	128,803
Special Road and Bridge	111,783	25,000	103,542	25,000
Collector's Tax Maintenance	-	10,000	-	-
Emergency Management	-	-	-	80,000
Sheriff's Revolving	-	-	-	7,000
Sheriff Supplement Grant	-	-	7,000	-
Prosecuting Attorney Victims of Crime Advocate	-	-	3,500	-
Law Enforcement Restitution	-	-	-	3,500
Total	$ 165,533	$ 165,533	$ 244,303	$ 244,303

Note 4 - County Employees' Retirement Fund (CERF)

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees. The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than (1,000) one thousand hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government.

It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Section 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994. The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar amount, targeted replacement ratio formula, and the prior plan's formula). A death benefit of $10,000 will be paid to the designated beneficiary of every active eligible member upon his or her death. Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed. Any member with less than eight years creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions. The County Employees' Retirement Fund issues audited financial statements.

Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65102, or by calling 1-877-632-2373.

Funding Policy

In accordance with State Statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 are required to contribute 0% of their annual salary, while employees hired after February 2002 are required to contribute 4% of their salary in order to participate in CERF. During 2013 and 2012, the County collected and remitted to CERF, employee contributions of $47,344 and $49,099, respectively, for the years then ended.

Note 5 - Missouri Local Government Employees Retirement System (LAGERS)

Plan Description

Clinton County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

Note 5 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

LAGERS was created and governed by statutes section RSMo 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling (800) 447-4334.

Funding Status

Full-time employees of Clinton County contribute 4% of their gross pay to the pension plan. The June 30th statutorily required contribution rates are 4.5% (General) and 5.8% (Police) of annual covered payroll for the year ended December 31, 2013. The June 30th statutorily required contribution rates are 5.3%. (General) and 5.6% (Police) of annual covered payroll for the year ended December 31, 2012. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the year ended December 31, 2013 was as follows:

	2013
Annual required contribution	$ 85,506
Interest on net pension obligation	867
Adjustment to required contribution	(1,154)
Annual pension cost	85,219
Actual contributions	85,506
Increase (decrease) in NPO	(287)
NPO beginning of year	11,959
NPO end of year	$ 11,672

The annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011 was 15 years for the General division and 15 years for the police division. The amortization period of February 29, 2012 was 12 years for the General division and 14 years for the Police division.

Note 5 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 97,810	94.0%	$ 12,160
2012	93,378	100.2%	11,959
2013	85,219	100.3%	11,672

Required Supplementary Information - Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2011	$ 2,223,392	$ 2,531,720	$ 308,328	88%	$ 1,962,821	16%
2/29/2012	2,251,413	2,382,181	130,768	95%	1,554,397	8%
2/28/2013	2,580,963	2,557,447	(23,516)	101%	1,714,157	

The subdivision's annual pension cost and net pension obligation for the year ended December 31, 2012 was as follows:

	2012
Annual required contribution	$ 93,579
Interest on net pension obligation	882
Adjustment to required contribution	(1,083)
Annual pension cost	93,378
Actual contributions	93,579
Increase (decrease) in NPO	(201)
NPO beginning of year	12,160
NPO end of year	$ 11,959

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010 was 17 years for the General division and 14 years for the police division. The amortization period of February 28, 2011 was 15 years for the General division and 15 years for the Police division.

Note 5 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$ 82,001	92.3%	$ 6,314
2011	97,810	94.0%	12,160
2012	93,378	100.2%	11,959

Required Supplementary Information - Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2010	$ 2,033,232	$ 2,334,419	$ 301,187	87%	$ 1,889,324	16%
2/28/2011	2,223,392	2,531,720	308,328	88%	1,962,821	16%
2/29/2012	2,251,413	2,382,181	130,768	95%	1,554,397	8%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

Note 6 - Prosecuting Attorney Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, Clinton County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys' and Circuit Attorneys' Retirement System. Once remitted, the State of Missouri is responsible for administration of this plan. Clinton County has contributed $2,244 and $1,870, respectively, for the years ended December 31, 2013 and 2012.

Note 7 - Post-Employment Benefits

Clinton County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by Clinton County.

Note 8 - Claims, Commitments and Contingencies

Litigation

Clinton County is involved in pending litigation as of December 31, 2013. The extent of the liability, if any, cannot be determined at this time.

Compensated Absences

The County provides employees with up to four weeks of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused vacation and overtime, if applicable. These have not been subjected to auditing procedures.

Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Note 9 - Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuance to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make specific assessments. Members are jointly and severally liable for all claims against the risk pool.

Note 10 - Subsequent Events

The County has evaluated events subsequent to December 31, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through August 4, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

Note 11 - Long-Term Debt

Capital Lease Obligations

In 2013, the County entered into a cancelable lease purchase agreement to finance the purchase of five 2013 Ford Interceptors at a cost of $126,363. The agreement requires monthly payments of $3,699 ending April 1, 2016 which includes interest of 3.5%.

Note 11 - Long-Term Debt (continued)

In 2013, the County entered into a cancelable lease purchase agreement to finance the purchase of 2013 Chevy Silverado at a cost of $30,775. The agreement requires annual payments of $10,908 ending March 1, 2016, which includes interest of 3.5%.

In 2013, the County entered into a cancelable lease purchase agreement to finance the purchase of 2011 John Deere 672G Motor Grader at a cost of $180,000. The agreement requires two annual payments of $94,505 beginning February 21, 2015 and ending February 21, 2016, which includes interest of 2.8%.

In 2011, the County entered into a cancelable lease purchase agreement to finance the purchase of 2011 Dodge 2500 Crew Cab at a cost of $22,255. The agreement requires monthly payments of $662 ending May 2, 2014, which includes interest of 4.5%.

In 2010, the County entered into a cancelable lease purchase agreement to finance the purchase of a 2010 Ford Explorer at a cost of $22,200. The agreement requires monthly payments of $660 ending May 7, 2013, which includes interest of 4.5%. This lease was paid off in 2013.

In 2010, the County entered into a cancelable lease purchase agreement to finance the purchase of a 2010 Dodge Charger at a cost of $21,791. The agreement requires monthly payments of $648 ending March 31, 2013, which includes interest of 4.5%. This lease was paid off in 2013.

Although the agreements provide cancellation of the leases if the County should fail to appropriate funds at the annual renewal dates, the County does not foresee exercising its option to cancel.

The following is the changes in capital lease obligations for the year ended December 31, 2013:

Capital Lease Obligations	Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013	Interest Paid
5 2013 Ford Interceptor SUVs	$ -	$ 126,362	$ 27,123	$ 99,239	$ 2,472
2013 Chevy Silverado Crew Cab	-	30,775	-	30,775	-
2011 John Deere 672 Grader	-	180,000	-	180,000	-
2011 Dodge Crew Cab Truck	10,886	-	7,612	3,274	334
2010 Ford Explorer	3,265	-	3,265	-	37
2010 Dodge Charger	1,931	-	1,931	-	14
	$ 16,082	$ 337,137	$ 39,931	$ 313,288	$ 2,857

The following is the changes in capital lease obligations for the year ended December 31, 2012:

Capital Lease Obligations	Balance December 31, 2011	Additions	Retirements	Balance December 31, 2012	Interest Paid
2011 Dodge Crew Cab Truck	$ 18,161	$ -	$ 7,275	$ 10,886	$ 670
2010 Ford Explorer	10,857	-	7,592	3,265	334
2010 Dodge Charger	9,440	-	7,509	1,931	272
	$ 38,458	$ -	$ 22,376	$ 16,082	$ 1,276

Note 11 -Long-Term Debt (continued)

The following is the 2013 future minimum payments for all capital leases:

Year Ending December 31,	Principal	Interest	Total
2014	$ 54,908	$ 3,706	$ 58,614
2015	139,180	10,627	149,807
2016	119,200	916	120,116
	$ 313,288	$ 15,249	$ 328,537

Department of Natural Resources Loan

The County entered into a loan with the Missouri Department of Natural Resources (DNR) on November 6, 2008, for $183,820 to finance various energy savings projects. The loan will be repaid with semi-annual payments of $9,664 through August 1, 2020, and one payment of $1,377 on February 1, 2021, which includes interest of 4.15%.

The following is the change in the DNR loan for the year ended December 31, 2013:

	Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013	Interest Paid
DNR Loan	$ 131,403	-	14,018	$ 117,385	$ 5,310

The following is the change in the DNR loan for the year ended December 31, 2012:

	Balance December 31, 2011	Additions	Retirements	Balance December 31, 2012	Interest Paid
DNR Loan	$ 144,857	-	13,454	$ 131,403	$ 5,874

The following is the 2013 future minimum payments for the DNR loan:

Year Ending December 31,	Principal	Interest	Total
2014	$ 14,606	$ 4,721	$ 19,327
2015	15,218	4,109	19,327
2016	15,856	3,471	19,327
2017	16,521	2,806	19,327
2018	17,213	2,114	19,327
2019-2021	37,971	2,060	40,031
	$ 117,385	$ 19,281	$ 136,666

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141

PHONE: 314-569-3800
FAX: 314-569-0020

www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission and
Officeholders of Clinton County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Clinton County, Missouri, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Clinton County, Missouri's basic financial statements and have issued our report thereon dated August 4, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clinton County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clinton County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Clinton County, Missouri's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 13/12-2, 13/12-3, 13/12-4, and 13/12-5.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clinton County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter

that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item: 13/12-1.

Clinton County, Missouri's Response to Findings

Clinton County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Clinton County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
August 4, 2014

The County of Clinton
Plattsburg, Missouri
Schedule of Findings and Responses
For the years ended December 31, 2013 & 2012

Financial Statement Findings

13/12-1 ***Condition:*** During our audit, we noted one fund with actual expenditures that exceeded the budgeted expenditures and one fund for which a budget was not prepared.

Effect: Missouri statutes requires Counties to prepare an annual budget and expenditures are not to exceed the budget. Due to exceeding budget in certain funds the County is in violation of Missouri Revised Statutes.

Cause: Oversight

Recommendation: We recommend that the County adopt a budget for all funds, and periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: The Special Election Fund will be budgeted for 2014 and following years.

On the Recorder User Fee Fund issue, the Office Holder in charge of it (Molly Livingston, Circuit Clerk & Recorder) was informed & instructed to keep a close eye on her budget and if any new money came in, she should amend her budget in order to be able to spend any more from it.

13/12-2 ***Condition:*** Documentation of the County's internal controls has not been prepared.

Effect: Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Management has not prepared documentation of internal control.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: The Commission has taken this under advisement.

13/12-3 ***Condition:*** During our audit, we noted there is no formal fraud risk assessment in place.

Effect: Lack of an appropriate fraud risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identifying risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.

Management's Response: The Commission has taken this under advisement.

13/12-4 ***Condition:*** During our audit, we noted the Collector's Office was not making timely deposits of cash receipts into the Collector's bank account.

Effect: Lack of timely deposits can lead to errors due to loss of cash receipts or other information needed to properly record and reconcile cash receipts. Also, the County loses out on potential interest income if deposits are not made in a timely manner.

Cause: The Collector was not making deposits of cash receipts in a timely manner.

Recommendation: We recommend that the County Collector's Office make deposits of cash receipts on a daily basis. If not made daily, the County should set a maximum dollar amount to be held before making a deposit.

Management's Response: Under the direction of the former Clinton County Collector, Sharon K. Cockrum, this was an apparent issue. Since her retirement on May 30, 2014, I, the new Governor Appointed Collector, Shelly King, have resolved this issue by making deposits in a timely matter.

13/12-5 ***Condition:*** During our audit, we noted the Collector's Office was not reconciling the cash registers on a daily basis.

Effect: Lack of a daily reconciliation process can lead to the loss of information needed to reconcile cash receipts due to error or theft.

Cause: The Collector was not reconciling cash registers daily.

Recommendation: We recommend that the County Collector's Office use a separate cash register for each individual who accepts cash. On at least a daily basis, each cash register should be reconciled by a minimum of two individuals.

Management's Response: Under the direction of the former Clinton County Collector, Sharon K. Cockrum, this was an apparent issue. Since her retirement on May 30, 2014, I, the new Governor Appointed Collector, Shelly King, have resolved this issue by having all daily drawers balanced by two different people on a daily basis.

The County of Clinton
Plattsburg, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Clinton County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2009.

Prior Year Financial Statement Findings

09-1 ***Condition:*** Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties.

Status: This in no longer considered a material weakness.

09-2 ***Condition:*** The County's Treasurer is responsible for the maintenance of the cash and investment accounts of the County. Part of this maintenance includes the necessary and vital control of performing monthly reconciliations of all cash and investment accounts to the general ledger. During 2008 and 2009, cash was not properly reconciled on a monthly basis. In addition, the reconciliations provided at year-end were performed manually rather than within the County's centralized accounting system.

Criteria: The County Treasurer should perform monthly reconciliations of cash and investments from bank statements to the general ledger.

Effect: Due to the absence of monthly bank reconciliations by the County Treasurer, the reported year-end cash balances included unreconciled amounts of $10,742 and $10,824 at December 31, 2008 and 2009, respectively.

Recommendation: The County Treasurer recognize the importance of cash and investment reconciliations in the internal control processes of County operations and begin preparing proper monthly reconciliations within the County's centralized accounting system.

Response: The County understands the necessity of performing monthly bank reconciliations and will ensure that they are performed in the future.

Status: Management has corrected this issue.

Thomas A. Schweich

Missouri State Auditor

REVENUE

Bolivar Contract License Office

September 2014

Report No. 2014-086

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Bolivar Contract License Office

Background

The Department of Revenue (DOR) has appointed 178 contract agents to operate contract license offices. These offices issue driver licenses; titles for motor vehicles, trailers, and marine craft; and license plates. Contract agents are compensated through transaction-based processing fees. Under a state law, which became effective in 2009, the State Auditor may audit contract license offices.

Sales Tax Transactions

Contract license offices collect sales and use taxes based upon the purchase price of the vehicle being titled, less any applicable credits. DOR procedures require the offices to retain documentation to support the net purchase price and requires office staff to use a DOR approved source to determine the estimated fair market value if the documentation is not sufficient or the purchase price is questionably low. License office personnel did not retain sufficient documentation to support the purchase price for 2 of 47 (4%) transactions reviewed. For 2 of the 37 (5 percent) transactions reviewed that had addresses in the DOR computerized system, license office staff charged a lower (outside city limits) tax rate rather the city tax rate listed for the address in the system.

Prepayment Void Transactions

Prepayment void transactions occur when transactions are voided before payment is made, such as when the customer lacks sufficient funds or the entry has incorrect information. DOR procedures require a supervisory review of voided transactions and customer acknowledgement if a new transaction is not completed or is for a lesser amount. The license office manager did not document approval for 2 of 10 (20 percent) prepayment void transactions that occurred between January 7 and January 10, 2014, and license office personnel did not obtain a customer acknowledgement for 1 of these 2 transactions.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Department of Revenue
Bolivar Contract License Office
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
John R. Mollenkamp, Acting Director
Department of Revenue
Jefferson City, Missouri
and
T & J Stark Enterprises, LLC, Contract Agent
Bolivar Contract License Office
Bolivar, Missouri

We have audited certain operations maintained and established by the Bolivar Contract License Office, as provided by Section 136.055, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2014. The objectives of our audit were to:

1. Evaluate the office's internal controls related to the handling of various fee and tax transactions.

2. Evaluate the office's compliance with certain contractual and statutory provisions.

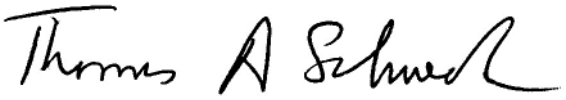
Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the office, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the Department of Revenue's management and was not subjected to the procedures applied in our audit of the contract office.

For the areas audited, we identified (1) deficiencies in internal controls, and (2) no significant noncompliance with contractual or statutory provisions.

The accompanying Management Advisory Report presents our findings arising from our audit of the Bolivar Contract License Office.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Susan J. Beeler, CPA, CIA
In-Charge Auditor:	Corey McComas, M. Acct., CPA
Audit Staff:	Joshua Shope, M. Acct.

1. Sales Tax Transactions

The license office does not always retain adequate documentation to support purchase price amounts on vehicle sales tax transactions, and the license office does not always charge the correct sales tax rate.

Contract license offices collect sales and use taxes from taxpayers who are titling a vehicle. These taxes are based on the purchase price of the vehicle less any applicable credits, such as for selling or trading in another vehicle. Department of Revenue (DOR) official procedures require the retention of documentation to support the net purchase price for all sales and use tax transactions. If the documentation is not sufficient to support the purchase price or the purchase price is questionably low, DOR official procedures require the license office staff to use a DOR approved source to determine the estimated fair market value. If the estimated fair market value is not similar to the price claimed by the taxpayer, a notarized bill of sale from the seller is required or the estimated fair market value must be used by the license office staff to calculate sales tax due.

License office personnel determine the sales tax rate to be charged based on the taxpayer's address. Most addresses are listed in the DOR's computerized system, which recommends a tax rate for each transaction based on the address. If the system is unable to provide a tax rate, DOR official procedures require the clerk to ask the taxpayer if he or she lives within city limits and then confirm this declaration. Ways to confirm the declaration include a property tax receipt or letter from the tax jurisdiction.

We reviewed sales and use tax transactions processed in the license office from January 6 to January 8, 2014, and noted the following concerns:

Purchase prices

License office personnel did not retain sufficient documentation to support the purchase price for 2 of 47 transactions (4 percent) reviewed. For these 2 transactions, the purchase price used was questionably low, but license office staff did not obtain a notarized bill of sale to support the purchase price. We obtained the estimated fair market values from DOR personnel and determined the reported purchase prices for the 2 transactions totaled $10,149 lower than the estimated fair market values, resulting in a $526 reduction in taxes collected.

When we brought these transactions to the DOR's attention, the DOR sent additional tax due letters to the 2 taxpayers. One taxpayer provided a notarized bill of sale to support the purchase price, which should have been obtained by the license office staff at the time of the transaction. For the other transaction, the DOR sent the taxpayer an additional tax due letter indicating the taxpayer owed an additional $64. As of August 1, 2014, the DOR has not received a response. The DOR will eventually suspend the registration if the taxpayer does not contact the DOR.

Sales tax rates

For 2 of the 37 (5 percent) transactions reviewed that had addresses in the DOR computerized system, license office staff charged lower tax rates than required. In both instances, license office staff charged the taxpayer tax rates that were outside the city limits, when the city sales tax rate should have been included based on the address in the DOR system. These transactions resulted in a $663 reduction in local taxes collected.

When we brought these transactions to the DOR's attention, DOR staff determined the suggested tax rate in the DOR's computerize system was incorrect for one of the transactions, and the license office staff had actually charged the correct sales tax rate. However, since the DOR system had suggested another tax rate, the license office staff should have documented why the suggested tax rate was not used. For the second transaction, the taxpayer, who under paid by $603, submitted an initial payment of $150 and agreed to pay the remaining balance in 5 equal monthly installments.

Conclusions

To ensure the purchase price is accurate and the proper tax rates are charged, the license office should comply with DOR procedures requiring adequate documentation of purchase price and verification of the taxpayer's address in the computerized system.

During February 2012, the DOR's Compliance and Investigation Bureau performed a review of the license office and noted similar concerns with motor vehicle sales tax transaction processing. The concerns included a tax exemption inappropriately applied, a purchase price credit inaccurately applied, an incorrectly recorded purchase price, and an unsupported credit amount.

Recommendation

The license office ensure compliance with DOR procedures requiring adequate documentation to support the purchase price for vehicle sales and use tax transactions. In addition, the license office should ensure the correct sales tax rate for the taxpayer's address is charged.

We also recommend the DOR conduct a follow-up review of the license office to ensure the license office has implemented corrective action.

Auditee's Response

The license office provided the following written response:

Purchase Prices: We agree with the auditor's recommendations to provide documentation to support the purchase price for vehicle sales and use tax transactions. The auditor's recommendation will be implemented. Our license office clerks have been instructed to charge tax amounts according to fair market value or to send the customer back to the seller for a notarized bill of sale. Management will continue to monitor and provide training on this procedure.

Sales Tax Rates: We agree with the auditor's recommendations to ensure the correct sales tax rate for the taxpayer's address. The auditor's recommendation will be implemented. Our license office clerks have been instructed to never choose "none" as a reason for over-riding the system. In addition, any tax rate that is over-ridden will be documented in the system, a letter from the governing authority, or taxpayer's receipt. Management will continue to monitor and provide training on this procedure.

The DOR provided the following written response:

The Department will assign a field coordinator to conduct a follow-up and also request our Compliance and Investigations Bureau to do a follow-up internal audit.

2. Prepayment Void Transactions

The license office manager did not document approval for 2 of 10 (20 percent) prepayment void transactions that occurred from January 7 to January 10, 2014. In addition, license office personnel did not obtain customer acknowledgment for 1 of these 2 transactions.

A prepayment void transaction occurs when a transaction is entered in the Titling and Registration Intranet Processing System but is voided before payment is made. Valid reasons for prepayment void transactions include when customers lack sufficient funds to pay for the transaction, and entries with incorrect information.

DOR official procedures require a supervisory review of voided transactions, and customer acknowledgement of a void transaction if a new one is not completed or is for a lesser amount. In addition, supervisory review and customer acknowledgement help ensure a transaction was voided for a valid reason.

Recommendation

The license office ensure all prepayment void transactions are reviewed and approved by office management, and are supported by customer acknowledgment, when applicable.

Auditee's Response

The license office provided the following written response:

We agree with the auditor's recommendations for management to review and initial approved prepayment voids. The auditor's recommendations will be implemented. Management will check voids to follow correct procedure on void reports and over-ride reports. Our license office clerks have been instructed to obtain the customer's signature on voids when there is a lesser amount due on the correction or if the transaction is not reprocessed. Management will continue to monitor and provide training to clerks on prepayment voids.

Department of Revenue
Bolivar Contract License Office
Organization and Statistical Information

Pursuant to Section 136.030(2), the Department of Revenue (DOR) has the authority and responsibility for the collection of motor vehicle registration fees, driver license fees, motor vehicle sales and use tax, and all other taxes. Pursuant to Section 136.055, RSMo, the director of the DOR has appointed 178 contract agents to operate contract license offices. This section also provides that the state auditor may audit the contract license offices. The DOR, License Office Bureau, under the management of the Motor Vehicle and Driver Licensing Division, is responsible for administering contract license offices throughout the state.

The contract license offices are awarded through a competitive bidding process, as required by Section 136.055.2, RSMo. This bidding process must give priority to organizations and entities that are exempt from taxation (not-for-profit) under the Internal Revenue Code, and political subdivisions such as municipalities, counties, and fire protection districts. Prior to August 2013, contracts typically ran for a year, with three 1-year renewal periods. Starting in August 2013, contracts are typically for a period of 4 years. The contract may be canceled at the discretion of the DOR.

The contract license offices issue titles for all Missouri motor vehicles, trailers, and marine craft; and issue and sell a wide-range of standard, personalized, and specialty license plates that are classified into five major categories: passenger, truck, trailer, motorcycle, and bus. In addition, the contract license offices issue five basic types of driver licenses: Intermediate License (GDL); Class F (Operator); Class E (For-Hire); Class A, B, and C (Commercial); and Class M (Motorcycle). The licensing process also includes allowing customers to contribute to the organ donor program, World War I memorial fund, and/or blindness awareness fund. Customers may also register with the selective services, add endorsements or restrictions to licenses, and register to vote.

The contract agents do not receive compensation from the DOR, but receive the following fees, allowed by Section 136.055.1, RSMo, from customers for each type of transaction processed by the office.

Agent Fees

Transaction Type	Fee
License renewal	$3.50 one year
	$7.00 two years
Transfer of registration	$3.50
Application or transfer of title	$2.50
Driver, operator or chauffeur license	$2.50 three years or less
	$5.00 exceeding three years
Notice of lien	$2.50

The Bolivar Contract License office was awarded to T & J Stark Enterprises, LLC in July 2009. In November 2013, due to the expiration of the 2009 contract, the DOR again solicited bids for the Bolivar Contract License Office. The office was again awarded to T & J Stark Enterprises, LLC, effective February 6, 2014.

For the year ended June 30, 2014, the office collected and remitted to the DOR $5,035,724, and retained processing fees totaling $161,072. Additionally, as part of the bidding process, the office agreed to return 0.5 percent of its processing fees to the state under both the current and prior contracts. For the year ended June 30, 2014, the office returned to the state processing fees totaling $803.

Personnel

At June 30, 2014, key office personnel were as follows:

Jean Stark, Contract Manager
Dru Baker, Office Manager

Thomas A. Schweich

Missouri State Auditor

REVENUE

Branson Contract License Office

September 2014

Report No. 2014-087

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Branson Contract License Office

Background	The Department of Revenue (DOR) has appointed 178 contract agents to operate contract license offices. These offices issue driver licenses; titles for motor vehicles, trailers, and marine craft; and license plates. Contract agents are compensated through transaction-based processing fees. Under a state law which became effective in 2009, the State Auditor may audit contract license offices.
Prepayment Void Transactions	Prepayment void transactions occur when transactions are voided before payment is made, such as when the customer lacks sufficient funds or the entry has incorrect information. DOR procedures require a supervisory review of voided transactions, but the office manager did not document approval for 2 of 10 (20 percent) void transactions that occurred from March 10 to March 13, 2014.
Accounting Controls and Procedures	The license office did not always accurately record the method of payment (cash, check, or credit card) and did not reconcile the composition of monies received to deposits. The composition of receipts did not match the composition of deposits for 5 deposits reviewed, and 3 of 12 manual receipt slips (25%) did not include the method of payment.
Contract Compliance	License office staff did not properly maintain the inventory records for 3 of 25 items reviewed. We found 3 items that were not listed in the inventory records, and a total of 5 items could not be located during the last two semi-annual inventories, for which the DOR required a $114 reimbursement.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our website: http://auditor.mo.gov

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Branson Contract License Office
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
John R. Mollenkamp, Acting Director
Department of Revenue
Jefferson City, Missouri
and
Koester & Koester, LLC, Contract Agent
Branson Contract License Office
Branson, Missouri

We have audited certain operations maintained and established by the Branson Contract License Office, as provided by Section 136.055, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2014. The objectives of our audit were to:

1. Evaluate the office's internal controls related to the handling of various fee and tax transactions.

2. Evaluate the office's compliance with certain contractual and statutory provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the office, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the Department of Revenue's management and was not subjected to the procedures applied in our audit of the contract office.

For the areas audited, we identified (1) deficiencies in internal controls and (2) noncompliance with a contractual provision.

The accompanying Management Advisory Report presents our findings arising from our audit of the Branson Contract License Office.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Susan J. Beeler, CPA, CIA
In-Charge Auditor:	Corey McComas, M. Acct., CPA
Audit Staff:	Joshua Shope, M. Acct.

Department of Revenue
Branson Contract License Office
Management Advisory Report - State Auditor's Findings

1. Prepayment Void Transactions

The license office manager did not document approval for 2 of 10 (20 percent) prepayment void transactions that occurred from March 10 to March 13, 2014.

A prepayment void transaction occurs when a transaction is entered in the Titling and Registration Intranet Processing System but is voided before payment is made. Valid reasons for prepayment void transactions include when customers lack sufficient funds to pay for the transaction, and entries with incorrect information.

Department of Revenue (DOR) official procedures require a supervisory review of voided transactions. In addition, a supervisory review of voided transactions helps ensure transactions were voided for valid reasons.

Recommendation

The license office ensure all prepayment void transactions are reviewed and approved by office management.

Auditee's Response

We agree with the Auditor's recommendation. Office policy is when cashiers have prepayment voids, to take paperwork to management to be reviewed and signed off before next transaction has started.

2. Accounting Controls and Procedures

The license office needs to improve controls and procedures over monies collected. For the year ended June 30, 2014, the office collected and remitted to the DOR approximately $7.3 million in taxes and fees.

The license office did not always accurately record the method of payment (cash, check, or credit card) in the accounting records and did not reconcile the composition of monies received to deposits. For example, the composition of deposits did not agree to the composition of receipts recorded for the three deposits made from March 10 to March 12, 2014, and the May 9 and May 12, 2014, deposits. A review of these deposits identified cash payments recorded as check payments, check payments recorded as credit card and/or cash payments, and credit card payments recorded as check and/or cash payments. In addition, 3 of 12 manual receipt slips issued for driving record purchases and fees collected for the reinstatement of driving privileges did not include the method of payment. The license office must issue manual receipt slips for these transactions because they are processed outside of the computerized system.

DOR official procedures for license offices provide the composition of monies received should be reconciled to the accounting records and to deposits. Any differences identified as part of this work should be reviewed to ensure proper handling of monies received.

Recommendation

The license office ensure the correct method of payment is recorded in the accounting records and the composition of monies received is reconciled to

the accounting records and to deposits, and differences identified from the reconciliation process are appropriately reviewed. In addition, the license office should ensure the method of payment is recorded on manual receipt slips.

Auditee's Response

We agree with the Auditor's recommendation. Spoke with staff to make sure clerks check payment method before finalizing, if error occurs make sure clerk lists correct payment method and reason why on trips receipt.

3. Contract Compliance

The license office does not always accurately update perpetual inventory records, as required by the DOR agent contract. According to office management, the office tries to maintain a 30-day stock of inventory items such as license plates, tabs, decals, and permits.

License office staff did not properly maintain the inventory records for 3 of 25 items reviewed. We found 3 items that were not listed in the inventory records. Also, during the last two semi-annual inventories, a total of 5 items could not be located. As a result, the DOR required the office to reimburse the DOR $114 for the missing items.

The license office increases the risk of undetected theft and/or impropriety when inventory records are not updated accurately and on a timely basis. In addition, the DOR agent contract requires the license office to maintain up-to-date perpetual inventory records.

Recommendation

The license office maintain accurate perpetual inventory records, as required by the DOR agent contract.

Auditee's Response

We agree with the Auditor's recommendation. Office policy is to maintain inventory book daily, review pages to make sure inventory is correctly removed and totals are in order.

Department of Revenue
Branson Contract License Office
Organization and Statistical Information

Pursuant to Section 136.030(2), the Department of Revenue (DOR) has the authority and responsibility for the collection of motor vehicle registration fees, driver license fees, motor vehicle sales and use tax, and all other taxes. Pursuant to Section 136.055, RSMo, the director of the DOR has appointed 178 contract agents to operate contract license offices. This section also provides that the state auditor may audit the contract license offices. The DOR, License Office Bureau, under the management of the Motor Vehicle and Driver Licensing Division, is responsible for administering contract license offices throughout the state.

The contract license offices are awarded through a competitive bidding process, as required by Section 136.055.2, RSMo. This bidding process must give priority to organizations and entities that are exempt from taxation (not-for-profit) under the Internal Revenue Code, and political subdivisions such as municipalities, counties, and fire protection districts. Prior to August 2013, contracts typically ran for a year, with three 1-year renewal periods. Starting in August 2013, contracts are typically for a period of 4 years. The contract may be canceled at the discretion of the DOR.

The contract license offices issue titles for all Missouri motor vehicles, trailers, and marine craft; and issue and sell a wide-range of standard, personalized, and specialty license plates that are classified into five major categories: passenger, truck, trailer, motorcycle, and bus. In addition, the contract license offices issue five basic types of driver licenses: Intermediate License (GDL); Class F (Operator); Class E (For-Hire); Class A, B, and C (Commercial); and Class M (Motorcycle). The licensing process also includes allowing customers to contribute to the organ donor program, World War I memorial fund, and/or blindness awareness fund. Customers may also register with the selective services, add endorsements or restrictions to licenses, and register to vote.

The contract agents do not receive compensation from the DOR, but receive the following fees, allowed by Section 136.055.1, RSMo, from customers for each type of transaction processed by the office.

Agent Fees

Transaction Type	Fee
License renewal	$3.50 one year
	$7.00 two years
Transfer of registration	$3.50
Application or transfer of title	$2.50
Driver, operator or chauffeur license	$2.50 three years or less
	$5.00 exceeding three years
Notice of lien	$2.50

In December 2011, the DOR solicited bids for the Branson Contract License Office. The office was awarded to Koester & Koester, LLC, effective January 19, 2012.

For the year ended June 30, 2014, the office collected and remitted to the DOR $7,345,472, and retained processing fees totaling $203,588. Additionally, as part of the bidding process, the office agreed to return 4 percent of its processing fees to the state. For the year ended June 30, 2014, the office returned to the state processing fees totaling $8,236.

Personnel

At June 30, 2014, key office personnel were as follows:

David Koester Sr., Contract Manager
Kimberly Peck, Office Manager

Thomas A. Schweich

Missouri State Auditor

REVENUE

Creve Coeur Contract License Office

September 2014

Report No. 2014-088

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Creve Coeur Contract License Office

Background	The Department of Revenue (DOR) has appointed 178 contract agents to operate contract license offices. These offices issue driver licenses; titles for motor vehicles, trailers, and marine craft; and license plates. Contract agents are compensated through transaction-based processing fees. Under a state law, which became effective in 2009, the State Auditor may audit contract license offices.
Prepayment Void Transactions	Prepayment void transactions occur when transactions are voided before payment is made, such as when the customer lacks sufficient funds or the entry has incorrect information. DOR procedures require customer acknowledgement if a new transaction is not completed or is for a lesser amount, but office staff did not obtain customer acknowledgement for 2 of 5 (40 percent) such transactions between January 7 and January 10, 2014.
Contract Compliance	License office staff did not properly maintain the inventory records for 3 of 50 inventory items reviewed. We found 2 items that were not listed in the inventory records, and 1 item that was on site but had been incorrectly recorded on the inventory records.
No Fee Identification Log	No fee IDs are issued at no cost to the ID holder to replace previously purchased IDs that printed illegibly or contained a misspelled name. Our review found 2 of the 17 no fee IDs issued between January 22 and March 27, 2014, were not listed on the office log, as required by the DOR.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
John R. Mollenkamp, Acting Director
Department of Revenue
Jefferson City, Missouri
and
License Office Services, LLC, Contract Agent
Creve Coeur Contract License Office
Creve Coeur, Missouri

We have audited certain operations maintained and established by the Creve Coeur Contract License Office, as provided by Section 136.055, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2014. The objectives of our audit were to:

1. Evaluate the office's internal controls related to the handling of various fee and tax transactions.

2. Evaluate the office's compliance with certain contractual and statutory provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the office, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the Department of Revenue's management and was not subjected to the procedures applied in our audit of the contract office.

For the areas audited, we identified (1) deficiencies in internal controls, and (2) noncompliance with a contractual provision.

The accompanying Management Advisory Report presents our findings arising from our audit of the Creve Coeur Contract License Office.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Susan J. Beeler, CPA, CIA
In-Charge Auditor:	Corey McComas, M. Acct., CPA
Audit Staff:	Joshua Shope, M. Acct.

Department of Revenue
Creve Coeur Contract License Office
Management Advisory Report - State Auditor's Findings

1. Prepayment Void Transactions

License office staff did not obtain customer acknowledgment documentation for 2 of 5 (40 percent) applicable prepayment void transactions that occurred from January 7 to January 10, 2014.

A prepayment void transaction occurs when a transaction is entered in the Titling and Registration Intranet Processing System but is voided before payment is made. Valid reasons for prepayment void transactions include when customers lack sufficient funds to pay for the transaction, and entries with incorrect information.

Department of Revenue (DOR) official procedures require customer acknowledgement of a void transaction if a new one is not completed or is for a lesser amount. In addition, obtaining customer acknowledgment helps ensure a transaction was voided for a valid reason.

Recommendations

The license office ensure applicable prepayment void transactions are supported by customer acknowledgment.

Auditee's Response

The Creve Coeur License Office staff will read and sign the Department of Revenue's policy regarding the prepayment void process. Management will continue to review all prepayment voids daily and log the reason for the void on the void report.

2. Contract Compliance

The license office does not always accurately update perpetual inventory records, as required by the DOR agent contract. According to office management, the office tries to maintain a 15-day stock of inventory items such as license plates, tabs, decals, and permits.

License office staff did not properly maintain the inventory records for 3 of 50 inventory items reviewed. We found 2 items that were not listed in the inventory records. In addition, 1 item that was listed in the inventory records could not be located. The item was a license plate that the license office staff later determined was listed under an incorrect month in the inventory records, and was not actually missing from the physical inventory.

The license office increases the risk of undetected theft and/or impropriety when inventory records are not updated accurately and on a timely basis. In addition, the DOR agent contract requires the license office to maintain up-to-date perpetual inventory records.

Recommendations

The license office maintain accurate perpetual inventory records, as required by the DOR agent contract.

Auditee's Response

The Creve Coeur License Office will maintain accurate perpetual inventory records on a daily basis. We will continue to record daily inventory as sold as per the daily inventory sheet from the TRIPS computer system. We will

also log into the inventory book all inventory items that are received in a correct manner.

3. No Fee Identification Log

The license office does not record some Identifications (IDs) issued for no fees on the office log, as required by the DOR.

No fee IDs are issued at no cost to the ID holder to replace IDs previously purchased for reasons such as an ID printing illegibly or having a misspelled name. Our review of no fee IDs issued in the license office between January 22, 2014, and March 27, 2014, noted 2 of the 17 no fee IDs issued during that period were not listed on the log maintained by the office. The license office is required by the DOR to maintain the log to document the reason for the no fee ID issuance. DOR personnel also use the logs to review for accurate processing of ID transactions and to ensure the reasons for issuing no fee IDs are reasonable.

Maintaining an accurate and complete ID log is needed to demonstrate the proper issuance of no fee IDs.

Recommendations

The license office ensure all no fee ID transactions are properly recorded on the office log.

Auditee's Response

Regarding maintaining a log for the driver's license transactions where fees are waived for customers who may have had some type of discrepancy on their license, our office staff will continue to maintain a log of fees that were waived.

Department of Revenue
Creve Coeur Contract License Office
Organization and Statistical Information

Pursuant to Section 136.030(2), the Department of Revenue (DOR) has the authority and responsibility for the collection of motor vehicle registration fees, driver license fees, motor vehicle sales and use tax, and all other taxes. Pursuant to Section 136.055, RSMo, the director of the DOR has appointed 178 contract agents to operate contract license offices. This section also provides that the state auditor may audit the contract license offices. The DOR, License Office Bureau, under the management of the Motor Vehicle and Driver Licensing Division, is responsible for administering contract license offices throughout the state.

The contract license offices are awarded through a competitive bidding process, as required by Section 136.055.2, RSMo. This bidding process must give priority to organizations and entities that are exempt from taxation (not-for-profit) under the Internal Revenue Code, and political subdivisions such as municipalities, counties, and fire protection districts. Prior to August 2013, contracts typically ran for a year, with three 1-year renewal periods. Starting in August 2013, contracts are typically for a period of 4 years. The contract may be canceled at the discretion of the DOR.

The contract license offices issue titles for all Missouri motor vehicles, trailers, and marine craft; and issue and sell a wide-range of standard, personalized, and specialty license plates that are classified into five major categories: passenger, truck, trailer, motorcycle, and bus. In addition, the contract license offices issue five basic types of driver licenses: Intermediate License (GDL); Class F (Operator); Class E (For-Hire); Class A, B, and C (Commercial); and Class M (Motorcycle). The licensing process also includes allowing customers to contribute to the organ donor program, World War I memorial fund, and/or blindness awareness fund. Customers may also register with the selective services, add endorsements or restrictions to licenses, and register to vote.

The contract agents do not receive compensation from the DOR, but receive the following fees, allowed by Section 136.055.1, RSMo, from customers for each type of transaction processed by the office.

Agent Fees

Transaction Type	Fee
License renewal	$3.50 one year
	$7.00 two years
Transfer of registration	$3.50
Application or transfer of title	$2.50
Driver, operator or chauffeur license	$2.50 three years or less
	$5.00 exceeding three years
Notice of lien	$2.50

In August 2012, the DOR solicited bids for the Creve Coeur Contract License Office. The office was awarded to License Office Services, LLC, effective April 19, 2013.

For the year ended June 30, 2014, the office collected and remitted to the DOR $12,271,072 and retained processing fees totaling $228,675. Under the terms of the contract, the office was not required to return a percentage of its processing fees to the state.

Personnel

At June 30, 2014, key office personnel were as follows:

Steve Parkin, Contract Manager
Karen Ryan, Office Manager

Thomas A. Schweich

Missouri State Auditor

REVENUE

Doniphan Contract License Office

September 2014

Report No. 2014-089

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Doniphan Contract License Office

Background

The Department of Revenue (DOR) has appointed 178 contract agents to operate contract license offices. These offices issue driver licenses; titles for motor vehicles, trailers, and marine craft; and license plates. Contract agents are compensated through transaction-based processing fees. Under a state law which became effective in 2009, the State Auditor may audit contract license offices.

Prepayment Void Transactions

Prepayment void transactions occur when transactions are voided before payment is made, such as when the customer lacks sufficient funds or the entry has incorrect information. DOR procedures require customer acknowledgement if a new transaction is not completed or is for a lesser amount, but office staff did not obtain customer acknowledgement for 6 of 10 (60 percent) such transactions between January 6 and January 16, 2014.

No Fee Identification Log

No fee IDs are issued at no cost to the ID holder to replace previously purchased IDs that printed illegibly or contained a misspelled name. Our review found 3 of the 17 no fee IDs issued between July 3, 2013, and February 6, 2014, were not listed on the office log, as required by the DOR.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Department of Revenue
Doniphan Contract License Office
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
John R. Mollenkamp, Acting Director
Department of Revenue
Jefferson City, Missouri
and
John Young, Contract Agent
Doniphan Contract License Office
Doniphan, Missouri

We have audited certain operations maintained and established by the Doniphan Contract License Office, as provided by Section 136.055, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2014. The objectives of our audit were to:

1. Evaluate the office's internal controls related to the handling of various fee and tax transactions.

2. Evaluate the office's compliance with certain contractual and statutory provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the office, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the Department of Revenue's management and was not subjected to the procedures applied in our audit of the contract office.

For the areas audited, we identified (1) deficiencies in internal controls, and (2) no significant noncompliance with contractual or statutory provisions.

The accompanying Management Advisory Report presents our findings arising from our audit of the Doniphan Contract License Office.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Susan J. Beeler, CPA, CIA
In-Charge Auditor:	Corey McComas, M. Acct., CPA
Audit Staff:	Joshua Shope, M. Acct.

Department of Revenue
Doniphan Contract License Office
Management Advisory Report - State Auditor's Findings

1. Prepayment Void Transactions

License office staff did not obtain customer acknowledgment documentation for 6 of 10 (60 percent) applicable prepayment void transactions that occurred from January 6 to January 16, 2014.

A prepayment void transaction occurs when a transaction is entered in the Titling and Registration Intranet Processing System but is voided before payment is made. Valid reasons for prepayment void transactions include when customers lack sufficient funds to pay for the transaction, and entries with incorrect information.

Department of Revenue (DOR) official procedures require customer acknowledgement of a void transaction if a new one is not completed or is for a lesser amount. In addition, obtaining customer acknowledgment helps ensure a transaction was voided for a valid reason.

Recommendation

The license office ensure applicable prepayment void transactions are supported by customer acknowledgment.

Auditee's Response

All license office personnel will make sure that all prepayment void transactions will be signed by the customer and initialed by the office manager.

2. No Fee Identification Log

The license office does not record some Identifications (IDs) issued for no fees on the office log, as required by the DOR.

No fee IDs are issued at no cost to the ID holder to replace IDs previously purchased for reasons such as an ID printing illegibly or having a misspelled name. Our review of no fee IDs issued in the license office between July 3, 2013, and February 6, 2014, noted 3 of the 17 no fee IDs issued during that period were not listed on the log maintained by the office. The license office is required by the DOR to maintain the log to document the reason for the no fee ID issuance. DOR personnel also use the logs to review for accurate processing of ID transactions and to ensure the reasons for issuing no fee IDs are reasonable.

Maintaining an accurate and complete ID log is needed to demonstrate the proper issuance of no fee IDs.

Recommendation

The license office ensure all no fee ID transactions are properly recorded on the office log.

Auditee's Response

The license office will maintain an accurate and complete ID log for all no fee ID transactions.

Department of Revenue
Doniphan Contract License Office
Organization and Statistical Information

Pursuant to Section 136.030(2), the Department of Revenue (DOR) has the authority and responsibility for the collection of motor vehicle registration fees, driver license fees, motor vehicle sales and use tax, and all other taxes. Pursuant to Section 136.055, RSMo, the director of the DOR has appointed 178 contract agents to operate contract license offices. This section also provides that the state auditor may audit the contract license offices. The DOR, License Office Bureau, under the management of the Motor Vehicle and Driver Licensing Division, is responsible for administering contract license offices throughout the state.

The contract license offices are awarded through a competitive bidding process, as required by Section 136.055.2, RSMo. This bidding process must give priority to organizations and entities that are exempt from taxation (not-for-profit) under the Internal Revenue Code, and political subdivisions such as municipalities, counties, and fire protection districts. Prior to August 2013, contracts typically ran for a year, with three 1-year renewal periods. Starting in August 2013, contracts are typically for a period of 4 years. The contract may be canceled at the discretion of the DOR.

The contract license offices issue titles for all Missouri motor vehicles, trailers, and marine craft; and issue and sell a wide-range of standard, personalized, and specialty license plates that are classified into five major categories: passenger, truck, trailer, motorcycle, and bus. In addition, the contract license offices issue five basic types of driver licenses: Intermediate License (GDL); Class F (Operator); Class E (For-Hire); Class A, B, and C (Commercial); and Class M (Motorcycle). The licensing process also includes allowing customers to contribute to the organ donor program, World War I memorial fund, and/or blindness awareness fund. Customers may also register with the selective services, add endorsements or restrictions to licenses, and register to vote.

The contract agents do not receive compensation from the DOR, but receive the following fees, allowed by Section 136.055.1, RSMo, from customers for each type of transaction processed by the office.

Agent Fees

Transaction Type	Fee
License renewal	$3.50 one year
	$7.00 two years
Transfer of registration	$3.50
Application or transfer of title	$2.50
Driver, operator or chauffeur license	$2.50 three years or less
	$5.00 exceeding three years
Notice of lien	$2.50

The Doniphan Contract License Office contact was awarded to John Young in April 2009 through a competitive bid process. In August 2013, due to expiration of the 2009 contract, the DOR again solicited bids for the Doniphan Contract License Office. The office was again awarded to John Young, effective November 8, 2013.

For the year ended June 30, 2014, the office collected and remitted to the DOR $3,104,806, and retained processing fees totaling $97,247. Additionally, as part of the bidding process, the office agreed to return 0.5 percent[1] of its processing fees to the state under the current contract. For the year ended June 30, 2014, the office returned to the state processing fees totaling $310.

Personnel

At June 30, 2014, key office personnel were as follows:

John Young, Contract Manager
Jessica Moore, Office Manager

[1] Under the terms of the prior contract, the office was not required to return a percentage of its processing fees to the state.

Thomas A. Schweich

Missouri State Auditor

REVENUE

Sugar Creek Contract License Office

September 2014

Report No. 2014-090

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Sugar Creek Contract License Office

Background	The Department of Revenue (DOR) has appointed 178 contract agents to operate contract license offices. These offices issue driver licenses; titles for motor vehicles, trailers, and marine craft; and license plates. Contract agents are compensated through transaction-based processing fees. Under a state law, which became effective in 2009, the State Auditor may audit contract license offices.
Prepayment Void Transactions	Prepayment void transactions occur when transactions are voided before payment is made, such as when the customer lacks sufficient funds or the entry has incorrect information. DOR procedures require customer acknowledgement if a new transaction is not completed or is for a lesser amount, but office staff did not obtain customer acknowledgement for 2 of 8 (25 percent) such transactions between March 10 and March 12, 2014.
Accounting Controls and Procedures	The license office did not always accurately record the method of payment (cash, check, or credit card) and did not reconcile the composition of monies received to deposits. The composition of receipts did not match the composition of deposits for 5 deposits reviewed, 4 checks on hand were not restrictively endorsed, and 6 manual receipt slips did not include the method of payment.
Contract Compliance	License office staff did not properly maintain the inventory records for 3 of 25 items reviewed. We found 3 items that were not listed in the inventory records. In addition, a total of 9 items could not be located during the last two semi-annual inventories, for which the DOR required a $166 reimbursement.
No Fee Identification Log	No fee IDs are issued at no cost to the ID holder to replace previously purchased IDs that printed illegibly or contained a misspelled name. Our review found 2 of the 19 no fee IDs issued between January 15 and April 21, 2014, were not listed on the office log, as required by the DOR.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our website: http://auditor.mo.gov

Department of Revenue
Sugar Creek Contract License Office
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
John R. Mollenkamp, Acting Director
Department of Revenue
Jefferson City, Missouri
and
Paul J. Wrabec Co., Inc., Contract Agent
Sugar Creek Contract License Office
Sugar Creek, Missouri

We have audited certain operations maintained and established by the Sugar Creek Contract License Office, as provided by Section 136.055, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2014. The objectives of our audit were to:

1. Evaluate the office's internal controls related to the handling of various fee and tax transactions.

2. Evaluate the office's compliance with certain contractual and statutory provisions.

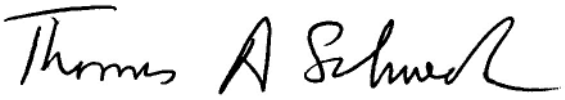
Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the office, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the Department of Revenue's management and was not subjected to the procedures applied in our audit of the contract office.

For the areas audited, we identified (1) deficiencies in internal controls, and (2) noncompliance with a contractual provision.

The accompanying Management Advisory Report presents our findings arising from our audit of the Sugar Creek Contract License Office.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Susan J. Beeler, CPA, CIA
In-Charge Auditor:	Corey McComas, M. Acct., CPA
Audit Staff:	Joshua Shope, M. Acct.

Department of Revenue
Sugar Creek Contract License Office
Management Advisory Report - State Auditor's Findings

1. Prepayment Void Transactions

License office staff did not obtain customer acknowledgment documentation for 2 of 8 (25 percent) applicable prepayment void transactions that occurred from March 10 to March 12, 2014.

A prepayment void transaction occurs when a transaction is entered in the Titling and Registration Intranet Processing System but is voided before payment is made. Valid reasons for prepayment void transactions include when customers lack sufficient funds to pay for the transaction, and entries with incorrect information.

Department of Revenue (DOR) official procedures require customer acknowledgement of a void transaction if a new one is not completed or is for a lesser amount. In addition, obtaining customer acknowledgment helps ensure a transaction was voided for a valid reason.

During February 2012, the DOR's Compliance and Investigation Bureau performed a review of the license office and noted the same concerns with prepayment void procedures.

Recommendation

The license office ensure applicable prepayment void transactions are supported by customer acknowledgment of the void.

Auditee's Response

We have gone over the procedure for prepayment voids with every clerk and made sure that everyone understands the importance of doing these correctly. We are now getting signatures on every prepayment void along with reasons for the void indicated on every prepayment void transaction. Continued problems with adherence to this procedure is grounds for termination.

2. Accounting Controls and Procedures

The license office needs to improve controls and procedures over monies collected. For the year ended June 30, 2014, the office collected and remitted to the DOR approximately $10.3 million in taxes and fees.

The license office did not always accurately record the method of payment (cash, check, or credit card) in the accounting records and did not reconcile the composition of monies received to deposits. For example, the composition of deposits did not agree to the composition of receipts recorded for the three deposits made from March 10 to March 12, 2014, and for the April 25 and April 28, 2014, deposits. A review of these deposits identified cash and credit card payments recorded as check payments, check payments recorded as credit card payments, and check and credit card payments recorded as cash payments. In addition, 4 checks on hand during our cash count conducted on April 28, 2014, were not restrictively endorsed and 6 manual receipt slips issued for driving record purchases and fees collected for the reinstatement of driving privileges did not include the method of payment. The license office must issue manual receipt slips for

these transactions because they are processed outside of the computerized system.

DOR official procedures for license offices indicate the composition of monies received should be reconciled to the accounting records and to deposits. Any differences identified as part of this work should be reviewed to ensure proper handling of monies received. In addition, to adequately safeguard receipts, DOR official procedures indicate that checks should be immediately endorsed when received.

During February 2012, the DOR's Compliance and Investigation Bureau performed a review of the license office and noted the same concerns with method of payment recording errors and a lack of timely endorsement of checks.

Recommendation

The license office ensure the correct method of payment is recorded in the accounting records and the composition of monies received is reconciled to the accounting records and to deposits, and differences identified from the reconciliation process are appropriately reviewed. In addition, the license office should ensure the method of payment is recorded on all manual receipt slips, and checks are restrictively endorsed immediately upon receipt.

Auditee's Response

The manger has met with every clerk and discussed the importance of making sure that the correct method of payment is entered for every transaction. If the check was not correctly restrictively endorsed with the printer they are to immediately stamp the back of the check with the DOR deposit stamp and write the transaction number on the back of the check. The manager continuously monitors these and ensures the correct forms of payment are being entered. The manager or assistant manager assists with counting down the drawers at the end of every shift, if a transaction was ran incorrectly it is immediately corrected and brought to the clerk's attention. Continued miscounting or incorrect payment entries is a violation of policy and is grounds for docking a clerk's quarterly performance bonus.

3. Contract Compliance

The license office does not always accurately update perpetual inventory records, as required by the DOR agent contract. According to office management, the office tries to maintain a 30-day stock of inventory items such as license plates, tabs, decals, and permits.

License office staff did not properly maintain the inventory records for 3 of 25 items reviewed. We found 3 items that were not listed in the inventory records. Also, during the last two semi-annual inventories, a total of 9 items could not be located. As a result, the DOR required the office to reimburse the DOR $166 for the missing items.

The license office increases the risk of undetected theft and/or impropriety when inventory records are not updated accurately and on a timely basis. In addition, the DOR agent contract requires the license office to maintain up-to-date perpetual inventory records.

Recommendation

The license office maintain accurate perpetual inventory records, as required by the DOR agent contract.

Auditee's Response

Perpetual inventory records have been maintained on a daily basis. Every day when the perpetual inventory is done we determine any missing or skipped inventory and immediately locate the inventory. The last semiannual inventory that was done in July had no missing inventory and was a perfect report. Any missing inventory is grounds for docking a manager's quarterly performance bonus.

4. No Fee Identification Log

The license office does not record some Identifications (IDs) issued for no fees on the office log, as required by the DOR.

No fee IDs are issued at no cost to the ID holder to replace IDs previously purchased for reasons such as an ID printing illegibly or having a misspelled name. Our review of no fee IDs issued in the license office between January 15, 2014, and April 21, 2014, noted 2 of the 19 no fee IDs issued during that period were not listed on the log maintained by the office. The license office is required by the DOR to maintain the log to document the reason for the no fee ID issuance. DOR personnel also use the logs to review for accurate processing of ID transactions and to ensure the reasons for issuing no fee IDs are reasonable.

Maintaining an accurate and complete ID log is needed to demonstrate the proper issuance of no fee IDs.

Recommendation

The license office ensure all no fee ID transactions are properly recorded on the office log.

Auditee's Response

We implemented a new procedure that the manager and/or assistant manager will not conduct the override until the manager/assistant manager records the no fee transaction on the no fee log. This procedure keeps the manager accountable for every no fee transaction processed in the office. Any missing no fee transactions that are not logged lead to deductions of a manager's quarterly performance bonus.

Department of Revenue
Sugar Creek Contract License Office
Organization and Statistical Information

Pursuant to Section 136.030(2), the Department of Revenue (DOR) has the authority and responsibility for the collection of motor vehicle registration fees, driver license fees, motor vehicle sales and use tax, and all other taxes. Pursuant to Section 136.055, RSMo, the director of the DOR has appointed 178 contract agents to operate contract license offices. This section also provides that the state auditor may audit the contract license offices. The DOR, License Office Bureau, under the management of the Motor Vehicle and Driver Licensing Division, is responsible for administering contract license offices throughout the state.

The contract license offices are awarded through a competitive bidding process, as required by Section 136.055.2, RSMo. This bidding process must give priority to organizations and entities that are exempt from taxation (not-for-profit) under the Internal Revenue Code, and political subdivisions such as municipalities, counties, and fire protection districts. Prior to August 2013, contracts typically ran for a year, with three 1-year renewal periods. Starting in August 2013, contracts are typically for a period of 4 years. The contract may be canceled at the discretion of the DOR.

The contract license offices issue titles for all Missouri motor vehicles, trailers, and marine craft; and issue and sell a wide-range of standard, personalized, and specialty license plates that are classified into five major categories: passenger, truck, trailer, motorcycle, and bus. In addition, the contract license offices issue five basic types of driver licenses: Intermediate License (GDL); Class F (Operator); Class E (For-Hire); Class A, B, and C (Commercial); and Class M (Motorcycle). The licensing process also includes allowing customers to contribute to the organ donor program, World War I memorial fund, and/or blindness awareness fund. Customers may also register with the selective services, add endorsements or restrictions to licenses, and register to vote.

The contract agents do not receive compensation from the DOR, but receive the following fees, allowed by Section 136.055.1, RSMo, from customers for each type of transaction processed by the office.

Agent Fees

Transaction Type	Fee
License renewal	$3.50 one year
	$7.00 two years
Transfer of registration	$3.50
Application or transfer of title	$2.50
Driver, operator or chauffeur license	$2.50 three years or less
	$5.00 exceeding three years
Notice of lien	$2.50

The Sugar Creek Contract License Office contact was awarded to Paul J. Wrabec Co., Inc., in June 2009 through a competitive bid process. In November 2013, due to expiration of the 2009 contract, the DOR again solicited bids for the Sugar Creek Contract License Office. The office was again awarded to Paul J. Wrabec Co., Inc., effective January 6, 2014.

For the year ended June 30, 2014, the office collected and remitted to the DOR $10,337,960, and retained processing fees totaling $277,606. Additionally, as part of the bidding process, the office agreed to return 1 percent[1] of its processing fees to the state from January 2014 through June 30, 2014. For the remaining 4 years of the contract the office agreed to return 1.2 percent, 1.3 percent, 1.4 percent, and 1.5 percent for the years ended June 30, 2015, 2016, 2017, and 2018, respectively. For the year ended June 30, 2014, the office returned to the state processing fees totaling $8,291.

Personnel

At June 30, 2014, key office personnel were as follows:

Cyril J. Wrabec, Contract Manager
Jennifer Pool, Office Manager

[1] Under the terms of the prior contract, the office was required to return 5 percent during the year ended June 30, 2014, until the new contract became effective in January 2014.

Thomas A. Schweich

Missouri State Auditor

City of Leeton

September 2014

Report No. 2014-091

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the City of Leeton

Accounting Controls and Procedures	The Board of Aldermen has not segregated duties or provided adequate reviews of the work performed by the former City Clerk. The former City Clerk did not timely deposit monies received, did not issue receipt slips for some monies received, did not use official prenumbered receipt slips, and did not always designate the composition of receipts on receipt slips. The former City Clerk did not maintain book balances for 7 bank accounts and bank reconciliations were not performed for these accounts. The city could consolidate some of its 11 bank accounts to reduce record keeping and the potential for service charges. At the end of 2013, the city was holding $52,700 of gross receipt taxes that should have been turned over to the Unclaimed Property Fund held by the State Treasurer. Only one signature is required for disbursements from the City Collector account, and the Mayor, Mayor Pro-Tem, and City Superintendent have access to city funds but are not covered by a bond.
Restricted Revenues	The former City Clerk commingled restricted monies with general purpose monies rather than accounting for them in separate funds, so the city could not determine what portion of the General Fund represents restricted monies and could not demonstrate disbursements were made as allowed by law, ballot, and/or ordinance. The former City Clerk allocated personnel salaries between funds but failed to allocate some corresponding personnel costs, such as health insurance and taxes. In addition, the city lacked documentation to support its allocation of workers compensation and property and liability insurance between the General, Water, and Sewer Funds for 2013.
Water and Sewer System Controls and Procedures	The former City Clerk adjusted off penalties for 3 customers for reasons not allowed by city ordinances and also made changes to a school district account and a fire district account so penalties were not assessed for late payments. The former City Clerk did not monitor delinquent utility accounts, and as of March 2014, city records showed 303 active and inactive accounts (totaling $19,791) were over 60 days delinquent, including 188 (totaling approximately $13,000) that were more than 5 years old. The former City Clerk did not follow the city's ordinances regarding late penalties and shutoff procedures and allowed some customers to make partial payments for utilities without the Board of Aldermen's approval. The former City Clerk did not adequately follow-up on bad checks received and did not prepare a monthly list of utility deposits on hand to reconcile to the bank account. The city does not have a meter on its bulk water dispenser, so it cannot reconcile bulk water sales to monies received. The city does not obtain annual audits of its Water and Sewer Funds as required by state law.
Payroll	The city paid significant overtime, including $30,554 to the former City Superintendent and $8,636 to the former City Clerk, and it overpaid the former City Clerk for 52 hours of vacation leave ($684) and the former City Superintendent for 62 hours of vacation leave ($1,001). The city paid incentive payments in 2012 to city employees and a contract laborer, in apparent violation of the Missouri Constitution, and it has not updated its compensation ordinances since 1984.

Disbursements	The Board of Aldermen does not retain a list of bills approved, does not document its approval of individual invoices, and does not approve some non-payroll disbursements prior to payment. The city does not have a formal bidding policy and did not solicit bids for any goods or services purchased during 2012 and 2013, and the Board of Aldermen does not adequately monitor its activities for conflicts of interest. The city paid $1,000 to Mayor Gary King's repair business without soliciting bids and paid Alderman Binder's son for contract labor with no documentation of Board approval. The city has not clearly determined Alderman Binder's son's employment classification and did issue 1099-MISC forms to applicable contractors. City personnel did not reconcile vending machine sales to purchases to ensure all monies and beverages were accounted for, and the city lost $1,776 on the sale of beverages because it was not charging enough. The city paid $900 in credit card service costs and transaction fees in 2013 but few utility customers paid their bills with credit cards, making it questionable whether the city should continue to accept credit card payments. The city does not always enter into written contracts or retain and update contracts, and it does not review and evaluate the reasonableness of vehicle usage and does not reconcile fuel usage to billings.
Sunshine Law	The Board of Aldermen's open meeting minutes did not always record a roll call vote to enter into closed session and did not always document the reason for closing the meeting, as required by the Sunshine Law.
Budgets	City budgets do not include all elements required by law and are not accurate. In addition, the City Clerk reported more labor costs than actually incurred for the Water Fund and Sewer Fund and recorded some checks as 2013 disbursements that were not signed until 2014.
Capital Assets	The city does not maintain records for its capital assets, does not tag assets for specific identification, and does not conduct an annual physical inventory, leaving city assets susceptible to loss, theft, or misuse.

In the areas audited, the overall performance of this entity was **Poor**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

City of Leeton
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THOMAS A. SCHWEICH
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Leeton, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Leeton. We have audited certain operations of the city in fulfillment of our duties. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the city's internal controls over significant management and financial functions.

2. Evaluate the city's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the city, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in our audit of the city.

For the areas audited, we identified (1) deficiencies in internal control, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Leeton.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Michelle Crawford, M. Acct., CIA
Audit Staff:	Tracy Schnakenberg

1. Accounting Controls and Procedures

There are numerous weaknesses with accounting controls and procedures. The former City Clerk resigned July 11, 2014, and is referred to as City Clerk throughout this audit report. The former City Superintendent resigned July 31, 2014, and is referred to as City Superintendent throughout this report.

1.1 Segregation of duties

The Board of Aldermen has not segregated duties or provided for adequate review of the work performed by the City Clerk. The City Clerk is responsible for receiving, recording, and depositing monies; reconciling bank accounts; preparing invoices for payment; and preparing, signing and distributing checks. Additionally, the City Clerk is responsible for utility billings and payroll related duties. Many of these duties would normally be performed by a City Treasurer and City Collector; however, the city does not have individuals serving in these positions.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city, the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these offices, by the same person at the same time would be incompatible. If segregating duties is not possible, timely supervisory reviews by the Board should be performed and documented.

1.2 Receipting, recording, and depositing procedures

The city's procedures for receipting, recording, and depositing are poor. As a result, there is no assurance all monies collected are properly receipted, recorded, or deposited.

The City Clerk does not issue receipt slips for most non-utility monies received. When receipt slips are issued, the city uses generic prenumbered receipt slips rather than official prenumbered receipt slips. In addition, the method of payment (cash, check, or money order) of non-utility receipts is not always designated on receipt slips. As a result, a reconciliation of the composition of receipts to deposits cannot be performed.

The City Clerk does not deposit monies collected (utility and non-utility receipts) timely or intact. The City Clerk does not prepare or make a deposit until receiving the 60th utility payment since the last deposit. As a result, utility receipts are still on hand after deposits are made. We reviewed April 2013 deposits and identified numerous instances of utility payments received being deposited up to a week after the receipt date and payments received on the same day being deposited on separate days. These delays were due to the 60th payment procedure.

Issuing official prenumbered receipt slips for all monies received, ensuring the method of payment is documented, depositing all receipts intact and timely, and reconciling the composition of receipts to deposits decreases the

risk that loss, theft, or misuse of monies received will occur and go undetected.

1.3 Bank accounts

The City Clerk did not maintain book balances for 7 bank accounts, and bank reconciliations were not performed for these accounts. The city has 11 accounts at various banks (checking and savings).

- The city maintains a book balance for 4 of its accounts using check-writing software, but a book balance is not maintained for the City Collector account, water and sewer reserve accounts, or any of the cemetery savings and CD accounts. In addition, bank reconciliations are not performed for these accounts. Book balances are necessary to reconcile bank accounts and adequately monitor account balances. Monthly bank reconciliations are necessary to ensure accounting records balance, transactions are properly recorded, and errors or discrepancies are detected and corrected timely.

- One of the cemetery saving accounts incurred $270 in service charges and only accrued $6 in interest during 2013. The large number of bank accounts requires additional record keeping. Except for separate accounts required by ordinance or law, some of the remaining bank accounts and CDs could be consolidated to help simplify city records and reduce the number of accounts that must be monitored and controlled. In addition, consolidation of accounts may reduce the likelihood of bank service charges resulting from low account balances or inactivity.

1.4 Gross receipt taxes

The city was notified by a wireless telephone company in October 2007 that the telephone company would be distributing gross receipt taxes as part of a legal settlement. Because the city had not placed a gross receipt tax on the ballot for citizens to approve, it was not eligible to retain the monies. City officials indicated the city began receiving gross receipt taxes from wireless telephone companies during 2008. The city attempted to return the monies, but the wireless telephone companies returned the tax payments to the city. The city has deposited the taxes into an interest bearing savings account since November 2008, and has not disbursed any of these monies. This account had a balance of approximately $52,700 at December 31, 2013. The city had not taken sufficient actions to determine the proper disposition of these funds, given its lack of authority to retain them. At our suggestion, city officials consulted with their legal counsel regarding the handling of these monies, and he recommended 3 options for the handling of these monies. The options included returning the monies to the phone companies, retaining the monies after the 5 year statute of limitations has elapsed, or turning the monies over to the state as unclaimed property. Our review indicates the appropriate disposition recommended would be turning these monies over to the Unclaimed Property Fund held by the State Treasurer in accordance with Section 447.532, RSMo.

The Board placed the collection of this gross receipt tax issue on the August 4, 2014, ballot and it passed; therefore, the city will be eligible to retain future collections of gross receipt taxes.

1.5 Check signers

The Board does not have adequate controls over the City Collector bank account and disbursements. While dual signatures are required on all other city accounts, only one signature is required on the City Collector account. The City Collector account is used for depositing utility payments; utility deposits; and business license, building permit, and animal license fees. The City Clerk transfers monies from the City Collector account quarterly by preparing and signing checks to the General Fund, Water Fund, and Sewer Fund accounts, leaving only utility deposits in the City Collector account. Ideally the first signature should be that of the check preparer and the second signature should be that of a Board member to show review and approval of the disbursement. To ensure adequate controls over bank accounts and disbursements, at least one Board member should sign all checks.

1.6 Bond coverage

Although the Mayor and Mayor Pro-Tem are authorized signors on the city bank accounts, they are not covered by a bond. In addition, the City Superintendent occasionally collects utility payments and is also not covered by a bond. Failure to properly bond individuals who have access to funds exposes the city to risk of loss.

Recommendations

The Board of Aldermen:

1.1 Consider appointing separate individuals to the position of City Clerk, City Collector, and City Treasurer to adequately segregate duties. If this is not possible, the Board should perform and document review of the City Clerk's work.

1.2 Require official prenumbered receipt slips be issued for all monies received. The Board should also ensure that all money is deposited intact and timely and the composition of receipts is reconciled to the composition of deposits.

1.3 Ensure bank reconciliations are performed each month and any differences are investigated, and maintain a book balance for all accounts. Further, consider consolidating bank accounts to simplify records and reduce service charges incurred.

1.4 Dispose of gross receipt taxes and the associated interest accumulated prior to August 2014 in accordance with state law.

1.5 Require at least one member of the Board to sign all checks.

1.6 Maintain bond coverage for all officials with access to city assets and allow only bonded employees to collect payments.

Auditee's Response

The Board of Aldermen provided the following written responses:

1.1 The Board has hired a City Treasurer. The Board will continue to provide closer oversight of the City Clerk and City Treasurer and will periodically perform documented reviews of their work.

1.2 A new pre-numbered receipt process was implemented for all collections, as well as daily deposits. Beginning July 10, 2014, the city is issuing prenumbered receipt slips for all monies, and the Board is reviewing to ensure all monies are deposited intact and the composition of receipts is being reconciled to the composition of deposits.

1.3 The Board agrees with the recommendation and will consolidate bank accounts. The Board will ensure that bank account reconciliations are performed monthly and that differences are investigated, and a book balance and/or check register balance will be maintained monthly.

1.4 The public vote on the gross receipt tax passed. An ordinance will be adopted and past and current collections of these monies will be placed in the General Fund.

1.5 The Mayor and Mayor Pro Tem will sign all checks. If the Mayor or Mayor Pro Tem is not available, another Alderman has been designated as an alternate.

1.6 The Board agrees with and will implement this recommendation.

Auditor's Comment

1.4 While the Board's response indicates the city intends to keep past gross tax receipts received from wireless telephone companies despite not having an ordinance allowing the city to do so, Section 447.532, RSMo, states unclaimed intangible personal property shall be turned over to the State Treasurer. The August 2014 voter approval makes the city eligible for future gross receipt taxes, but is not retroactive.

2. Restricted Revenues

The city has not established adequate procedures to ensure restricted monies are expended only for intended purposes and salaries and other disbursements are properly allocated among funds.

2.1 Tracking and recording restricted revenues

The City Clerk is not properly tracking and recording various restricted monies. State motor vehicle-related revenues, Police Officer Standards

Training (POST) fees, Law Enforcement Training (LET) fees, Capital Improvement Sales Tax (CIST) monies, and Law Enforcement Sales Tax (LEST) monies are comingled with general purpose monies rather than being accounted for in separate funds. The City Clerk deposits all these monies into the General Fund, and while the receipts of these restricted monies are tracked separately within the General Fund, the disbursements and balances of these restricted monies are not. As a result, the city cannot determine what portion of the General Fund represents restricted monies. Also, the city cannot demonstrate disbursements were made as allowed by law, ballot, and/or ordinance.

Article IV, Section 30(a), Missouri Constitution, requires motor vehicle-related revenues apportioned by the state to be spent for street-related purposes. Section 488.5336.2, RSMo, requires POST and LET fees to be used for the training of law enforcement officers. By city ordinance, the CIST is to be used for the retirement of debt or capital improvement. The LEST ballot restricts the use of these monies to law enforcement equipment and personnel costs. Receipts and disbursements associated with restricted monies should be recorded in a fund or funds established to account for their usage and ensure compliance with state laws.

2.2 Allocation of salaries and disbursements

The City Clerk failed to allocate some costs between various funds and documentation does not exist to support the allocation of some disbursements among city funds.

The City Clerk allocated personnel salaries between funds, but failed to allocate some corresponding personnel costs, such as health insurance and taxes totaling $18,659, to all impacted funds in 2013, thereby unnecessarily using General Fund resources to cover costs that could legitimately be paid from other funds. Our review of General Fund disbursements determined that bulk fuel and contract labor were used for street and utility projects; cleaning services for city hall benefited several departments including police and utilities; and attorney services covered issues pertaining to several departments. These goods and services totaling $7,175 were paid entirely from the General Fund in 2013, although it appears a portion of these costs could be allocated to other funds.

Additionally, the city had no documentation to support the allocation of workers compensation and property and liability insurance totaling $14,228 between the General, Water, and Sewer Funds for 2013.

It is essential the city properly allocate disbursements among funds, to accurately determine the results of operations of specific activities, thus enabling the city to establish the level of taxation and/or user fees necessary to meet operational costs.

Recommendations

The Board of Aldermen:

2.1 Determine the amount of restricted monies in the General Fund and establish separate funds or a separate accounting of these monies.

2.2 Ensure payroll costs and shared costs are properly allocated to the applicable city funds and allocations are supported by adequate documentation.

Auditee's Response

The Board of Aldermen provided the following written responses:

2.1 The Board agrees with and will implement this recommendation.

2.2 The Board agrees with the recommendation. A new payroll software system will be used to allocate payroll costs, and the Board will ensure applicable costs are allocated to city funds as appropriate and retain supporting documentation.

3. Water and Sewer System Controls and Procedures

Significant weaknesses exist in control procedures over providing water and sewer services. The city provides water and sewer services to approximately 270 customers and collected approximately $90,000 in water and sewer fees during the year ended December 31, 2013.

3.1 Adjustments

The Board does not review and approve adjustments and changes made to customer accounts by the City Clerk, and the utility duties performed by the City Clerk are not adequately segregated (see MAR finding number 1).

The City Clerk made adjustments to customer accounts not allowed by ordinance. City ordinances allow for adjustments to be made to customer accounts for water leaks, if certain steps are followed, and for a misread of a meter. Our review of adjustments made during April, July, September, and November 2013 identified 3 customer accounts had penalties removed for reasons not covered by city ordinances. The City Clerk also made changes to a local school district account and a local fire district account so that penalties would not be assessed for late payments. There is no documentation the Board approved waiving penalties for the school or fire district, and the fire district made several late payments during 2013. The failure to perform independent reviews and adhere to city ordinance increases the risk that unsupported or unauthorized changes can be made to the utility system.

Adjustments to customer account balances should be verified and approved by a person independent of the postings of such transactions to ensure they are legitimate. In addition, a report of adjustments should be presented to the Board for review.

3.2 Delinquent accounts

The City Clerk is not monitoring delinquent utility accounts, and the Board has not developed policies and procedures for pursuing delinquent accounts and monitoring utility account balances. Accounts are considered delinquent after a full payment is not received by the 10th of the month following billing. At our request the city generated a report of delinquent accounts (active and inactive) as of March 2014, that indicated 303 accounts, totaling $19,791, were over 60 days delinquent, including 188 accounts (totaling approximately $13,000) more than 5 years old. The Board does not have a process to periodically review this report and evaluate the likelihood of collection, and never removes accounts from its system. As a result, many of the delinquent accounts listed are old and are likely uncollectible and the value of the report is diminished.

To help maximize utility revenues, policies and procedures should be developed to ensure adequate steps are taken to collect delinquent accounts and to monitor delinquent balances.

3.3 Late penalties and shutoff procedures

The City Clerk is not following the city's ordinance regarding late penalties and shutoff procedures. Ordinance 294 states that a utility bill will be considered delinquent if not paid by the 10th of the month following billing and an additional payment of 20 percent of the amount of the past due water bill will be charged. If payment is not made by the 20th of the month following billing, in addition to the 20 percent penalty, water service will be disconnected, and a $40 fee will be charged to restore water service. We reviewed 4 customer accounts with balances past due for 90 days as of March 3, 2014, and only 1 of those accounts had the water service shut off.

It is not good public policy to make exceptions to city ordinances, and failing to enforce city ordinances related to utility services does not provide equitable treatment of all utility users and reduces the incentive for customers to make timely payments.

3.4 Partial payments

The City Clerk allows some customers to make partial payments for utilities without the Board's approval. The City Clerk indicated she has customers sign a hardship agreement to document a payment plan; however, signed hardship agreements were not available for partial payments reviewed, and the City Clerk is not tracking which customers are currently on a payment plan. In addition, the Board was not aware of the use of hardship agreements and did not approve payment plans. The city does not have a policy addressing partial payments.

To ensure all customers are treated in a fair and equitable manner, a formal policy should be established documenting the process to determine when payment plans are allowed, how the payment amount is established, and the approval process for these plans. A signed payment agreement is necessary to indicate the intent of the customer to pay the outstanding balance and assist in monitoring and collecting amounts due.

3.5 Non-sufficient funds checks

Procedures regarding bad checks received for utility payments are insufficient. The City Clerk sends a letter notifying the customer of the bad check, but makes no other follow-up efforts if this first attempt is unsuccessful. The City Clerk also does not adjust monthly utility bills to include amounts due for previous payments made with bad checks. The city charges $20 for each bad check to cover bank fees, but does not ensure amounts collected offset bank fees. In addition, bad check fees assessed by the city are not supported by a city ordinance or policy.

Policies are needed to address bad check procedures in order to recover unpaid monies and ensure customer account balances are proper. In addition, the assessment of bad check fees should be supported by ordinance.

3.6 Utility deposits

The City Clerk does not prepare a monthly list of utility deposits on hand and reconcile the list to a deposit reconciliation report or the balance in the City Collector bank account. The city collects a $40 deposit from new water and sewer customers and deposits the monies in the City Collector bank account. At our request, the City Clerk prepared a list of deposits held as of December 31, 2013. The list totaled $6,770 and agreed to the deposit reconciliation report maintained in the system. The City Clerk identified an additional $613 of refunds due to customers pertaining to the period 1996 through 2012 not listed on the reconciliation report, for total identified liabilities of $7,383. However, the reconciled bank balance was $7,233, indicating a $150 shortage. The shortage may relate to bad check fees that come out of this account, but once recouped from the customer are transferred to the water or sewer account.

A complete and accurate listing of customer utility deposits and periodic reconciliation to the bank balance and reconciliation report is necessary to ensure sufficient funds are available for potential utility deposit liabilities and provide a record of monies held for individual customers. Such reconciliations would allow for prompt detection of discrepancies.

3.7 Bulk water sales

The city does not have a meter on the bulk water dispenser and cannot reconcile bulk water sales to monies received. According to city personnel, water is dispensed in 43 second increments (approximately 100 gallons) for 25 cents, and monies are collected from the dispenser change box monthly. The bulk dispenser is not metered, and the city uses the total dollar amount collected to determine total gallons of water pumped.

To improve accountability over the bulk water sales dispenser, the city should meter the dispenser and reconcile money collected to water dispensed to determine if all bulk water revenues are deposited. Without proper reconciliation procedures, there is less assurance bulk water revenue is accounted for properly and transmitted to the bank.

3.8 Audits

The city does not obtain annual audits of its Water and Sewer Funds. Section 250.150, RSMo, requires the city to obtain annual audits of the combined water and sewer system. In addition to being required by state law, annual audits of these funds help ensure monies are properly handled and financial transactions are properly recorded.

Recommendations

The Board of Aldermen:

3.1 Require someone independent of the utility system review and approve all adjustments, and ensure supporting documentation is retained. In addition, ensure that adjustments are only made in accordance with city ordinances.

3.2 Establish policies and procedures regarding the collection of delinquent accounts.

3.3 Ensure utility ordinances for late fees and service shut off are followed.

3.4 Establish a policy that documents procedures and requirements for allowing customers to pay outstanding balances over a period of time. In addition, the Board should review payment agreements and ensure signed agreements are in place for all partial pay arrangements.

3.5 Ensure procedures are in place for the collection of bad checks and adopt an ordinance regarding bad check fees.

3.6 Maintain adequate records of customer deposits held and periodically reconcile these deposits to the deposit reconciliation report and bank account balance.

3.7 Meter the bulk water dispenser and develop reconciliation procedures to ensure revenue from the bulk water sales machine is properly accounted for and deposited.

3.8 Obtain annual audits of Water and Sewer Funds as required by state law.

Auditee's Response

The Board of Aldermen provided the following written responses:

3.1, 3.2
3.4,&
3.5 *A review is forthcoming of all accounts and future adjustments. The issues related to the collection of delinquent accounts, late fees,*

payment plans, bad check collection, and reconciliations will all be covered in a new or updated ordinance.

The Board will ensure documentation is retained supporting such adjustments including citing the cause. In addition, the Board will ensure that adjustments are only made in accordance with city ordinances. The Board will review ordinances for compliance.

The Board will approve all written agreements, payment plans, and obtain signed written payment agreements.

3.3 The Board will ensure utility ordinances are followed and all accounts are set up to charge late penalties and reconnect fees.

3.6 The Board will maintain adequate records of all customer deposits held by the city and periodically reconcile these deposits to the deposit reconciliation report and the related bank account. The Board is reviewing the affected ordinance and seeking legal advice pertaining to the handling of water deposits.

3.7 A meter will be installed at the bulk water dispenser, providing the Board a means to account for and reconcile the water usage and monies collected.

3.8 The Board agrees with and will implement this recommendation.

4. Payroll

The Board does not adequately monitor employee overtime or leave balances, and has not established employee salaries by ordinance. In addition, the city has made improper incentive payments in past years.

4.1 Overtime

The city paid significant overtime during 2012 and the first quarter of 2013 that was not approved by the Board or Mayor. City policy states that overtime is to be kept to a minimum and in June 2013, the Board updated the policy to require overtime to be authorized by the Board or Mayor prior to it being incurred. The city paid $30,554 in overtime to the City Superintendent and $8,636 in overtime to the City Clerk during the 2 years ended December 31, 2013. The City Superintendent's annual salary is $33,592 and the City Clerk's annual salary is $27,373. The City Superintendent reported overtime of 810 hours for 2012 and 451 hours for 2013 (averaging more than 15 hours per week in 2012 and 8 hours per week in 2013). The City Clerk reported overtime of 291 hours for 2012 and 146.5 hours for 2013.

Board members indicated overtime was excessive during 2012 and the first quarter of 2013; however, the Board did not have a process for reviewing and approving timesheets and did not address the overtime issue until 2013.

Additionally, some overtime was recorded on timesheets, but the timesheets were not always signed by the employee or an approving official as required by city policy. In addition, non-working time, such as vacation, sick and holidays, was included as hours worked when calculating overtime, which is not in accordance with city policy and not required by the Fair Labor Standards Act of 1938 (FLSA).

During 2013, the Board did not document approval of payroll payments made to employees totaling $100,000 and payments made to a contract laborer totaling $712.

To limit overtime costs, the city should complete a thorough review of overtime and ensure compliance with established policy. Policies regarding nonworking time should be followed to ensure the city is not paying more overtime than required. In addition, the Board should approve all payroll payments.

4.2 Leave and final paychecks

The Board is not tracking leave balances for city employees. Vacation and sick leave hours are allowed to be carried over annually with a maximum balance established in the personnel policy. Vacation leave is paid out when an employee terminates employment. As a result of not tracking leave, there was no documentation to support the final amounts paid to the former City Clerk and former City Superintendent for vacation leave upon their termination.

The City Clerk resigned on June 25, 2014. The City Clerk used accumulated leave so that her actual final day of work (June 27, 2014), preceded her effective termination date (July 11, 2014). On June 27, 2014, the City Clerk prepared her own 3 final paychecks (one check for the period June 16 through June 30, 2014, one check for the period July 1 through July 11, 2014, and one check for accumulated vacation leave). The Mayor signed and approved the City Clerk's timesheets, and the City Clerk and Mayor signed the final paychecks. The Board did not approve the final paychecks prior to payment.

We recalculated the final amounts paid to the City Clerk for vacation leave based on the assumption the City Clerk began 2014 with the maximum carryover balance of vacation leave allowed by city policy (160 hours), and adjusted these hours for leave earned and taken between January 1, 2014, and July 11, 2014, according to City Clerk's timesheets. Our calculations determined the city overpaid the City Clerk for 52 hours of vacation leave ($684).

The City Superintendent resigned on July 17, 2014, effective July 31, 2014. We recalculated the final amount paid to the City Superintendent for vacation leave based on the assumption the City Superintendent began 2014 with the maximum carryover balance of vacation leave allowed by city policy (160 hours) and adjusted these hours for leave earned and taken

between January 1, 2014, and July 31, 2014, according to the City Superintendent's timesheets. Our calculation determined the city overpaid the City Superintendent for 62 hours of vacation leave ($1,001).

Without leave records, the Board cannot ensure employee leave usage and balances are accurate. Leave records also aid in determining final compensation for employees leaving city employment. To ensure employees are treated equitably and are properly compensated, strict compliance with personnel policies is necessary, and the Board should review final paychecks.

4.3 Incentive payments

The city paid incentive payments ranging from $90 to $150 in 2012 and prior years to city employees and a contract laborer. There was no supporting documentation or approval for these payments. In addition, these payments did not have payroll taxes withheld, and were not included on the employees' W-2 forms or contractor's Form 1099-Misc. These incentive payments appear to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39, Missouri Constitution, and Attorney General's Opinion No. 72, 1955 to Pray, which states, ". . . a government agency deriving its power and authority from the constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered." In addition, the failure to properly report and withhold taxes could result in penalty and interest charges assessed against the city.

4.4 Salary ordinance

The city has not updated its ordinances to establish the compensation of employees since 1984. Section 79.270, RSMo, authorizes the Board to fix the compensation of employees by ordinance.

Recommendations

The Board of Aldermen:

4.1 Ensure adequate reviews of time records and payroll payments are performed and proper monitoring of overtime to ensure overtime is necessary and approved. In addition, ensure compliance with the city's overtime policy and the FLSA.

4.2 Ensure employee leave balances are properly tracked and monitored. In addition, ensure future final paychecks are supported by proper documentation, are in compliance with city personnel policies, are reviewed and approved by the Board prior to payment, and seek reimbursement of the overpayments.

4.3 Discontinue granting incentive payments to employees and contract laborers and ensure all employee compensation is properly taxed and reported to the Internal Revenue Service.

4.4 Update the city ordinance that establishes the compensation of employees.

Auditee's Response

The Board of Aldermen provided the following written responses:

4.1 A review is in progress, and procedures will be set in place to ensure adequate reviews of time records are performed, and compliance with city policy and the FLSA, and all payroll is currently being approved by the Board

4.2 A vacation and sick time tracker will be included in the new payroll software to ensure accrual, usage, and balances are tracked. The Board will also ensure all future final paychecks are reviewed and approved prior to final payout, and the Board will review the final payouts to past employees to determine if reimbursement should be sought. The Board will ensure future final paychecks are supported by proper documentation and in compliance with city personnel policies.

4.3 Incentive pay was discontinued in December 2013. In the future, the Board will ensure all compensation is properly taxed and reported to the IRS.

4.4 A review of the city's ordinance will be conducted, and the ordinance will be adjusted, changed, rescinded, and/or a new ordinance created to reflect compensation of all city employees.

5. Disbursements

Controls and procedures over city disbursements are in need of improvement.

5.1 Approval process and oversight

The Board does not retain a list of bills approved, does not document its approval of individual invoices, and does not approve some non-payroll disbursements prior to payment. For example, we reviewed the period between the October 7, 2013, board meeting and the November 12, 2013, board meeting and identified payments totaling $16,000 for non-payroll disbursements occurred prior to November board meeting. In addition, the city does not require invoices to be marked paid or otherwise canceled, and the receipt of goods or services is not documented prior to payment.

To safeguard against possible loss or misuse of funds, the Board should approve all disbursements and review supporting documentation, bank information, and canceled checks. Board approval of disbursements should be documented in a listing and by signature or initials on monthly reports. Canceling invoices and other supporting documentation reduces the likelihood of duplicate payments, and requiring acknowledgement of receipt of goods or services prior to payment helps ensure the city actually received all items.

5.2 Procurement procedures

The city does not have a formal bidding policy and did not solicit bids for any goods or services purchased during the 2 years ended December 31, 2013. Significant purchases not bid included insurance ($25,433), a sewer pump ($9,650), repair services ($4,050), attorney services ($3,325), cleaning services ($2,400), and a water pump ($2,021).

Formal bidding procedures for major purchases or services provide a framework for economic management of city resources and help ensure the city receives fair value by contracting with the lowest or best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in city business.

5.3 Conflicts of interest

The Board does not adequately monitor its activities for conflicts of interest. The city paid approximately $1,000 to Mayor Gary King's repair business in 2012 without soliciting bids. In addition, Alderman Binder's son was paid $712 in 2013 as a contract laborer with no documentation of Board approval.

Board members serve in a fiduciary capacity and have an obligation to the public to avoid the appearance of impropriety. Personal interests in business matters of the city could create actual or the appearance of conflicts of interest and a lack of independence could harm public confidence in the Board and reduce its effectiveness. Sections 105.454 and 105.458, RSMo, prohibit financial transactions between the city and elected officials that involve more than $500 per transaction or $5,000 per annum, unless there has been public notice to solicit proposals and competitive bidding, provided the bid or offer accepted is the lowest received.

5.4 Employment classification and 1099-MISC form

The city has not clearly determined the employment classification of Alderman Binder's son (who performs labor on an as needed basis for the city). The city did not withhold payroll taxes or issue applicable year-end tax forms for payments to him totaling $712 during 2013 and $1,382 during 2012. In addition, in 2013 and 2012, the city paid $2,400 each year to an individual for cleaning services and did not issue a 1099-MISC form.

Procedures are necessary to ensure individuals providing services are properly classified as employees or contract labor. Proper classification of employees and contract labor is necessary to ensure compliance with various state and federal laws and regulations. Individuals classified as employees should be paid through the city's payroll system, while individuals classified as contractors should receive a 1099-MISC form.

5.5 Vending machine

City personnel did not reconcile vending machine sales to purchases to ensure all monies and beverages were accounted for, and beverage prices charged did not cover the product costs. The city paid 2 beverage vendors $10,359 from January 2012 through February 2013. The city purchased 8,976 bottles of beverages which were sold at $1 per bottle; however, total

collections/deposits of beverage sales totaled only $8,583, a shortage of $393. In addition, the city realized a loss of $1,776 on the beverages sold.

To safeguard against possible loss, theft or misuse of product, the city should reconcile sales to purchases on a periodic basis. Ensuring the price charged covers the cost of items being sold would ensure the city does not unnecessarily lose money.

5.6 Credit card payments

The city accepts utility bill payments by credit card; however, few bills are paid by credit card and card users are not charged a convenience fee to offset card transaction fees assessed. Credit card service costs and transaction fees in 2013 totaled approximately $900, but the city only received revenues from card payments of approximately $1,500. Considering the limited usage, city officials should evaluate continued acceptance of credit card payments or look into a less costly credit card processing option. If credit card payments continue to be accepted, city officials should consider assessing a convenience fee to offset the card transaction fees. In addition, absorbing the credit card transactions fees is a possible violation of Article VI, Section 23, Missouri Constitution, which prohibits the granting of public funds to individuals.

5.7 Written contracts

The city does not always enter into written contracts or retain and update contracts. The city approved hiring the former City Superintendent on a contract basis to perform water and sewer testing services on July 31, 2014. A formal written contract for these services was not prepared, and the only documentation of the agreement was an index card listing rates of pay for testing on weekdays and weekends. In addition, the city does not have a written contract for cleaning services or for funds given to a local civic organization. The contract with the city's attorney also has not been updated since 2000, and the city did not retain a copy of the contract.

Clear and detailed written contracts are necessary to ensure all parties are aware of their duties and responsibilities, and prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing. In addition, in order to monitor compliance with contract terms, copies should be retained.

5.8 Fuel and vehicles

The city does not have procedures to review and evaluate the reasonableness of vehicle usage and does not reconcile fuel usage to billings. The city spent approximately $700 in bulk fuel and approximately $2,400 in fuel at gas stations in 2013. Maintaining and reviewing vehicle usage logs and comparing usage to fuel purchases is necessary to ensure vehicles and equipment are properly utilized, prevent paying vendors for improperly billed amounts, and decrease the risk of theft or misuse of fuel occurring without detection.

Recommendations

The Board of Aldermen:

5.1 Ensure all invoices are reviewed and approved by appropriate officials prior to payment and ensure approval of disbursements is documented. In addition, the Board should ensure invoices are marked paid to prevent duplicate payments and require documentation of receipt of goods and/or services prior to payment of invoices.

5.2 Establish formal bidding policies and procedures, including documentation requirements regarding the bids or quotes received and justification for bids selected.

5.3 Comply with state law regarding transactions with businesses owned by city officials, and ensure such arrangements are properly handled and documented. In addition, the Board should closely examine city transactions to identify and avoid the appearance of or actual conflicts of interest, and ensure members avoid participation in decisions or other situations that could result in the appearance of or actual conflict of interest.

5.4 Implement procedures to ensure individuals hired are properly classified as employees or contractors and they are issued applicable year-end tax forms as required by law.

5.5 Ensure that monies from the sales of goods are properly accounted for and purchases are reconciled to sales periodically. Goods should be priced to ensure revenues cover costs.

5.6 Consider discontinuing accepting credit card payments or changing to a less costly credit card processing option. If credit card payments continue, consider assessing a convenience fee.

5.7 Enter into written contracts defining services provided and benefits received and retain copies of all written contracts.

5.8 Establish adequate records and procedures to effectively monitor vehicle and fuel use.

Auditee's Response

The Board of Aldermen provided the following written response:

5.1-8 The Board agrees with and will implement these recommendations.

6. Sunshine Law

The Board did not always comply with the Sunshine Law. Open meeting minutes did not always record a roll call vote of the Board members to enter into closed session and did not always document the reason for closing the

meeting. Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting, including reference to a specific section of the law, shall be voted on during an open meeting. These reasons and the corresponding votes to close the meeting should be documented in the open minutes to demonstrate compliance with statutory provisions.

Recommendation

The Board of Aldermen ensure open meeting minutes properly disclose the votes and reasons for closing a meeting.

Auditee's Response

The Board of Aldermen provided the following written response:

The Board agrees with and will implement this recommendation.

7. Budgets

City budgets do not include all elements required by law and are not accurate, and some budgeted receipts and disbursements were overstated.

Budgetary requirements

The Board approved budgets for the years ended December 31, 2013, and 2012, that did not include a budget message, budgeted amounts for the 2 preceding years, and beginning and ending actual and estimated cash balances. City budgets only include actual amounts for the prior 4 years and budgeted receipts and disbursements for the upcoming year.

Budget accuracy

Information contained in the budgets prepared by the City Clerk was not accurate. The Water Fund and Sewer Fund budgets list labor as a disbursement, however, these labor costs were already included in the General Fund budget. In addition, the 2013 actual amounts recorded as transfers in to the General Fund and transfers out of other city funds on the 2014 budget were not correct. The City Clerk also prepared checks that were dated December 31, 2013, to reimburse the General Fund for expenses paid from other funds, and these checks were not signed until the beginning of 2014. Some of these checks were recorded as actual disbursements of 2013 in the 2014 budget, while other checks were recorded as disbursements in the accounting system for 2014.

Sections 67.010 to 67.080, RSMo, establish requirements for the format of the annual operating budget. In addition to meeting statutory requirements, an accurate budget can serve as a useful management tool by establishing specific financial expectations for each area of city operations and provides a means to effectively monitor actual receipts and disbursements by periodically comparing budgeted to actual amounts and prior year information.

Recommendation

The Board of Aldermen prepare budgets that are accurate and in compliance with state law.

Auditee's Response

The Board of Aldermen provided the following written response:

The Board agrees with and will implement this recommendation.

8. Capital Assets

The city does not maintain records for its capital assets including buildings, utility system infrastructure, equipment, and other property. Additionally, assets are not tagged for specific identification, and an annual physical inventory is not performed. City-owned capital assets including land, buildings, equipment, and other property are valued at approximately $836,000 on the city's insurance listing.

Adequate capital asset records and procedures are necessary to provide controls over city property; safeguard city assets that are susceptible to loss, theft, or misuse; and provide a basis for proper financial reporting and insurance coverage.

Recommendation

The Board of Aldermen ensure property records are maintained that include all pertinent information for each asset such as tag number, description, cost, acquisition date, location and subsequent disposition. The Board should also properly tag, number, or otherwise identify all applicable city property and conduct and document an annual physical inventory.

Auditee's Response

The Board of Aldermen provided the following written response:

The Board agrees with and will implement this recommendation.

City of Leeton
Organization and Statistical Information

The City of Leeton is located in Johnson County. The city was incorporated in 1946 and is currently a fourth-class city. The city employed two full-time employees (City Clerk and City Superintendent) and three part-time law enforcement officers on December 31, 2013.

City operations include utility services (water and sewer), law enforcement services, and a cemetery.

Mayor and Board of Aldermen

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The Mayor is elected for a 2-year term, presides over the Board of Aldermen, and votes only in the case of a tie. The Mayor and Board of Aldermen, at December 31, 2013, are identified below. The Mayor is paid $60 annually and the Board of Aldermen members are paid $24 annually. The compensation of these officials is established by ordinance.

Gary King, Mayor
Steve Binder, Mayor Pro-Tem
Loretta Burford, Alderwoman
Robin Miller, Alderwoman
Tom Wissinger, Alderman

Financial Activity

A summary of the city's financial activity for the year ended December 31, 2013, follows:

City of Leeton
Schedule of Receipts, Disbursements, and Changes in Cash Balances
Year Ended December 31, 2013

	General Fund	Water Fund	Sewer Fund	Cemetery Fund	Gross Receipts Tax Fund	Totals
RECEIPTS						
Property taxes	$ 33,694	0	0	0	0	33,694
Franchise taxes	32,317		0	0	0	32,317
Sales taxes	69,835	2,060	0	0	0	71,895
Motor fuel and vehicle fees	20,506	0	0	0	0	20,506
License and permit fees	1,996		0	0	0	1,996
Utility receipts	0	63,021	30,113	0	0	93,134
Other (1)	9,278	0	5	2,575	8,565	20,423
Transfers in	19,399	0	0	0	0	19,399
Total Receipts	187,025	65,081	30,118	2,575	8,565	293,364
DISBURSEMENTS						
Salaries and wages	92,447	0	0	0	0	92,447
Employment taxes	7,077	0	0	0	0	7,077
Utilities	11,412	7,241	2,592	0	0	21,245
Street lighting	13,472	0	0	0	0	13,472
Vehicle fuel, repair, and maintenance	4,271	0	0	0	0	4,271
Insurance and bonds	16,077	4,842	4,842	0	0	25,761
Street repair and maintenance	4,740	1,040	0	0	0	5,780
Legal services	3,325	0	0	0	0	3,325
Trash service	2,117	0	0	0	0	2,117
Supplies, printing, and postage	2,578	5,179	1,131	0	0	8,888
Repair and maintenance	1,821	0	242	1,412	0	3,475
Election expense	1,200	0	0	0	0	1,200
Principal and interest	0	14,111	0	0	0	14,111
Other	7,879	4,698	1,619	63	0	14,259
Transfers out	0	24,507	4,170	0	0	28,677
Total Disbursements	168,416	61,618	14,596	1,475	0	246,105
RECEIPTS OVER (UNDER) DISBURSEMENTS	18,609	3,463	15,522	1,100	8,565	47,259
CASH, JANUARY 1, 2013	42,980	62,849	68,340	38,541	44,176	256,886
CASH, DECEMBER 31, 2013	$ 61,589	66,312	83,862	39,641	52,741	304,145

(1) Other receipts of the General Fund include Law Enforcement Training and Police Officer Standards Training fees.

Thomas A. Schweich

Missouri State Auditor

STATEWIDE

Survey of Public Employee Retirement Systems in Missouri

September 2014

Report No. 2014-092

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Survey of Public Employee Retirement Systems in Missouri

Background

The financial condition and long-term sustainability of public employee retirement plans has been a recent topic of discussion nationwide. This survey provides information and reports key data of Missouri public employee defined benefit (DB) retirement plans that help indicate financial condition of the plans.

Our survey focuses on public employee DB retirement plans, due to the risks to the sponsoring governments and ongoing liabilities associated with such plans. A typical DB plan guarantees monthly payments to eligible members, beginning upon retirement. Benefits are calculated based on a formula that considers employees' salaries, length of service, and a multiplier. Generally, a large portion of contributions are paid by the sponsoring government. DB plans use an actuarial valuation process to determine the actuarial value of plans' liabilities, assets, and related annual required contributions.

As of December 31, 2012, there were 89 DB plans in Missouri, covering approximately 546,000 members. These plans reported actuarial assets totaling approximately $57 billion and actuarial accrued liabilities totaling approximately $73 billion. Ninety-four percent of all employees participating in public employee DB retirement plans in Missouri are members of the 15 plans selected for additional analysis in our report.

Survey Results

There are several key indicators of plan financial condition. These indicators should not be viewed individually, but in combination with other indicators along with a plan's actuarial assumptions and policies. In addition, the indicators should not be reviewed at a single point in time, but trends in the indicators should be reviewed over an extended period. Our review of various indicators found the financial condition of Missouri plans varied widely, with some indicating very good financial condition and others indicating very poor financial condition. Many plans have experienced worsened financial condition in recent years, primarily due to economic and financial market downturns associated with the recession from 2007 to 2009.

The most often cited indicator of plan financial condition is the funded ratio. In simple terms, the funded ratio is the percentage of the present value of future retirement benefit payments previously earned by employees (actuarial accrued liabilities) that are covered by plan assets as of a specific date. The aggregate funded ratio of Missouri plans has decreased from 83 percent to 78 percent between 2003 and 2012, but is higher than aggregate funded ratios reported at the national level. In 2012, 40 of the 89 Missouri plans (covering 67 percent of statewide members) had funded ratios of 80 percent or higher, which is down from 47 such plans in 2003. Aggregate unfunded actuarial accrued liabilities for the Missouri plans has nearly doubled in the past 10 years, from $8.18 billion in 2003 to $16.02 billion in 2012.

Actual contributions paid as a percentage of the annual required contribution (ARC) calculated by the plan's actuary measures an employer's commitment to achieving the plan's overall funding goals. In aggregate, Missouri plans received 94 percent of ARC in 2012. However, 34 plans (covering 33 percent of statewide members) received less than 100 percent of the ARC in 2012. The failure of sponsoring governments to fully fund the ARC makes it difficult for the plans to reach financial goals.

ARC as a percentage of covered payroll (also referred to as contribution rate) can indicate the stress the required contribution level could assert on the government's budget and operations. The aggregate ARC as a percentage of covered payroll in 2012 for the 15 selected plans was 14.18 percent, an increase from 9.70 percent in 2003.

Investment income often provides the largest portion of DB plan assets. Another key indicator is a comparison of long-term annualized market rates to assumed rates of investment return. Several of the 15 selected plans underperformed their assumed rates of return for the 10-year period ended in 2012. However, of the 10 largest plans, which cover 92 percent of statewide members, only 1 plan underperformed the investment return assumptions on both the 10-year and longer-term basis.

Other key indicators of financial condition include ARC as a percentage of the sponsoring government's budget and unfunded actuarial accrued liability as a percentage of covered payroll.

The financial condition of the 89 Missouri public employee DB plans is impacted by various external factors and decisions made by the plans' governing boards and sponsoring governments. Key influences of financial condition identified and discussed in this survey include economic conditions and investment performance, benefit structure, board governance, investment policy, contribution and funding policies, and selection of actuarial assumptions and methods. Because the interaction of factors that impact a plan's financial condition can vary among DB plans, it is difficult to compare the plans.

Our survey identified various key practices DB plans should follow to support adequate financial condition. Many of these practices have been implemented by Missouri plans, including the 15 selected plans. Governing boards and sponsoring governments of many of the largest and statewide plans in Missouri have taken measures to strengthen financial condition. However, it will take time before the effect of such changes become fully evident.

The appendixes to this survey present key background, financial, and actuarial data for each of the 89 Missouri public employee DB plans.

Because of the compound nature of this report, no overall rating is provided.

Survey of Public Employee Retirement Systems in Missouri
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
Jefferson City, Missouri

Retirement benefits are often a significant component of public employee compensation, and are utilized by governments to recruit and retain employees. As a result, governments often incur significant liabilities associated with retirement benefits and must contribute significant resources to retirement plans. Due to the importance of maintaining good financial condition of retirement plans for state and local government employees, we have surveyed and gathered information regarding Missouri public employee defined benefit retirement plans. The information was obtained from publicly available plan documents, a database compiled by the General Assembly's Joint Committee on Public Employee Retirement from information submitted by the retirement plans, and from our direct solicitation of information from certain plans. We have not audited the information submitted and, accordingly, do not express an opinion or any other form of assurance on the accuracy of the information. Our survey objective was to identify, obtain, and report key data of Missouri public employee defined benefit retirement plans that influence and indicate the financial condition of the plans.

Missouri state and local governments sponsored 89 defined benefit retirement plans, covering approximately 546,000 members, as of December 31, 2012. These plans reported actuarial assets totaling approximately $57 billion and actuarial liabilities totaling approximately $73 billion, resulting in a combined unfunded liability of approximately $16 billion as of plan years ended during the year ended December 31, 2012. In total, these plans were 78 percent funded during this period.

Our survey of data supporting the identified key indicators of financial condition for Missouri's 89 public employee defined benefit retirement plans noted the financial condition of these plans varies significantly. Numerous external and internal factors, including the economy and financial decisions, impact plan financial condition. The financial condition of the plans has been significantly impacted by the 2007 to 2009 recession. Decisions impacting retirement plans are made by various parties including sponsoring governments, plans' governing boards, and plans' management staff. Our survey of data determined plan decisions vary. It is essential that the various parties make sound financial decisions to maintain good financial condition. When plan liabilities are not appropriately managed, costs to the sponsoring governments to fund those liabilities could increase significantly and/or retirement benefits promised to employees could be jeopardized.

It is difficult to conclusively assess the financial condition of retirement plans or evaluate the impact of individual management decisions because of the complexity of the various factors, and there appears to be no agreed-upon national or statewide benchmarks or criteria related to these areas. In fact, there is often disagreement on what should be considered sufficient or adequate. The aggregate funded ratio of

Missouri defined benefit plans has decreased from 83 percent to 78 percent between 2003 and 2012; however, Missouri plans' aggregate 2012 funded ratio is higher than identified national averages of 73 percent to 74 percent. Officials from several plans indicated investment returns in 2013 and 2014 have been strong. These returns have likely positively impacted the plans' funded ratios. During 2012, contributions to Missouri plans totaled $2.65 billion, with $1.78 billion from the sponsoring governments and $870 million from employees. In aggregate, Missouri plans received 94 percent of actuarially required contributions (ARC) in 2012, higher than the national average of 80 percent. However, 34 plans (38 percent of Missouri plans), covering 33 percent of total members, received less than 100 percent of the ARC in 2012. The failure of sponsoring governments to fully fund 100 percent of the ARC makes it difficult for the plans to reach financial goals.

Governing boards and sponsoring governments of many of the largest and statewide plans in Missouri have taken measures to strengthen the plans' financial condition. Such measures include lengthening vesting periods, increasing retirement ages, reforming benefits and benefit formulas, restricting or reducing retiree cost of living adjustment payments, and increasing employee contribution requirements. In addition, many of these plans have changed actuarial assumptions and investment policies. However, it will take time before the effect of such changes become fully evident.

The financial condition and long-term sustainability of Missouri public employee defined benefit retirement plans deserves careful consideration and requires the design of policies that target the plans' long-term sustainability. The intent of this survey is to make key retirement plan information available for evaluation and consideration.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Douglas J. Porting, CPA, CFE
Audit Manager:	Kim Spraggs, CPA
In-Charge Auditor:	Gayle Garrison
Audit Staff:	Alexander Druzenko, MBA, CPA
	Tessa Oates
	Nicholas Schafer, MBA

Survey of Public Employee Retirement Systems in Missouri Introduction

Background

In recent years, the financial condition and long-term sustainability of public employee retirement plans nationwide has been the topic of much discussion and concern as actuarial funding levels have decreased and required government contributions have increased. The poor financial condition of several large public employee retirement plans across the country has been widely publicized and the long-term sustainability of those plans questioned. Similar to plans in many states, changes have been made to various public employee retirement plans in Missouri to help control costs and improve long-term financial condition. This survey provides information that will assist in understanding defined benefit (DB) retirement plans and identifies and reports key data of Missouri public employee DB retirement plans that help indicate financial condition of the plans.

Plans incur liabilities for payment of retirement benefits. While investment earnings provide a large portion of the required funding, for most plans significant costs associated with benefits are also paid by taxpayers. Thus, the need exists for retirement plans to follow sound financial practices and assure taxpayers that commitments for future benefits will not cause undue financial burden on the sponsoring government and taxpayers.

Our survey focuses on public employee DB retirement plans due to the risks to the sponsoring governments and ongoing liabilities associated with such plans. The majority of Missouri public employee retirement plans are DB plans or a combination of both DB and defined contribution plans. Some plans cover members who are not eligible for Social Security benefits, making plan benefits a larger portion of those members' retirement assets. As of December 31, 2012, there were 130 public employee retirement plans in Missouri. Of these plans, 89 were DB plans (11 of which also provided a defined contribution plan) and 41 were defined contribution plans. Three of these 89 plans cover only state employees and 86 primarily cover local government employees. Selected data of the 89 plans is included at Appendix B and Appendix C.

DB plans guarantee members a specified lifetime benefit upon retirement; typically defined in a formula that considers various factors such as salary and years of service. Members' vested benefits are typically not portable to other plans. Investment and life expectancy risks associated with DB plans are borne by the plan sponsor. Because benefits are guaranteed for the member's lifetime, DB plan members have greater assurance of the adequacy of retirement incomes.

Defined contribution plans do not guarantee members a specified benefit. Instead, the benefit is normally based on the employer/employee contributions accumulated in the members' accounts plus or minus investment gains and losses. When terminating employment, members may elect to transfer vested benefits to other qualified defined contribution plans.

Since an employee's benefits are based on what was actually contributed and accumulated earnings, defined contribution plans do not require the actuarially based funding that is necessary for DB plans. Investment and life expectancy risks associated with defined contribution plans are borne by the plan members. In addition, disability and survivor benefits are generally not provided. Defined contribution plan members have less assurance of the adequacy of retirement income and the possibility of outliving the balance of the member's account.

Authorization

Authorization for Missouri public employee DB retirement plans is provided in the Missouri Constitution and various state statutes. When authorized, state and local governments may establish pension plans to provide retirement benefits to government officers and employees. State law authorizes statewide retirement plans for certain employees of the state, counties, courts, and school districts. In addition, a statewide multiple employer retirement plan is authorized for local political subdivisions which are not separately provided for in other state laws. State law also authorizes local retirement plans for employees of cities, counties, police departments, fire departments, and school districts with large populations; and for fire protection districts and certain other political subdivisions. Article VI, Section 25 of the Constitution and Chapter 105, RSMo, govern all public pension plans in Missouri.

Certain plans are considered "statutory" plans in which the plan governance is outlined in statutes and plan modifications must be approved by the General Assembly. The remaining plans are governed locally by the sponsoring government. In Missouri, 15 DB plans have been statutorily created and 74 have been locally created, such as by ordinance. Appendix A, Chart 1 and Appendix C provide references to the state laws applicable to Missouri public employee DB plans.

Joint Committee on Public Employee Retirement

The Joint Committee on Public Employee Retirement (JCPER) consists of six senators appointed by the President Pro Tem of the Senate, and six members of the House of Representatives, appointed by the Speaker of the House. Governed by Chapters 21 and 105, RSMo, the committee is required to:

- Make a continuing study and analysis of all state and local government retirement systems and report annually to the General Assembly.
- Devise a standard reporting system to obtain data on each public employee retirement system that will provide information on each system's financial and actuarial status at least biennially.
- Determine from its study and analysis the need for changes in statutory law.
- Make any other recommendations to the General Assembly necessary to provide adequate retirement benefits to state and local government employees within the ability of taxpayers to support their future costs.

Missouri public employee retirement plans are required to provide quarterly investment information and copies of audited annual financial statements within 6 months of the plans' fiscal year end to the JCPER. The JCPER is required to submit an annual report of the committee's activities and an analysis of the retirement plans to the legislature by January 15th of each year.

To facilitate the annual report, the JCPER solicits information from the plans annually. Plan personnel enter plan information in an on-line survey system maintained by the JCPER. Examples of information reported are plan type and background; governing board membership; member eligibility, benefits, contributions, and vesting; financial data including assets, operating liabilities, investment market values, investment advisors, and advisory fees; and actuarial information including methods used and assumptions made, required contributions, covered payroll, actuarial value of assets, and actuarial value of accrued pension liabilities. In recent years, the JCPER has increased the amount of data requested from the plans. Once received, the JCPER analyzes and performs a limited review of the data for accuracy, then compiles the information and submits the required annual report to the General Assembly. JCPER annual reports and other information regarding Missouri public employee retirement plans are located on the JCPER web site.[1]

Scope and Methodology

Our survey includes key data of Missouri public employee DB retirement plans that indicate financial condition of the plans. Key plan data was obtained from the JCPER for all Missouri public employee DB retirement plans and from publicly available documents for some plans. Additional information from the 15 largest and/or statewide plans was obtained using a separate questionnaire.

Similar to national data, available statewide data is not always current because plan data comes from annual financial reports prepared up to 6 months after fiscal year end, plans have varying fiscal year ends, and the collection of the data is time consuming.

We sent questionnaires requesting additional information to all plans having membership over 5,000, and all plans with statewide coverage. There were 12 plans with membership exceeding 5,000 (including 7 large statewide plans) and 3 additional smaller statewide plans, for a combined total of 15 plans selected to receive questionnaires. Eleven of the 15 selected plans are statutorily created. In total, these plans covered approximately 94 percent of total plan membership and 93 percent of total plan assets, for the plan years ended during the year ended December 31, 2011. The 15 DB plans selected

[1] <http://www.jcper.org/>

were County Employees' Retirement Fund, Kansas City Employees' Retirement System, Kansas City Public School Retirement System, Local Government Employees' Retirement System, Missouri Department of Transportation & Highway Patrol Employees' Retirement System, Missouri State Employees' Retirement System - Judicial Plan, Missouri State Employees' Retirement System - MSEP, Prosecuting Attorneys' & Circuit Attorneys' Retirement System, Public Education Employees' Retirement System, Public School Retirement System, Sheriff's Retirement System, St. Louis County Employees' Retirement Plan, St. Louis Employees' Retirement System, St. Louis Public School Retirement System, and University of Missouri Retirement, Disability & Death Benefit Plan. Information gathered for each of the 15 selected plans is presented in Appendix A.

To determine which plan data should be considered "key" for identifying plan financial condition, we performed various procedures. We reviewed applicable state laws and published literature specifically on DB plan practices and factors that have significant impact on financial condition. We identified and reviewed documentation of best practices recommended by recognized authoritative associations related to public retirement plans and governments. We also interviewed JCPER personnel and four actuarial professionals or groups of professionals knowledgeable of or active in public retirement plan actuarial practice, actuarial education, and/or public policy.

We obtained DB plan data from the JCPER database created by the on-line survey process for the plan years ended during the 10 years ended December 31, 2011. At the time we were performing the bulk of our initial data collection and analysis (March through November 2013), the most current data available for all plans was through plan year 2011. At that time, only some plans had begun reporting plan year 2012 data; however, other plans had not yet reported, and the JCPER had not reviewed reported plan data, for that plan year. To obtain data for the plan year 2012 for the 15 selected plans, we worked with the JCPER to expedite the plan reporting and JCPER review of plan data for that year. Later, after all plan year 2012 data became available, we downloaded certain limited data for that plan year for all DB plans.

The data downloaded from the JCPER had several limitations. Some of the key data was not available from the JCPER. Therefore, we obtained that data, for the 15 selected plans only, through a separate State Auditor's office survey. Some on-line system data was determined to be inaccurate or incomplete; but was available separately from the JCPER, for certain years. For example, the most accurate data regarding contributions for plan years 2006 through 2010, was from a study performed by the JCPER. In addition,

some plans did not report certain data to the JCPER for some years, and some plans did not report any data during some years.

To verify accuracy of the data for the 15 selected plans, we analyzed and discussed the data with personnel of each of the plans. Certain corrections and additions were made to the data based on these procedures. We provided personnel of each of the 15 selected plans with a copy of their plan's sections of Appendixes A, B, and C to further verify the accuracy of information presented. For the remaining 74 plans (covering approximately 6 percent of statewide membership), we performed analytical procedures and identified, followed up on, and revised certain data that appeared inaccurate or incomplete.

In addition to surveying the 15 selected plans for key data not available from the JCPER, we surveyed these plans on various management practices and actions related to financial reporting and plan financial condition. This survey was limited to gathering and compiling information from each plan. We did not draw conclusions about the financial condition of any individual plan.

To obtain national-level data regarding certain indicators of plan financial condition, we researched and identified various publications that report values of and trends in certain ratios and other statistics at the national level. This report cites two of those publications. One publication, *The Funding of State and Local Pensions: 2012-2016*,[2] prepared by the Center for Retirement Research at Boston College, reports data obtained from a national sample of 126 DB plans (109 state-administered and 17 locally-administered). The other publication, *2014 Report on State Retirement Systems: Funding Levels and Asset Allocation*,[3] prepared by Wilshire Consulting, reports national data obtained from 134 state-sponsored DB plans.

The data and information presented in this report are based on accounting standards effective during the periods corresponding to the data. However, as noted at the Recent GASB Accounting and Reporting Changes section, significant changes to accounting standards are effective beginning in 2014; and as a result, certain data and information will differ in future years. In addition, this report outlines the key data and general benefit requirements

[2] Alicia H. Munnell, Jean-Pierre Aubry, Josh Hurwitz, and Madeline Medenica, "The Funding of State and Local Pensions: 2012-2016," *State and Local Pension Plans*, Number 32, Center for Retirement Research at Boston College, Chestnut Hill, Ma., July 2013, pp. 1-15.

[3] Russell J. Walker, "2014 Report on State Retirement Systems: Funding Levels and Asset Allocation," Wilshire Associates Incorporated, Santa Monica, Ca., February 26, 2014, pp. 1-23.

of all 89 Missouri public employee DB plans. Additional information regarding each plan is available from each plan. Contact information for each of the 15 selected plans is included at Appendix A, Chart 1.

Defined Benefit Plans

As noted above, DB plans are widely used by Missouri's state and local governments. An understanding of the basic structure, characteristics, and terminology used by DB retirement plans is essential to understand and evaluate the financial condition of the plans.

A typical DB plan promises retirement benefits to eligible members in the form of monthly payments. The monthly payments begin upon members' retirement and continue throughout their remaining lives normally, with some options for survivor benefits. Although individual plans differ, common features of DB plans include:

- Retirement benefits are guaranteed.
- Employees earn retirement benefits by working a required number of years to become vested.
- Retirement benefits are calculated based on a formula that considers employees' salaries, length of service, and a multiplier. Other benefits often include early retirement ages with a reduced benefit payment, cost of living adjustments (COLA), and temporary additional benefits in some situations.
- Retirement benefits may also be provided to survivors of deceased vested members and to disabled members.

The authorizing government and/or the sponsoring government and the plan's governing board design various aspects of the DB plan's benefit structure and policies. The governing boards' trustees are usually appointed and/or elected from among plan members and/or non-members. For some plans, the governing board's duties may be assumed by a governmental office. The governing board manages the plan's assets/investments and retirement benefit payments. Because benefit payments are guaranteed, the sponsoring government is responsible for funding these payments and assumes nearly all of the financial risk associated with operating the plan.

Retirement benefits are funded by plan assets accumulated from contributions by sponsoring governments, employees, or other sources; and investment earnings. These assets are held in trust for future benefit payments to retirees. To be considered fully funded, current plan assets should equal the estimated current (present) value of future benefit payments (accrued liabilities) earned by employees as of the actuarial valuation date.

Contributions necessary to fund retirement benefits of DB plans are determined using one of two approaches: actuarial funding or pay-as-you-go. With the actuarial funding approach, an actuarial analysis estimates and

compares the present value of future benefit payments (accrued liabilities) to plan assets. The actuary calculates the annual required contribution (ARC) needed to meet plan funding goals. The ARC includes an amount for normal costs and an amortization payment for the unfunded actuarially accrued liability (UAAL). The ARC must be paid in an actuarial funding approach to achieve funding goals. With the pay-as-you-go approach, the funding policy does not require payment of the ARC. Instead, contribution amounts are generally only sufficient to cover benefit payments and expenses that become due in the current period. This type of funding policy is not recommended for DB plans because it may create large fluctuations in contributions needed and does not allocate the cost of a current employees' total annual employment pay package to current taxpayers, known as inter-generational equity.

Retirement systems, especially DB plans, use a number of terminologies. See page 51 for a glossary of terms relevant to this survey.

Actuarial Valuations

Defined benefit plans use an actuarial valuation process, performed by actuaries, to determine the plans' liabilities, assets, and required contributions. Total actuarial liabilities are the present (current) value of all expected benefit payments. These liabilities include both actuarially accrued liability (AAL - benefits already earned) and future normal cost (benefits expected to be earned in the future). Actuarial assets are the assets available to make payments for the AAL. Required contributions are identified for portions of both normal cost and any unfunded AAL (UAAL). Actuarial assumptions and methods play a significant role in the actuarial valuation. The plan's governing board, and in some cases the sponsoring government, make judgments based on historical information and estimations of future events related to various factors including employment, terminations, retirement ages, life expectancies, employee disability rates, investment earnings, employee raises, COLA, and economic inflation. Recommendations from the plan's actuaries often provide important information for these judgments. In addition, various actuarial cost methods are used to allocate the costs over the remaining lives of the plan's members and the members' beneficiaries. Because plan funding is based on actuarial valuation processes, it is essential that sound actuarial decisions are made. If not, a plan could experience too much or too little assets to pay future benefits. Actuarial valuations are typically performed yearly or every other year, and are documented in reports provided to a plan's governing board. Governmental Accounting Standards Board (GASB) standards require actuarial valuations at least biennially for DB plans. Actuaries are required to follow the Actuarial Standards Board standards of practice.

Section 105.664, RSMo, requires each plan, at least biennially, to prepare an actuarial valuation in compliance with GASB. According to information the 89 plans reported to the JCPER for plan year 2012, actuarial valuations were obtained annually by 85 plans and biennially by 4 plans. When a plan makes a substantial proposed change in benefits, Article VII, Section 14 of the

Constitution and Sections 105.665, 105.670, and 105.675, RSMo, require the plan prepare an actuarial valuation, including a statement of the related costs and required increase to required contributions.

Actuarial valuations are often supported by experience studies performed by actuaries. These studies compare actual activity to past actuarial assumptions and actuarial methods used. Conducting periodic experience studies (typically every 3 to 5 years and covering 4 to 10 years of historical information) helps improve the accuracy of projections in future actuarial valuations. When differences between assumptions used and actual "experience" are identified, adjustments to future assumptions may be made.

Another aid to the actuarial valuation process are audits of the actuarial valuations. The audits, performed by an independent actuary, review the valuation for accuracy and may provide independent opinions on the reasonableness of actuarial assumptions and actuarial methods used. The audits cover one or more valuations and may also cover the most recent experience study.

Accounting and Reporting Requirements

Section 105.661, RSMo, requires that plans prepare annual financial statements and obtain audits of those statements. Certain information regarding a DB plan's financial condition is reported in financial statements of the plan and the sponsoring government.

GASB standards establish accounting and reporting requirements for DB plans. GASB published these standards, which have governed pension plans in recent years, in 1994[4] and added additional disclosure requirements in 2007.[5]

The GASB requirements have been amended by new standards issued in 2012 that will be implemented by plans and sponsoring governments beginning in 2014 and 2015. The new GASB standards will significantly change the pension data available in plan and sponsoring government financial statements. Discussion of the new accounting and reporting requirements, as well as the anticipated impact on DB plans and the sponsoring governments, is included in the Recent GASB Accounting and Reporting Changes section.

[4] *Statement No. 25 of the Governmental Accounting Standards Board: Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and *Statement No. 27 of the Governmental Accounting Standards Board: Accounting for Pensions by State and Local Governmental Employers*, Governmental Accounting Standards Board, Norwalk, Connecticut, November 1994.

[5] *Statement No. 50 of the Governmental Accounting Standards Board: Pension Disclosures- an amendment of GASB Statements No. 25 and No. 27*, Governmental Accounting Standards Board, Norwalk, Connecticut, May 2007.

Key Indicators of Financial Condition

A plan's governing board and sponsoring government(s) must work together to implement responsible design practices to ensure the plan remains in good financial condition and that payments to retirees and survivors are ultimately sustainable. Basic plan design features that promote good financial condition provide (1) levels of benefits that allow the government to attract and retain employees, and (2) contribution levels that are not overly burdensome on the government, but are sufficient to generate adequate reserves to pay future benefit payments (liabilities).

Plan data typically used to indicate and assess financial condition is primarily determined using complex actuarial calculations which in turn are guided by the selection of numerous assumptions and estimates of future events. Appropriate assumptions and reasonable estimates are essential elements for accurate assessment of a plan's financial condition. The actual financial condition of a plan will never match the estimated financial condition of a plan due to differences between a plan's actual experience and the assumptions and estimates.

Various plan data can be analyzed to evaluate a plan's financial condition. Several key indicators of plan financial condition include (1) funded ratio, (2) percentage of ARC paid, (3) ARC as a percentage of covered payroll and as a percentage of budget, (4) UAAL as a percentage of covered payroll, and (5) market and smoothed versus assumed investment returns. The relative importance of these indicators to each plan's financial condition may vary depending on the characteristics of the plan and the sponsoring government.

Accounting and reporting standards require some of these indicators to be published, but others are only reported voluntarily by some plans or not reported at all. These indicators should not be reviewed individually, but in combination with other indicators along with a plan's actuarial assumptions and policies. In addition, the indicators should not be reviewed at a single point in time, but trends in the indicators should be reviewed over an extended period. Comparing the financial condition between various plans is difficult because the indicators are based on varying actuarial assumptions and methods used by individual plans.

Funded Ratio

Funded ratio, the most often cited indicator of plan financial condition, is calculated using actuarial values of assets and accrued liabilities earned by employees as of the valuation date. In simple terms, the funded ratio is the percentage of the present value of future retirement benefit payments (accrued liabilities) previously earned by employees that are covered by plan assets as of a specific date. When a plan has not accumulated enough assets to cover expected benefit payments in future years based on service to date, the plan has UAAL. Actuarial methods are usually designed with a target of 100 percent funding, and a plan is considered fully funded if the plan's assets meet or exceed the plan's accrued liabilities.

There are widely varying viewpoints regarding what minimum funded ratio percentage indicates a plan is adequately funded. In the private business sector, the federal government considers plans with funded ratios below 80 percent to be at risk of default. This ratio has commonly been applied in the public retirement system community as a threshold for gauging the adequacy of plan funding. However, a July 2012 issue brief,[6] published by the American Academy of Actuaries, termed the 80 percent standard a "myth." The issue brief explains that the standard is widely but erroneously cited as a basis for whether a pension plan is financially sound, that there is no clear attribution as to its source, and that understanding a pension plan's financial health should not be reduced to a single measure such as its funded ratio. Several credit rating agencies view public employee plan funded ratios of 60 percent and below as extremely poor-funded and 90 percent and above as very well-funded; however, the credit rating agencies do not review the funded ratio in isolation. Some economists and public policy groups believe a plan must maintain peak funded ratios well above 100 percent during periods of strong economic growth before the plan can be considered adequately funded and sustainable during periods of weak economic growth or declining economic conditions.

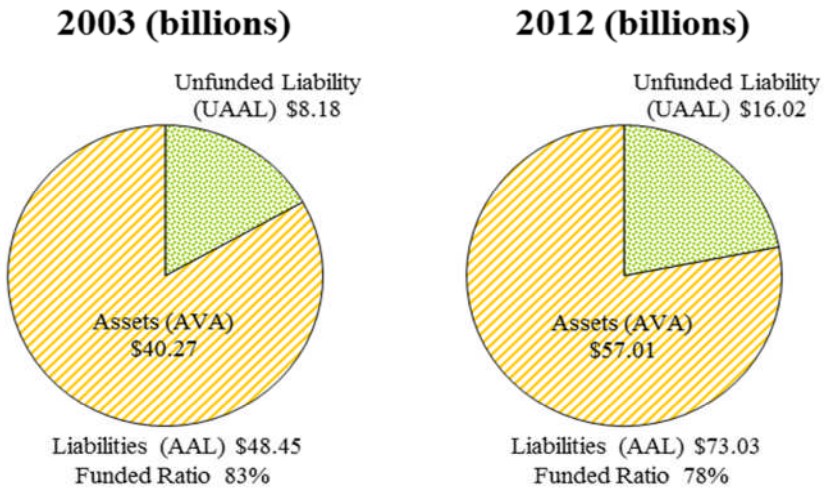
The funded ratio is best viewed over a number of years so that the stability (or upward/downward trend) of the ratio can be identified and evaluated. A decreasing funded ratio could indicate worsening financial condition, a declining ability to ultimately pay retirement benefits, and the possibility that employer/employee contributions may need to increase. An increasing funded ratio often indicates that a plan is making progress toward the overall funding goals that have been set by the governing board. However, the funded ratio should not be considered a single benchmark for plan financial condition, and should be reviewed along with other indicators and influences identified in this survey.

Figure 1 presents the aggregate actuarial values of assets, liabilities, UAAL, and funded ratios for the 89 plans as of 2003[7] and 2012.

[6] "The 80% Pension Funding Standard Myth," *Issue Brief*, The American Academy of Actuaries, July 2012, <http://www.actuary.org/files/80_Percent_Funding_IB_071912.pdf>, accessed on July 7, 2013, pp. 1-4.

[7] As of December 31, 2003, only 80 of the 89 plans existed or were reporting to the JCPER.

Figure 1: Missouri DB Plans: 2003 and 2012 Aggregate Actuarial Assets, Liabilities, UAAL, and Funded Ratio



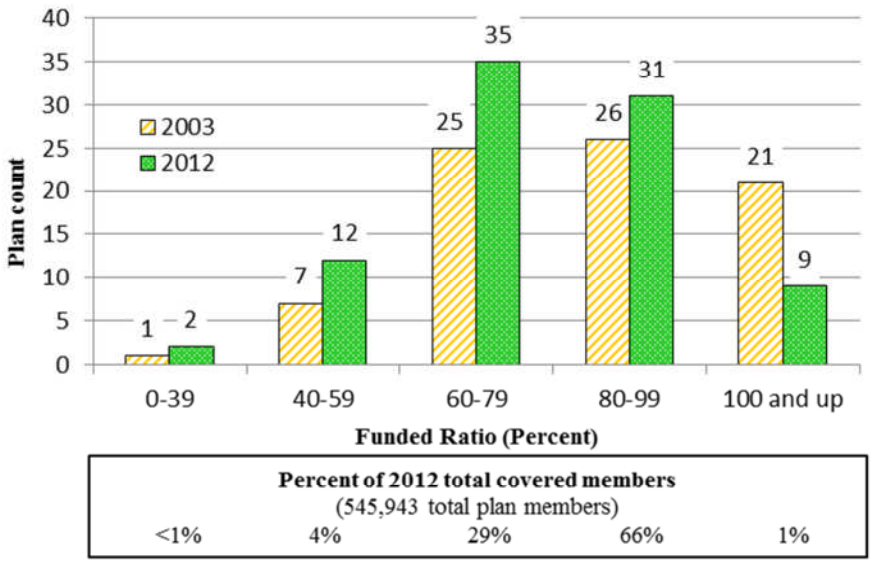
The 2012 Missouri aggregate funded ratio of 78 percent is higher than aggregate funded ratios reported at the national level. A report issued by the Center for Retirement Research at Boston College[8] indicates an aggregate funded ratio of 73 percent nationwide in 2012, and a report issued by Wilshire Consulting[9] similarly indicates an aggregate funded ratio of 74 percent in 2012.

Figure 1 shows Missouri plans experienced a drop in aggregate funded ratio during the 10-year period, from 83 percent in 2003 to 78 percent in 2012. The Wilshire Consulting report also indicates national level funded ratios have declined fairly steadily from 89 percent in 2003 to 74 percent in 2012. The United States Government Accountability Office (GAO) reported, in a March 2012 study,[10] that funded ratios have declined nationwide due to poor investment returns in recent years, failure to fully fund the ARC, and benefit increases. Similarly, officials from the 15 selected plans indicated recent fluctuations in funded ratios occurred primarily due to market downturns, and changes to benefits and actuarial assumptions (e.g., lowered investment return assumptions or increased life expectancies).

[8] Alicia H. Munnell, Jean-Pierre Aubry, Josh Hurwitz, and Madeline Medenica, "The Funding of State and Local Pensions: 2012-2016," *State and Local Pension Plans*, Number 32, Center for Retirement Research at Boston College, Chestnut Hill, Ma., July 2013, p. 2.
[9] Russell J. Walker, "2014 Report on State Retirement Systems: Funding Levels and Asset Allocation," Wilshire Associates Incorporated, Santa Monica, Ca., February 26, 2014, p. 3.
[10] Barbara D. Bovbjerg and Stanley J. Czerwinski, "State and Local Government Pension Plans: Economic Downturn Spurs Efforts to Address Costs and Sustainability," GAO-12-322, United States Government Accountability Office, March 2, 2012, <http://www.gao.gov/products/GAO-12-322>, accessed on March 31, 2014, p. 13.

Figure 2 presents distributions of 2003 and 2012 funded ratios for the 89 plans.[11] While only 40 plans (45 percent) had funded ratios of 80 percent or higher for plan year 2012, those plans covered 67 percent of statewide membership. The Center for Retirement Research at Boston College[12] reported 33 percent of plans nationwide had funded ratios of 80 percent or higher for plan year 2012.

Figure 2: Missouri DB Plans: 2003 and 2012 Distribution of Funded Ratios



Funded ratios for each of the 89 plans for certain plan years during the period 2002 to 2012 are presented in Appendix B and Appendix C. These funded ratios ranged from 10 percent (Cedar Hill Fire Protection District Length of Service Awards Program) to 164 percent (Maplewood Police & Fire Retirement Fund). Ten-year comparative schedules of funded ratios for each of the 15 selected plans are presented in Appendix A, Chart 2. Funded ratios of these plans for 2012 ranged from 24.70 percent (Missouri State Employees' Retirement System - Judicial Plan) to 91.26 percent (Sheriff's Retirement System).

We asked officials of the 15 selected plans to explain any unique issues affecting their plan's funded ratio. Their responses are included in Appendix A, Responses to Certain Survey Items. For example, Missouri State Employees' Retirement System officials indicated the funded ratio of the Judicial Plan is low because prior to 1998, the plan used the pay-as-you-go funding method. These officials said the plan changed to an actuarially calculated funding method in 1998 and the UAAL is expected to steadily

[11] As of December 31, 2003, only 80 of the 89 plans existed or were reporting to the JCPER.
[12] Alicia H. Munnell, Jean-Pierre Aubry, Josh Hurwitz, and Madeline Medenica, "The Funding of State and Local Pensions: 2012-2016," *State and Local Pension Plans*, Number 32, Center for Retirement Research at Boston College, Chestnut Hill, Ma., July 2013, p. 2.

decrease over time. Officials from another plan with a low funded ratio, Missouri Department of Transportation & Highway Patrol Employees' Retirement System, indicated that until 1976, the plan was not funded at the actuarially recommended contribution amounts, benefit increases were not adequately funded, employee contributions were refunded without provision for replacement assets, and the plan first hired management professionals knowledgeable of pension fund operations in 1988 and investment professionals beginning in 1997.

Additionally, several plans are funded by set fees or have unique contribution sources or restrictions that could result in actual contributions differing from ARC. Our survey of the 15 selected plans noted the County Employees' Retirement Fund, Kansas City Public School Retirement System, Prosecuting Attorneys' & Circuit Attorneys' Retirement System, Public Education Employees' Retirement System, Public School Retirement System, and the Sheriff's Retirement System all have unique contribution sources or restrictions impacting funded ratios.

Guidelines or Criteria

Chapter 105, RSMo, requires consideration of funded ratios for all public retirement plans. For example when substantial plan benefit changes are proposed, Section 105.665.2(2), RSMo, requires an actuarial cost study that fully funds UAAL within 30 years or less. As a result, a retirement plan anticipating substantial changes must demonstrate the plan is capable of attaining a 100 percent funded ratio within 30 years. Section 105.684, RSMo, states for most plans, there should be no retirement benefit increases unless the plan's actuary has determined the funded ratio is at least 80 percent and will not be less than 75 percent after the benefit increase. The section also requires most plans with a funded ratio below 60 percent to prepare an accelerated contribution schedule based on a descending (closed) amortization period. Section 105.683, RSMo, states if a plan's funded ratio is below 60 percent and has been descending for 5 consecutive years, and the sponsoring government has not paid 100 percent of the ARC for 5 years, the sponsoring government can be considered delinquent in making contribution payments. The law provides that certain plans in this situation can intercept state payments due to the sponsoring government in the amount of 25 percent of the contribution deficiency. State laws specific to certain plans also contain requirements regarding funded ratios.

The JCPER monitors funded ratios annually and maintains a watch list of each DB plan with either market or actuarial value funded ratios of 70 percent or less. JCPER officials indicated the monitoring threshold was developed based on 2003 information from a credit rating agency. As of November 2013, the watch list included 24 plans with funded ratios ranging from 10 percent to 69 percent.

Percentage of ARC Paid

Contributions are paid by the sponsoring government and/or employees. For plan year 2012, contributions to the 89 plans totaled $2.65 billion, with

$1.78 billion from the sponsoring governments and $870 million from employees. About half of the plans received contributions solely from the sponsoring governments (non-contributory plans), and half received contributions from both the sponsoring governments and employees (contributory plans). For some plans, employee contributions were significant. For example, $761 million (87 percent) of the $870 million employee contributions, was paid by members of the Public Education Employees' Retirement System and the Public School Retirement System. Of the Missouri contributory plans, 2012 employee contributions for 26 plans ranged from 20 percent to 50 percent of total plan contributions. Many plans, including 7 of the 15 selected plans, have recently implemented or increased employee contribution requirements.

Actual contributions as a percentage of ARC, or percentage of ARC paid, indicates the extent the sponsoring government is making the employer contribution payments as recommended by the actuary. This factor measures an employer's commitment to achieving the plan's overall funding goals. A Government Finance Officers Association (GFOA)[13] best practice guide recommends that "under no circumstance should state and local government plan sponsors engage in pension contribution holidays or make insufficient contributions. When employers skip an actuarially required contribution or make a smaller payment than required, they defer that cost to the future and jeopardize the long-term funding of the plan. When governing bodies arbitrarily reduce contributions to a plan, the resulting systemic underfunding ensures future financial shortfalls and places the burden for that shortfall on future taxpayers. These types of funding decisions compound future funding problems and are, in many instances, a leading cause of funding shortfalls." When a plan's contributions are funded by a source other than employer and employee contributions, such as fees or specially levied taxes, the percentage of ARC paid could identify flaws in the funding design of the plan.

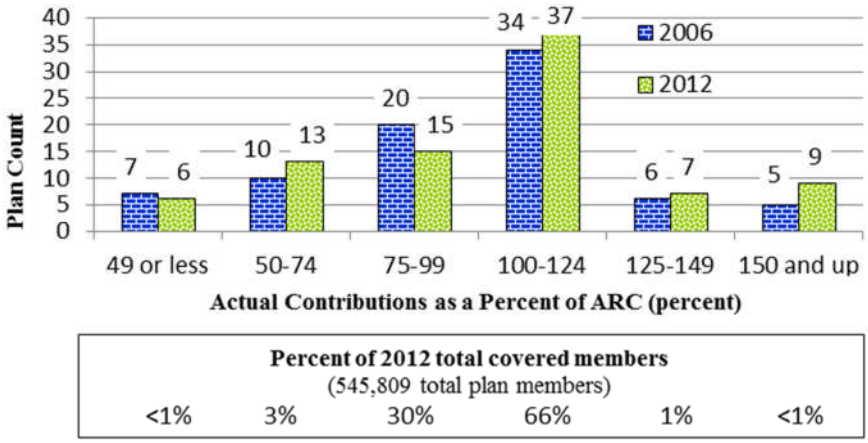
A plan that is consistently receiving contributions that equal 100 percent or more of ARC from year to year is more likely to achieve overall funding goals. A plan that consistently receives less than 100 percent of ARC has the potential of long-term funding shortfalls and ultimately poor financial condition. There is a relationship between a plan's funded status and the ARC. Generally, when a plan's funded status improves, the ARC decreases; and when the funded status declines, the ARC increases. Furthermore, the ARC is dependent on various assumptions approved by a plan's governing board; therefore, when changes to assumptions are made, the ARC likewise

[13] "Responsible Management and Design Practices for Defined Benefit Pension Plans," Government Finance Officers Association, October 2010, <http://www.gfoa.org/responsible-management-and-design-practices-defined-benefit-pension-plans>, accessed on June 24, 2014, p. 1.

changes. A plan's governing board can control the ARC through changes in assumptions.

Figure 3 shows a distribution of 2006 and 2012 actual contributions as a percentage of ARC for 87 of the 89 plans.[14] In 2012, contributions were not required for two plans. The figure shows 53 plans, or 61 percent, received 100 percent or more of the ARC in 2012. These plans cover 67 percent of statewide membership. A total of 34 plans, covering 33 percent of statewide membership, received less than 100 percent of the ARC in 2012; with 10 of these plans in the 90 percent to 99 percent range.

Figure 3: Missouri DB Plans: 2006 and 2012 Distribution of Percentage of ARC Paid



Ten-year comparative schedules of ARC, actual contributions, and percentage of ARC paid are presented for the each of the 15 selected plans in Appendix A, Chart 4. For 2012, 10 of the 15 plans received at least 100 percent of ARC. The percent of ARC paid for the 15 selected plans in 2012 ranged from 68 percent (Kansas City Public School Retirement System) to 144 percent (Prosecuting Attorneys' & Circuit Attorneys' Retirement System). Over the 10 years, 10 of the plans' contributions have consistently met or exceeded the ARC. Of the 5 plans that have not consistently met or exceeded ARC, 3 have special funding sources or statutory limitations that prevented the plan from receiving 100 percent of the ARC. Officials from one plan indicated they will begin receiving 100 percent of the ARC in 2014, and officials from the other plan indicated they have received at or above 90 percent of the ARC since 2007.

Actual percentage of ARC paid for each of the plans is presented in Appendix B and Appendix C. Our analysis of 2006 and 2012 percentages for these plans showed the percentage of ARC paid increased for approximately 40 percent of plans, decreased for approximately 40 percent of plans, and stayed the same for approximately 20 percent of the plans.

[14] As of December 31, 2006, only 82 of the 89 plans existed or were reporting to the JCPER.

A review of the aggregate percentage of ARC paid shows the 87 Missouri plans received 94 percent of ARC in 2012, an increase from 84 percent of ARC in 2006. Two of these plans, Public School Retirement System and Public Education Employee Retirement System, which together cover approximately 44 percent of statewide membership, had a percentage of contributions paid, respectively, of 71 percent and 77 percent in 2006, and 86 percent and 100 percent in 2012. The contribution percentage increased to 100 percent in 2013 for the Public School Retirement System. Lower percentages in earlier years for these two systems resulted from statutory limitations on increases in contribution rates. While reviewing aggregate data is informational, it can mask the significance of the extent that smaller plans are not receiving ARC.

In aggregate, Missouri plans have received higher percentages of ARC paid than at the national level. Data reported by the Center for Retirement Research at Boston College[15] indicates national-level aggregate percentage of ARC paid decreased from approximately 100 percent in 2001, to approximately 83 percent in 2006, and to approximately 80 percent in 2012.

Outgoing GASB standards require plans to calculate target contribution amounts based on ARC; however, the standards do not require that employers actually pay the ARC amount. Contribution payments for some plans are controlled by state or local laws or other contractual agreements. Of the 15 selected plans, state law requires contributions of 100 percent of ARC for 4 plans; and each of those plans received at least 100 percent of ARC during 2012. For 3 plans, state law requires calculation of contributions based on ARC, but actual contribution rates and/or annual rate increases are capped. As a result, 1 plan received only 86 percent in 2012. For 4 other plans, state law requires contributions of specific rates or fees, rather than ARC-based contributions. Two of these 4 plans received at least 100 percent of ARC in 2012, while 2 did not. State law governing the other 4 plans contain no such requirements regarding contributions. Two of the 4 plans received 100 percent of ARC, and the other 2 received less. As discussed at the Recent GASB Accounting and Reporting Changes section, the GASB-required methods of calculating the ARC are being eliminated for DB plans.

ARC as a Percentage of Covered Payroll and as a Percentage of Budget

For those plans primarily funded by employer contributions, ARC as a percentage of covered payroll (also referred to as contribution rate) or as a percentage of the government's budget are measures of stress the required contribution level could assert on the government's budget and operations. Rising ratios could indicate cause for concern. Long-term rising ratios could indicate a number of problems such as plan design features or policies that

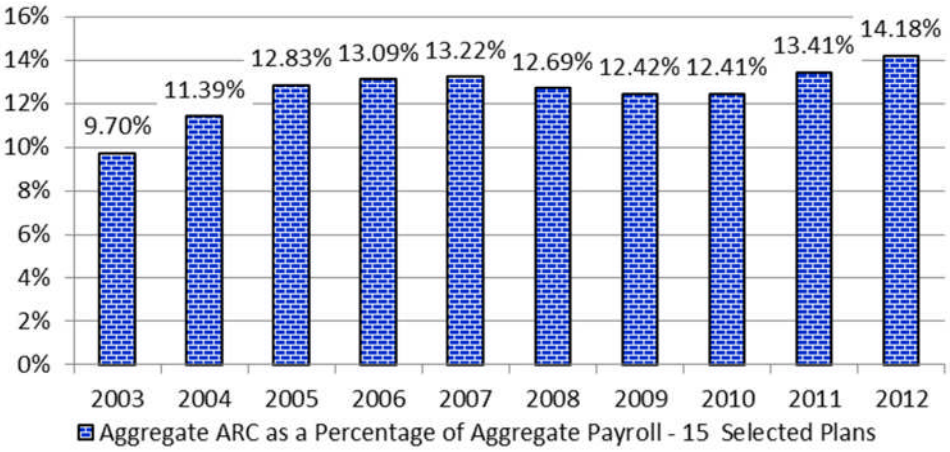
[15] Alicia H. Munnell, Jean-Pierre Aubry, Josh Hurwitz, and Madeline Medenica, "The Funding of State and Local Pensions: 2012-2016," *State and Local Pension Plans*, Number 32, Center for Retirement Research at Boston College, Chestnut Hill, Ma., July 2013, p. 3.

may not be correctly identifying and offsetting future pension liabilities. Short-term fluctuating ratios could be related to economic growth and decline. These ratios alone do not provide a full picture of a plan's financial health, but should be reviewed over a period of time and in combination with other indicators of financial condition. GASB reporting standards require plans to disclose the ARC as a percentage of payroll; however, there are no reporting requirements for ARC as a percentage of budget. While some plans may voluntarily report the ARC as a percentage of budget, it is not commonly reported and would be difficult for multiple-employer plans to report.

Certain factors could mitigate the significance of this ratio for some plans. For example, the cost of funding a plan that covers only a small portion of the sponsoring government's work force and/or represents only a small portion of the government's overall budget, would not likely have a significant impact on the government's budget even if these ratios are high.

Figure 4 presents 2003 through 2012 aggregate ARC as a percentage of payroll for the 15 selected plans. During this period, the aggregate rates for these plans trended upward by approximately 4.5 percent. While not necessarily true in all instances, such trends could indicate additional stress on the governments' budgets and operations.

Figure 4: 15 Selected Plans: 2003 to 2012 Aggregate ARC as a Percentage of Payroll



Ten-year comparative schedules of ARC as a percentage of payroll are presented for each of the 15 selected plans in Appendix A, Chart 4. In 2012, the rates for the 15 selected plans ranged from 4.94 percent (County Employees' Retirement Fund) to 58.6 percent (Missouri Department of Transportation & Highway Patrol Employees' Retirement System). Officials from the 15 selected plans indicated significant changes to contribution rates in recent years occurred primarily due to market downturns, differences between expected and actual payroll expense and employee counts, and changes to benefits and actuarial assumptions.

The 2012, 2010, and 2006 ARC as a percentage of payroll for each of the plans is presented in Appendix C. Of the 87 plans having ARC, only 83 plans had active employees with covered payroll. The ratios of the 83 plans for plan year 2012 ranged from 2.46 percent to 167.39 percent. Our analysis of available data for the applicable 83 plans found the aggregate ARC as a percentage of payroll was nearly the same as both the 2006 and 2012 percentages for the 15 selected plans. In addition, our review of the 2012 percentages noted most plan members were covered by plans with ARC as a percentage of payroll of less than 15 percent.

A Center for Retirement Research at Boston College[16] report indicates the national-level ARC as a percentage of payroll has increased annually from approximately 7 percent in 2003 and 11 percent in 2006, to 15.3 percent in 2012; with the most significant increases occurring during the periods 2003 to 2005 and 2010 to 2012, similar to the trend of increases for the 15 plans.

Rates of ARC as a percentage of state or local budget indicate the impact the ARC has on the sponsoring government's discretionary spending power. A report issued by Fitch Ratings[17] indicates, "assessing the contributions against the general fund, in the case of most entities, provides an indication of the affordability of the pension commitments and whether spending for pensions is or could be expected to start crowding out spending for other needs." A Fitch official indicated Fitch expects higher pension costs at the local level given the labor intensive nature of local services, and that pressure on a government's rating may arise when it becomes clear pension costs are being deferred or are reducing liquidity and financial flexibility.

Although information is not widely available regarding the impact of pension costs on governments' general funds, the following data presents pension cost data in relationship to certain governments' total budgets. A study performed by the National Association of State Retirement Administrators[18] of 2010 data indicated state and local spending on public pensions was 2.8 percent of total government spending. For Missouri state employees, required state contributions to the Missouri State Employees' Retirement System and Missouri Department of Transportation & Highway Patrol Employees' Retirement System for approximately 59,200 state

[16] Alicia H. Munnell, Jean-Pierre Aubry, Josh Hurwitz, and Madeline Medenica, "The Funding of State and Local Pensions: 2012-2016," *State and Local Pension Plans*, Number 32, Center for Retirement Research at Boston College, Chestnut Hill, Ma., July 2013, p. 3.

[17] Douglas Offerman, "Enhancing the Analysis of U.S. State and Local Government Pension Obligations," Fitch, Inc., New York, NY, February 17, 2011, p. 5.

[18] Keith Brainard and Alex Brown, "Issue Brief: State and Local Government Spending on Public Employee Retirement Systems," National Association of State Retirement Administrators, Updated May 2013, <http://www.nasra.org/content.asp?admin=Y&contentid=116>, accessed on March 27, 2014, p. 1.

employees during fiscal year 2012 totaled approximately $455 million, or less than 2 percent of the state's total budgeted expenditures.

UAAL as a Percentage of Covered Payroll

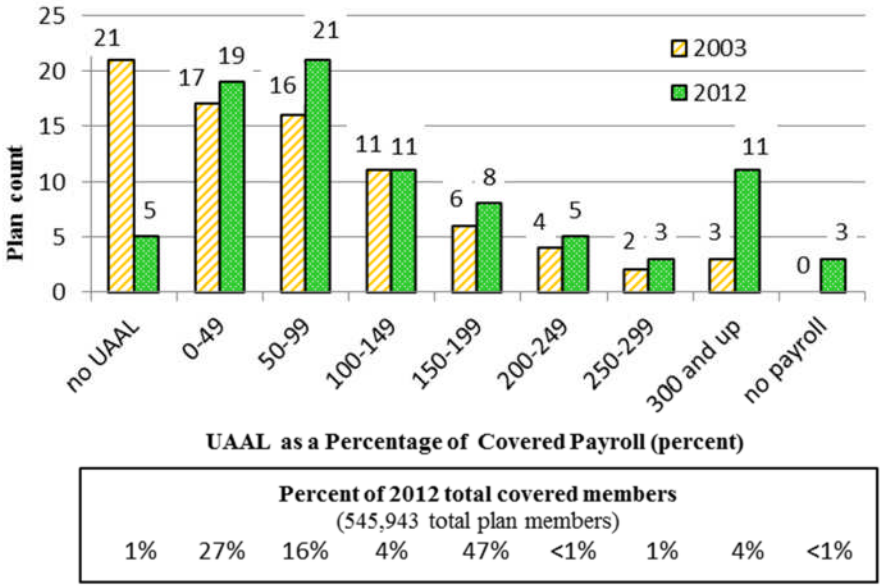
As noted in Figure 1 and Figure 2, 80 of the 89 plans are not fully funded, with an aggregate UAAL of approximately $16 billion as of plan year 2012. Calculating the UAAL as a percentage of covered payroll provides an indicator to help evaluate the stress the UAAL places on the sponsoring government's budget. This analysis compares UAAL to the sponsoring government's annual payroll expense for covered employees. This indicator, which is required by accounting and reporting standards to be reported for 6 years, is best reviewed over a number of years. An upward trend in this percentage could be an indication of worsening financial condition, and a downward trend could indicate improvement. Higher ratios may indicate a plan has weaker financial condition and the sponsoring government might have trouble making payments toward reducing the unfunded liability.

The trends in the UAAL as a percentage of payroll must be reviewed in conjunction with other indicators of financial position and other influences because, reviewed alone, it is not likely to provide a complete and accurate assessment of financial position. A number of influences including the economy, payroll trends, and proportion of active members to total plan members can impact this ratio. The economy can have a significant impact on the UAAL, and has recently exerted upward pressure on the ratio. Payroll growth is typically expected by most plans; however, during the recent recession, limited payroll increases and hiring freezes implemented by many sponsoring governments have also exerted upward pressure on the ratio. Finally, a plan that is "mature" or has a lower ratio of active members to total members, has a smaller payroll base against which to allocate the UAAL, exerting upward pressure on the ratio.

Figure 5 presents distributions of 2003 and 2012 UAAL as a percentage of payroll for the 86 plans that reported applicable data.[19] In 2012, 59 of the 86 (69 percent) plans, covering 94 percent of statewide membership, had UAAL as a percentage of payroll less than 200 percent, with 8 plans covering approximately 47 percent of statewide membership in the 150 to 199 percent range. Most other plans covering the majority of remaining statewide membership had a percentage less than 150 percent. A Wilshire Consulting[20] report indicates the national median UAAL as a percentage of payroll for 2012 was slightly over 150 percent.

[19] As of December 31, 2003, only 80 of the 86 plans existed or were reporting to the JCPER.
[20] Russell J. Walker, "2014 Report on State Retirement Systems: Funding Levels and Asset Allocation," Wilshire Associates Incorporated, Santa Monica, Ca., February 26, 2014, p. 10.

Figure 5: Missouri DB Plans: 2003 and 2012 Distribution of UAAL as a Percentage of Payroll



UAAL as a percentage of payroll for the 89 plans for plan years 2002 and 2011 is presented in Appendix C. UAAL as a percentage of payroll for the 15 selected plans, for certain years during the years 2004 through 2012, are presented in Appendix A, Chart 3. This percentage for 2012 ranged from 42.35 percent (County Employees' Retirement Fund) to 678.66 percent (Missouri State Employees' Retirement System - Judicial Plan) for these plans.

Market and Smoothed versus Assumed Investment Returns

Although frequently not reported by retirement plans, a comparison of the market-valued and smoothed investment returns to the assumed investment rate of return provides a good overview of a plan's long-term achievement of projected investment income. Investment income often provides the largest portion of DB plan assets; therefore, a plan should achieve at least the assumed investment rate of return over the long term to properly fund benefit payments. Investment returns can vary significantly from year to year depending on a plan's investment strategy and general economic conditions. As a result, a comparison of annualized market to assumed rates should be performed over an extended period. Analyses of annualized market to assumed rates are included in the Key Factors that Influence Financial Condition, Actuarial Assumptions section.

Key Factors that Influence Financial Condition

Numerous factors influence the financial condition of DB plans. Some factors are external influences a plan cannot control, but a plan must establish policies that anticipate and control the impact of those influences. Others factors are internal decisions made by a plan or sponsoring government. Setting policies to respond to these factors are key responsibilities of a plan's governing board.

The process of achieving or maintaining good financial condition of a DB plan, both on a short-term and long-term basis, is complex and can be challenging for a plan's governing board and the sponsoring government. The calculations that estimate liabilities and determine required contributions require the use of actuarial specialists. In addition, actuarial calculations rely on numerous judgments by a plan's governing board (usually made with the assistance of an actuarial consultant) regarding expected future events of the next 10, 20, 30, or even more years. In most cases, a governing board does not have the ability to control or change these future events. Small changes in some assumptions can have a big impact on the actuarial calculations and, ultimately, the perceived financial condition of a plan.

Officials from plans responding to our survey question regarding the primary cause(s) of recent funding level fluctuations indicated the weak economy and financial market downturn, as well as changes to benefits and actuarial assumptions, were the primary causes. Several officials indicated that 2013 and 2014 investment returns were much stronger and have resulted in improved financial condition. These officials also indicated the plan governing boards and/or sponsoring governments had implemented significant changes to benefit structures, actuarial assumptions, investment policies, vesting periods, and/or employee contributions to strengthen the long-term financial condition of the plans.

We identified factors or influences having the greatest impact on plans. Consideration of these various factors is necessary when evaluating a plan's financial condition.

Economy and Investment Performance

Investment performance has a significant impact on a plan's financial condition because investment earnings are a significant source of plan assets. Reports issued by the GAO[21] and the National Institute on Retirement Security[22] indicate investment returns generate more than half of pension fund asset increases nationwide.

The national and global economy can have a dramatic impact on investment performance and the financial condition of retirement plans. Economic expansions that generate investment returns above a plan's assumed

[21] Barbara D. Bovbjerg and Stanley J. Czerwinski, "State and Local Government Pension Plans: Economic Downturn Spurs Efforts to Address Costs and Sustainability," GAO-12-322, United States Government Accountability Office, March 2, 2012, <http://www.gao.gov/products/GAO-12-322>, accessed on March 31, 2014, p. 8.

[22] Ilana Boivie, "Pensionomics 2012: Measuring the Economic Impact of DB Pension Expenditures," National Institute on Retirement Security, March 6, 2012, <http://www.nirsonline.org/index.php?option=com_content&task=view&id=684&Itemid=48>, accessed on April 3, 2014, p. 3.

investment rate of return can increase the plan's funded ratio, decrease the unfunded liability, and decrease required contributions. Economic recessions that generate investment returns below the assumed investment rate of return will have the opposite impact on a plan's actuarially determined values and contributions.

The impact of the economy would be best reviewed by examining a plan's rate of return on investments; however, since the outgoing GASB standards did not require reporting of investment returns, such information is not readily available at the statewide or national level. We surveyed the 15 selected plans for this data. Ten-year comparative schedules of investment returns for the 15 selected plans are presented in Appendix A, Chart 7. These charts generally demonstrate that plan investment returns increased and decreased throughout this period in a pattern consistent with the economy's expansion and recession. The recent economic recession is reflected in the decreased investment returns and funded ratios of many plans. Because many plans have adopted asset smoothing policies, the losses incurred during the economic recession are recognized over a period of time, and therefore have not yet been fully recognized and reflected in the plans' annualized investment returns and funded ratios. For plans that have adopted asset smoothing policies, despite the economic recovery, annualized investment returns and funded ratios may continue to decrease until the losses are fully absorbed over a period of time (usually 3 to 5 years). See additional information regarding longer-term returns for certain plans at the Actuarial Assumptions, Economic Assumption and Policies section.

Because the health of the economy significantly impacts investment performance and the financial condition of a retirement plan over an extended period of time, a long-term outlook of the economy and development of a reasonable assumed investment rate of return is necessary for managing pension funds. Various best practices recommend plan administrators resist short-term reactions to market variations either positive or negative.

Governing Board

Adequate board governance is a key component of a properly managed retirement plan. Board governance considerations include composition, competence, selection, and training of board members. The authorizing statutes and/or sponsoring government generally establish the composition of a plan's governing board. The GFOA[23] recommends that "DB plan sponsors should pay particular attention to the composition of the Board of Trustees and make efforts to ensure that varied interests are represented and

[23] "Design Elements of Defined Benefit Retirement Plans," Government Finance Officers Association, February 2008, <http://www.gfoa.org/design-elements-defined-benefit-retirement-plans>, accessed on June 24, 2014, p. 2.

balanced among those of employers, employees, retirees, taxpayers and unions, if applicable. Criteria for governing board selection are crucial to ensure a competent board oversees the policy development of all plan activities." The GFOA further recommends board members receive adequate training.

Information about the board members for each of the 89 plans is included in Appendix A, Chart 1 and Appendix C. Many plans have governing boards that include representation from the plans' members and various non-member individuals. However, some plans had less diverse representation.

A review of governing board composition for the 15 selected plans indicates some plans may not have the recommended representation of varied and balanced interests. Plans classify and report the number of board members to the JCPER in 5 different categories including active plan members, retired plan members, non-plan members, appointed, and other. For the 15 selected plans, 10 plans' governing boards include trustees from 3 or more of the categories, 3 plans include trustees from 2 categories, and 2 plans include trustees from only 1 category.

Benefit Structure

A plan's benefit structure determines a member's benefit payment upon retirement and related plan liabilities. A 2010 GFOA advisory[24] indicates when benefit structures are not designed appropriately, they can compound funding problems; and that benefit structures, in many instances, are a leading cause of funding shortfalls. To contain costs associated with retirement benefits, the advisory recommends a benefit structure should include (1) retirement ages reflecting demographic trends for life expectancy, (2) exclusion of extraordinary or spiked income amounts, (3) avoidance of awarding retroactive benefit increases, (4) careful assessment of the cost of deferred retirement options and purchase of service credits, and (5) elimination of automatic COLA. Ultimately all benefits should be evaluated actuarially on a regular basis to assess both the financial condition of a plan and the advisability of implementing any benefit structure changes.

DB plans can significantly reduce costs by making changes to benefit structures. Such changes have been made across the country in recent years to address declining funded ratios exacerbated by the recent economic recession. National studies performed by the GAO[25] and the Center for State

[24] "Responsible Management and Design Practices for Defined Benefit Pension Plans," Government Finance Officers Association, October 2010, <http://www.gfoa.org/responsible-management-and-design-practices-defined-benefit-pension-plans>, accessed on June 24, 2014, p. 1.

[25] Barbara D. Bovbjerg and Stanley J. Czerwinski, "State and Local Government Pension Plans: Economic Downturn Spurs Efforts to Address Costs and Sustainability," GAO-12-322, United States Government Accountability Office, March 2, 2012, <http://www.gao.gov/products/GAO-12-322>, accessed on March 31, 2014, pp. 18-22.

and Local Government Excellence[26] indicate throughout the United States, pension plans have enacted benefit structure changes in recent years, primarily for new employees, by adjusting the benefit formula, raising the retirement age or length of work service requirements, and limiting or eliminating retiree COLA. These benefit structure changes were frequently paired with increased or new employee contribution requirements.

Many Missouri plans have also experienced similar changes, primarily for new employees. Officials from the 15 selected plans surveyed indicated benefit changes included increased retirement ages, reduced survivor benefits, elimination of the subsidy for purchase of prior work history, lengthened vesting periods, and limitation of COLA. Officials from some of these plans also indicated employee contributions had been implemented or increased.

In addition to benefit structure changes, some sponsoring governments in other states previously using only DB plans have moved to defined contribution plans, which shift all future investment risk to the members; or hybrid plans, which include both defined benefit and defined contribution components to limit future liabilities. Officials of the Kansas City Employees' Retirement Plan indicated the plan had implemented changes in which newly elected officials and judges are now required to participate in a defined contribution plan instead of the DB plan.

Because various factors of the benefit structure are considered contractual between the employee and employer, most changes to the benefit structure will only affect new employees. Therefore, the impact of changes to the benefit structure may take many years before the resulting impact on a plan's overall financial health is seen. A summary of the benefit structures and employee contribution requirements of each of the 15 selected plans is included at Appendix A, Chart 9.

Investment Policy

Our review of best practices, guidelines, and other published articles indicates a sufficiently designed investment policy is essential due to the significance of investment income to a plan's assets. DB plans usually have an investment cost advantage over other types of plans. Because DB plan assets are usually pooled into large funds, investing activity can be conducted more efficiently using a comprehensive investment plan. Section 105.688, RSMo, provides that plan assets should be invested using the same care, skill, prudence, and diligence that a prudent person acting in a similar capacity would use.

[26] "Survey Findings State and Local Government Workforce: 2013 Trends," Center for State and Local Government Excellence, May 2013, <http://slge.org/wp-content/uploads/2013/05/Workforce-Trends-2013_13-3541.pdf>, accessed on April 8, 2014, p. 4.

Choosing an appropriate investment strategy for a DB plan should be driven by the level of risk that the plan can accept for the security and liquidity of the investment principal. A plan that chooses an investment strategy involving higher risk would also need to establish an investment policy that is designed to control such risk. Pension investing is normally dependent on the actuarial "age" of a plan. A "younger" plan, in a phase of acquiring assets and funding new liabilities, can typically accept more investment risk because there is a long time frame over which to absorb market gains and losses. A more mature plan, which is reaching a phase of distributing a significant portion of the assets to retirees, would likely need to invest in instruments that do not put the principal of the investments at significant risk of loss and are more liquid. In addition, the assumed investment rate of return must be consistent with the chosen investment policy.

Asset allocation is one of the most important aspects of the investment strategy. The purpose is to manage overall investment risk by spreading the investment portfolio across chosen types of investments of varying degrees of risk. The specific allocation choices should be driven by other governing board policies such as long-term funding goals and a plan's cash flow needs. Also, asset allocation should consider the degree of risk a plan can accept and projected investment returns. A plan typically chooses percentage targets for allocating the plan's assets between multiple types of instruments. On an ongoing basis, a plan should monitor and rebalance assets between investment types to ensure the percentage targets are maintained. The asset allocation of the 15 selected plans for 2012, as reported to the JCPER, are presented in Appendix A, Chart 6. The officials of each plan exercise judgment when categorizing the plan's assets into the 11 asset classifications allowed by the JCPER; and as a result, the reported asset classifications may not be comparable among the plans. In addition, the data reported is based on actual investments and may not be reflective of the plans' target asset allocations.

The investment policies should be designed to ensure investments are diverse across investment types, credit ratings, issuers, industries, and countries. In addition, investment managers, both internal and external, should be properly monitored for performance and compliance with fiduciary responsibilities. Also, investment policies should help ensure investment costs are minimized within the constraints of the chosen investment allocation and other policies, and provide for monitoring of investment performance and comparison to a set of hypothetical investments (benchmarks) to ensure the investment strategy is achieving performance objectives.

Contributions and Funding Policies

Contributions play an integral role in a plan's funding policy and the financial condition of a plan. If the policies related to contributions and funding are not properly designed and adhered to, the financial condition of a plan can be significantly impacted.

The GFOA recommends funding guidelines[27] and sustainable funding practices[28] based on actuarial valuation studies. These practices include a long-term commitment to a reasonable funding policy. A properly designed policy provides reasonable assurance the cost of benefits will be funded in an equitable and sustainable manner. Contributions should be made in amounts recommended by the actuarial valuation and should be calculated to balance the conflicting goals of minimizing fluctuations in the contribution amounts and equitably allocating pension costs over the employees' active work history.

Sponsoring governments should commit to making all required employer contributions each year. When a sponsoring government does not make 100 percent of its required contributions, a plan is less able to invest sufficient monies to properly fund future benefit payments to the members.

Actuarial Assumptions

A plan's management and governing board must develop assumptions to estimate future results, because many factors that determine the costs of future benefit payments and the growth of the plan's assets are unknown. The selection of actuarial assumptions and methods significantly impacts the financial condition of a plan.

Actuarial assumptions include judgments about future events over an extended time period and must be carefully selected and diligently monitored to ensure the financial condition of a plan is not adversely impacted. An example of how a change in an economic assumption can impact plan financial condition can be seen at the Missouri State Employees' Retirement System - Judicial Plan. Plan officials indicated a temporary decrease to the wage inflation assumption from 4 percent to 0 percent in the 2009, 2010, and 2011 actuarial valuations, resulted in a $5 million decrease in actuarial accrued liability (and a decrease in UAAL).

Governing boards usually select and approve actuarial assumptions with the assistance of actuarial and investment advisors. To assist decision making, comparative analyses of the possible impact on plan financial condition from each assumption may be obtained from the actuary. For example, the Missouri State Employees' Retirement System-MSEP actuarial valuation as of June 30, 2012, estimated funded ratios of 66 percent, 73 percent, and 81 percent would occur if assumed investment rates of return were adjusted to 7 percent, 8 percent, and 9 percent, respectively.

[27] "Funding Defined Benefit Pensions," Government Finance Officers Association, June 2012, <http://www.gfoa.org/funding-defined-benefit-pensions>, accessed on June 24, 2014, p. 1.
[28] "Sustainable Funding Practices of Defined Benefit Pension Plans," Government Finance Officers Association, October 2009, <http://gfoa.org/sustainable-funding-practices-defined-benefit-pension-plans>, accessed on June 24, 2014, pp. 1-3.

The GFOA[29] indicates in a best practice guide, "The reliability of an actuarial valuation also depends on the use of reasonable methods and assumptions. Experience studies, performed no less frequently than every five years, can help to ensure the assumptions are in line with the plan's demographic and economic experience, or can be used as a guide to make necessary changes. Likewise, a comprehensive audit of the plan's actuarial valuations performed by an independent actuary at least once every five to eight years can be used to evaluate the appropriateness of the actuarial methods, assumptions, and their application." Another GFOA[30] best practice guide encourages the performance of actuarial audits by an incoming actuary when a plan begins using a new actuarial consultant and indicates plans frequently have such audits performed.

Retirement systems are not required to obtain these reports and studies unless state or local laws include such requirements. Missouri statutes do not require retirement systems to obtain actuarial audits; however, periodic experience studies are required, usually every 5 years, for the state employee retirement systems, the large teacher retirement systems, and some large police and fire retirement systems. Thirteen of the 15 selected plans obtained actuarial audits or alternative reviews, and experience studies or alternative studies. Officials from one of the two remaining plans indicated they do not consider these audits/studies necessary or cost effective because of their plan's high funded ratio and limited size. Instead, this plan periodically requires its actuary to perform additional reviews of selected assumptions.

Economic Assumptions and Policies

Key economic assumptions include assumed investment rate of return, price inflation, and wage inflation. Even a slight change in economic assumptions can have huge impact. For example, an increase in assumed investment rate of return will decrease required contribution amounts and increase the funded ratio. However a decrease in assumed investment rate of return will require additional contributions and will decrease the funded ratio.

Assumed Investment Rate of Return

The assumed investment rate of return is the long-term rate of return expected on plan assets, and is often cited as the assumption having the most impact on plan financial condition. There is significant debate among pension and public finance professionals regarding the most appropriate assumed investment rate of return (discount rate) to use when valuing pension liabilities (future benefit payments). We discuss key issues over that debate in the Risk-Free Discount Rate Debate section.

[29] "The Role of the Actuarial Valuation Report in Plan Funding," Government Finance Officers Association, February 2013, <http://www.gfoa.org/role-actuarial-valuation-report-plan-funding>, accessed on June 24, 2014, p. 3.
[30] "Actuarial Audits," Government Finance Officers Association, May 2014, <http://www.gfoa.org/actuarial-audits>, accessed on May 30, 2014, p. 2.

The assumed investment rate of return is typically also used as the discount rate when a plan's actuary calculates the present value of plan liabilities through a method called discounting. When setting the rate, a plan considers current and past economic conditions, long-term economic outlook predictions, expected inflation, past investment performance, investment policies, and asset allocation. This rate is the sum of the assumed real rate of return plus assumed price inflation, with the assumed real rate of return sometimes referred to as the "spread." A same or similar rate is typically assumed each year due to the long-term nature of the rate.

Because the rate used determines the present value of plan liabilities extending far into the future, it significantly impacts the perceived plan financial condition and the ARC. A higher rate creates a smaller present value of liabilities and UAAL, and lower ARC. Conversely, a lower rate creates a higher present value of liabilities and UAAL, and higher ARC. If the rate is not set realistically and reevaluated regularly, over time the funded ratio and contributions could become inconsistent with the benefit payment liability of a plan and could either overfund or jeopardize the financial condition of the plan. The National Association of State Retirement Administrators (NASRA) explains in an issue brief,[31] "An investment return assumption that is set too low will overstate liabilities and costs, causing current taxpayers to be overcharged and future taxpayers to be undercharged. A rate set too high will understate liabilities, undercharging current taxpayers, at the expense of future taxpayers. An assumption that is significantly wrong in either direction will cause a misallocation of resources and unfairly distribute costs among generations of taxpayers." Similarly, the GFOA states in an advisory,[32] "Unrealistically high investment return assumptions are likely to result in a chronically declining funded ratio and higher contributions in the future. Caution should be exercised to ensure the investment return assumption reflects the reasonably expected returns of the plans asset allocation over a reasonable period of time."

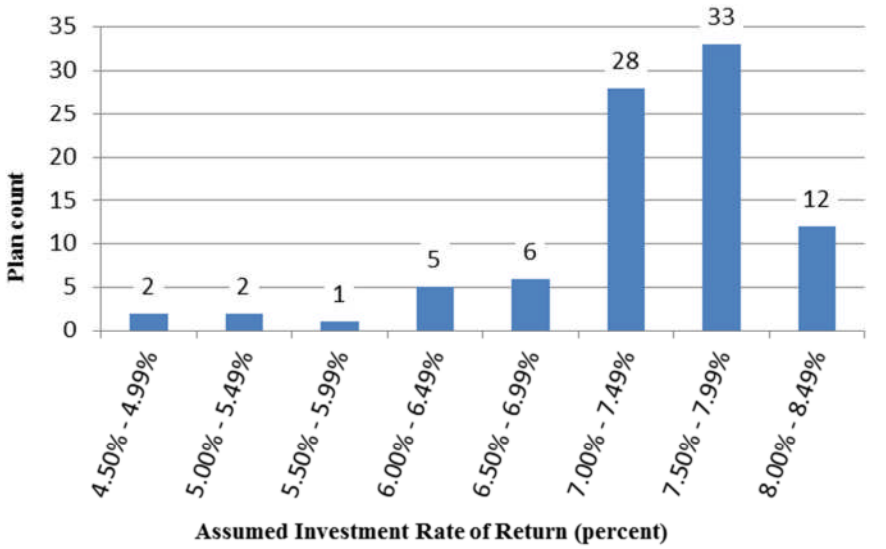
Numerous articles indicate the most common assumed investment rate of return used by plans nationwide range from 7.5 to 8.5 percent. The articles also indicate the average assumed rate used by plans is declining primarily due to the belief that future economic growth will be less than that made prior to the recent economic recession. The Missouri State Employees' Retirement System board's recent actions reflect these comments. The plan's

[31] Keith Brainard and Alex Brown, "Issue Brief: Public Pension Plan Investment Return Assumptions," National Association of State Retirement Administrators, December 2013, <http://www.nasra.org/content.asp?contentid=120>, accessed on April 11, 2014, p. 1.
[32] "Responsible Management and Design Practices for Defined Benefit Pension Plans," Government Finance Officers Association, October 2010, <http://www.gfoa.org/responsible-management-and-design-practices-defined-benefit-pension-plans>, accessed on June 24, 2014, p. 2.

annual financial report dated June 30, 2012, indicated pooled investments for the Judicial and MSEP plans returned about 8.5 percent (annualized) over 20 years, about equal to the assumed rate adopted by the board in 2001 through 2011. However, partially in response to the economy, the board reduced the assumed rate to 8 percent for both plans in 2012.

Figure 6 presents distributions of 2012 assumed investment rates of return for the 89 plans. Twelve plans covering 83 percent of statewide membership had an assumed investment return rate of between 8 and 8.5 percent.

Figure 6: Missouri DB Plans: 2012 Distribution of Assumed Investment Rate of Return



Percent of 2012 total covered members (545,943 total plan members)							
<1%	<1%	<1%	<1%	<1%	13%	4%	83%

The 2011 assumed investment rate of return for each of the 89 plans is presented in Appendix B and Appendix C. Ten-year comparative schedules of assumed investment rate of return, including assumed real rate of return and price inflation, for each of the 15 selected plans are presented in Appendix A, Chart 8. The 2012 assumed investment rates of return for the 15 selected plans ranged from 7.25 percent to 8.25 percent and the assumed real rate or return ranged from 3.75 percent to 5.5 percent.

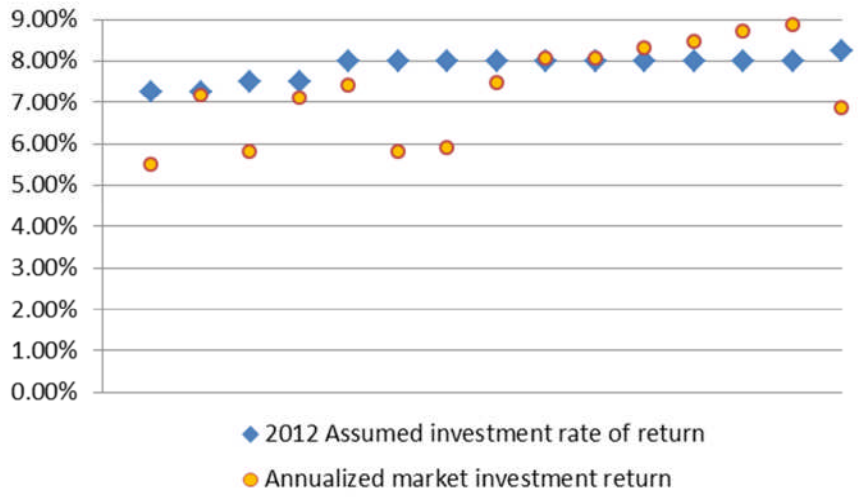
Missouri plans reported declining assumed investment return rates between the 2003 and 2012 plan years. The average (non-weighted) assumed rate for the 89 plans declined from 7.58 percent to 7.17 percent between 2003 and 2012. The average (non-weighted) assumed rate for the 15 selected plans declined from 8.00 percent to 7.85 percent during that period. This change likely indicates plans are anticipating economic growth will be slower in future years. Some individuals believe that even the lowered investment

return assumptions are unrealistically high. See the Risk-Free Discount Rate Debate section.

A test of the appropriateness of a plan's assumed investment rate of return would be a comparison of the assumed rate to the annualized market long-term investment returns. Unfortunately, long-term investment performance is not usually reported because there are no related reporting requirements. In addition, the JCPER does not collect this data.

Figure 7 below presents a comparison of the 2012 assumed investment rate of return to the 10-year annualized market investment return for each of the 15 selected plans for the 2003 to 2012. We surveyed the 15 selected plans for this information because such longer-term data regarding investment returns is not collected by the JCPER. The plans used varying methodologies to calculate the annualized market investment returns shown below. For example, some plans reported returns net of investment fees and costs, while other plans were unable to do so.

Figure 7: 15 Selected Plans: 2012 Assumed Investment Rate of Return and 2003 to 2012 Annualized Market Investment Return



The 15 selected plans reported 10-year annualized market investment returns ranging from 5.49 percent (Prosecuting Attorneys' & Circuit Attorneys' Retirement System) to 8.86 percent (University of Missouri Retirement, Disability, & Death Benefit Plan). As shown in Figure 7, for 9 plans the annualized market returns for the 10-year period were less than the assumed returns by 0.08 percent to 2.2 percent. The value of this comparison is somewhat limited because it only included the most recent 10 years that included 2 periods of significant economic downturn, and did not provide an extended long-term look-back. Annualized returns for longer time periods would likely produce different results and could reduce the negative effects of the recent economic recessions.

To obtain information for a longer-term look-back, we requested the 10 largest of the 15 selected plans, having 92 percent of statewide membership, to provide additional long-term investment performance data as of the plans' 2012 year ends. Table 1 presents information the plans provided and shows only 1 of the 10 plans underperformed investment return assumptions on both the 10-year and longer-term basis. In addition, officials from several plans indicated returns in 2013 and 2014 have been strong, which has positively impacted the plans' recent long-term returns even more than reflected in the information reported.

Table 1: 10 Selected Plans: 2012 Assumed Investment Rate of Return versus Annualized Market Rate of Investment Return through 2012 (unless otherwise noted)

Plan	2012 Assumed Investment Rate of Return (%)	Annualized Market Rate of Investment Return (%)	Market Return Over (Under) Assumed Return (%)	Number of Years
County Employees' Retirement Fund	8.00	7.40	(0.60)	10
		8.66	0.66	18[1]
Kansas City Public School Retirement System	8.00	7.48	(0.52)	10
		7.84	(0.16)	20
		8.21	0.21	24[2]
Local Government Employees' Retirement System	7.25	7.17	(0.08)	10
		8.70	1.45	20
Missouri Department of Transportation & Highway Patrol Employees' Retirement System	8.25	6.86	(1.39)	10
		6.75	(1.50)	20
Missouri State Employees' Retirement System - MSEP	8.00	8.07	0.07	10
		8.55	0.55	20
		10.32	2.32	32[3]
Public Education Employees' Retirement System and Public School Retirement System[4]	8.00	5.80/5.90	(2.20)/(2.10)	10
		7.53	(0.47)	20
		10.05	2.05	30
St. Louis Employees' Retirement System	8.00	8.48	0.48	10
		8.67	0.67	27[5]
St. Louis Public School Retirement System	8.00	8.70	0.70	10
		6.70	(1.30)	15[6]
University of Missouri Retirement, Disability & Death Benefit Plan	8.00	8.86	0.86	10
		8.47	0.47	20

[1] Since plan inception, January 1, 1995.

[2] Since inception of the plan's analysis of composite investment return data, July 1, 1989.

[3] Since inception of the plan's analysis of composite investment return data, April 1981.

[4] The Public Education Employees' and Public School Retirement Systems' assets are jointly managed. The 20-year and 30-year returns presented are combined for the plans.

[5] A 20-year rate is not available. The long-term returns reflect data from January 1986 through September 30, 2012, and are since inception of the plan's analysis of composite investment return data.

[6] Plan officials indicated they were only able to provide accurate investment return data back through 1998.

Assumed Price Inflation

The assumed price inflation rate is a component of both the assumed investment rate of return and assumed wage inflation and in some plans may be used in determining the amount of retirees' COLA increases. Any significant difference between actual price inflation and assumed price inflation rates will cause a reduction in unfunded liabilities either slower or faster than expected.

Price inflation rates should be set in relation to both historical and future anticipated inflation. Common indices include the Consumer Price Index and the Gross National Product. When selecting the assumed price inflation rate to be used in the economic assumptions, a plan may choose to adjust the historical index rate for local conditions, anticipated changes in the economy that have not occurred yet, and other relevant factors. A plan's investment returns generally need to exceed the economic inflation rate or the plan is losing "buying power." Ten-year assumed price inflation rates for the 15 selected plans are shown in Appendix A, Chart 8.

Assumed Wage Inflation

The assumed wage inflation rate affects the actuarial calculation of members' final salaries and the resulting expected benefit payments. Assumed wage inflation rate considers both price inflation and employee raises. Accurate wage inflation assumptions promote accurate benefit payment liability determinations as well as accurate assessment of financial condition. If the wage inflation rate is underestimated, the ultimate liability will be understated and the financial condition of a plan would appear better than it actually is and vice-versa. The assumed wage inflation rates for the 89 plans are presented in Appendix A, Chart 1 and Appendix C.

Demographic Assumptions

Numerous assumptions and predictions about plan member demographic information must be made in the actuarial valuation process. The key demographic assumptions include estimates of members' ages at retirement, mortality rates, rates of employment termination, rates of disability, and selection of benefit payment structures available. Actual member demographic experience will never exactly match the assumptions. When actual experience differs significantly from assumptions, the financial position of a plan is affected because payments made to retirees will not be in the amounts estimated at the time required contributions were calculated and made. A periodic experience study is designed to detect differences between actual experience and the original assumptions. When significant differences occur, a plan should consider revising the assumptions used in future actuarial valuations.

Actuarial Methods

Various actuarial approaches are used in plan actuarial valuations. Three key areas in which different approaches may be employed include actuarial cost methods, asset valuation methods, and amortization methods.

Actuarial Cost Methods

Actuarial cost methods are used to allocate estimated future pension costs of current employees over time, and the method used impacts when benefits are funded. There are several cost methods commonly used by Missouri DB plans, each with their own variations, which allow plans to tailor the cost allocation to their specific characteristics or long-term funding goals. Table 2 presents information reported to the JCPER by the plans on the basic cost methods used during plan year 2011.

Table 2: Missouri DB Plans: 2011 Actuarial Cost Methods

Method	15 Selected Plans	All Plans
Entry Age	12 plans (80%)	53 plans (60%)
Other	3 plans (20%)	36 plans (40%)
	15 plans	89 plans

Information regarding specific actuarial cost methods used by each of the 89 plans is included in Appendix A, Chart 1 and Appendix C.

The entry age method spreads the cost of total expected retirement benefits for each member on a level basis (percentage of payroll or dollar amount) each year over the expected work life of the member. The GFOA's best practices[33] state the entry age method is especially well suited to the objective of keeping contributions relatively stable and equitably allocating the costs over the employees' period of active service. In 2011, most of the 15 selected plans used the entry age cost method; however, only 60 percent of the 89 plans used the entry age method. Beginning in 2014 the entry age normal/level percentage of payroll will be the only allocation method allowed for calculating pension liabilities presented in financial statements.

Other actuarial cost methods used by the 89 plans during 2011 include aggregate, projected unit credit, frozen initial liability, and unit credit. Each of these methods uses different processes to spread the expected retirement benefits of members such as (1) allocating costs for each individual member separately, (2) determining combined liability for all members before spreading the cost, or (3) breaking the total expected costs into various pools and using a different allocation method for each pool. According to a Society of Actuaries article,[34] these cost methods, except for the unit credit method, are traditionally used by DB plans. The article indicates the unit credit method is not reasonable for plans with benefits based on percentages of pay, but is reasonable for plans with benefits not based on percentages of pay, frozen plans, and plans with no active members. In addition, this method is not suitable for determining contribution amounts.

[33] "Core Elements of a Funding Policy," Government Finance Officers Association, March 2013, <http://www.gfoa.org/core-elements-funding-policy>, accessed on June 24, 2014, p. 2.
[34] Philip Martin McCaulay, "Public Pension Plan Funding Policy," Society of Actuaries, June 2010, <http://www.soa.org/library/monographs/retirement-systems/public-pension-finance/2010/june/mono-2010-mrs10-mccaulay.aspx>, accessed on April 15, 2014, p. 14.

Missouri statutes include requirements pertaining to actuarial cost methods for certain statewide plans including the Missouri State Employees' Retirement System - Judicial Plan, Missouri State Employees' Retirement System - MSEP, and Missouri Department of Transportation & Highway Patrol Employees' Retirement System. Although the statutes do not specify the overall actuarial cost method, they require the plans' chosen methods determine normal cost as a level percentage of payroll. State statutes also require two of these plans to calculate UAAL cost as level percentage of payroll. The percentage of payroll calculation helps the state manage and minimize fluctuations in contribution amounts.

Asset Valuation Methods

The asset valuation method used significantly impacts a plan's actuarial asset values. Some plans value assets at market value, fully recognizing investment gains and losses in the year they occur. Many plans adopt an asset valuation method that recognizes a portion of each year's gains and losses relative to the assumed rate over a period of time, typically between 3 to 5 years. This method, called smoothing, spreads the impact of relative investment gains and losses over several years, providing for more moderate fluctuations in plan financial condition and required contributions. For the 15 selected plans, Appendix A, Chart 7 illustrates the effect of the smoothing process compared to market returns for the period of plan years 2003 through 2012.

The 89 plans utilized asset valuation methods in 2012 as shown in Table 3.

Table 3: Missouri DB Plans: 2012
Asset Valuation Methods

Method	15 Selected Plans	All Plans
3 year smoothing	1	5
4 year smoothing	2	10
5 year smoothing	11	36
Other[1]	1	3
Market value (no smoothing)	0	29
Not reported	0	6
	15	89

[1] Assumed Yield, Assured Yield, or Smoothed Actuarial Value

Information about the asset valuation methods used by each of the 89 plans is included in Appendix A, Chart 1 and Appendix C.

Amortization Methods

Amortization methods are used to determine current contributions needed to fund the UAAL. Most retirement plans do not fully fund the UAAL immediately, but spread the contribution payments across several years (the amortization period). The amortization method and period chosen can have a significant impact on the rate the UAAL becomes funded and the amount of contributions needed.

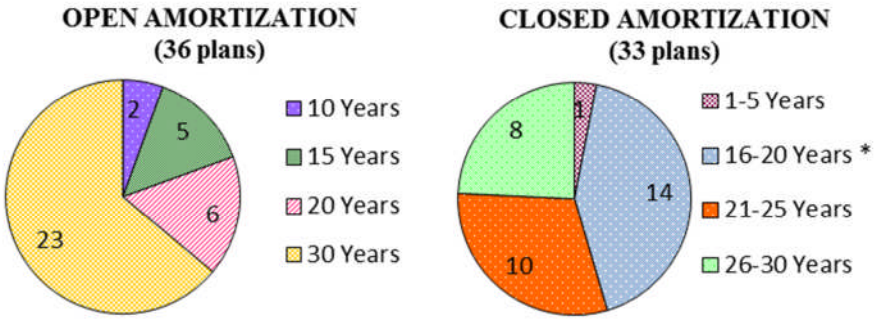
Amortization methods are not required when a plan does not have UAAL, which normally happens under two different scenarios. Some plans do not have UAAL because they are fully funded or utilize certain actuarial cost methods which do not calculate a UAAL amount that must be amortized. Plans that are fully funded do not need to make any contributions toward the UAAL, and plans that use an actuarial cost method that does not create UAAL only need to make contributions in an amount equal to the difference between the current and prior years' actuarial liability totals. All remaining plans would choose either an opened or closed amortization period.

An open amortization period allocates UAAL over an identified number of years on a rolling year basis. For example, each year, a plan that uses a 20-year open amortization period will spread the unfunded liability over the next 20 years. In theory this method could eventually approach full funding of liability; however, it will require significantly longer than the 20 years to arrive at that nearly fully funded position because there is no definite date in the future to achieve the goal.

A closed amortization period sets a future date that an unfunded liability will become fully funded and reduces the amortization period by 1 year each year after the closed period policy is adopted. For example, a plan that uses a 20-year closed amortization period will allocate liabilities over a 19-year amortization period in the year after the closed period was adopted, reducing the amortization period by 1 year each year thereafter. This method sets an absolute full funding date for the plan's liability and at the end of that period, the plan should have achieved a 100 percent funded ratio. Although using closed amortization periods provides for full funding more quickly than open periods, a plan using this method is likely to experience more significant fluctuations in financial condition and required contributions.

Information reported to the JCPER by Missouri DB plans for 2012 indicates 36 plans covering 32 percent of statewide membership used open amortization periods, 33 plans covering 66 percent of statewide membership used closed amortization periods and 20 plans covering 2 percent of statewide membership did not require amortization because the plans were fully funded and/or used an actuarial cost method that does not produce UAAL. Figure 8 presents the number of plans that used open or closed amortization periods and the number of years included in 2012 amortization calculations.

Figure 8: Missouri DB Plans: 2012 Distribution of Open and Closed Amortization Periods



* Includes the Local Government Employees' Retirement System in which liability amortization periods vary between 15 and 30 years by participating employer. Closed amortization is required for all periods in excess of 15 years and open amortization is used for periods of 15 years or less.

Information about the amortization methods used by each of the 89 plans is included in Appendix A, Chart 1 and Appendix C.

Missouri statutes require amortization periods of 30 years or less for some plans and a closed amortization period for one of those plans. However, there are no amortization period requirements for the majority of plans authorized by state statute. A discussion paper[35] published by the Society of Actuaries recommends using a closed or fixed period or fixed date to amortize the UAAL, because otherwise the UAAL may "grow until infinity and the responsibility for paying it is passed on to future taxpayers."

Risk-Free Discount Rate Debate

Pension and public finance professionals debate the most appropriate assumed investment rate of return (discount rate) to use when valuing pension liabilities (future benefit payments). The potential mismatch between guaranteed pension benefits and the uncertainty of investment returns drives this debate, and there is a clear division of opinion regarding the discount rate.

To achieve investment returns above the rate of inflation, plan administrators generally must expose a plan's assets to investment risk. The principal and/or the expected investment returns of these higher risk investments are not guaranteed. Investments with little to no risk of losing principal are considered risk-free. Based on our review of a number of articles, opinions vary regarding the selection of the risk-free rate. The opinions advocate a range of rates including a short-term Treasury Bill rate, a longer-term rate consistent with the sponsoring governments' cost of

[35] Philip Martin McCaulay, "Public Pension Plan Funding Policy," Society of Actuaries, June 2010, <http://www.soa.org/library/monographs/retirement-systems/public-pension-finance/2010/june/mono-2010-mrs10-mccaulay.aspx>, accessed on April 15, 2014, p. i.

borrowing, and a long-term government bond rate (e.g., 30-year Treasury bonds).

Some economists argue that using the traditional assumed rate of investment return, typically around 8 percent, to value liabilities produces misleading results by understating plan liabilities and overstating funding levels. They believe a more conservative valuation using a lower, risk-free or risk-adjusted, discount rate is appropriate due to the guaranteed nature of DB pension liabilities; and that such a rate considers the risk a plan will not achieve expected returns. In addition, they argue using the traditional, higher rate, may create an incentive for a plan to adopt riskier investment policies.

The assumed investment rate of return significantly impacts plan financial condition; and using a reduced discount rate will impact plan funding levels and the ARC. The Center for Retirement Research at Boston College[36] recalculated the 2012 aggregate funded ratio for a sample of plans nationwide using a 5 percent, risk-adjusted rate; estimating the aggregate funded ratio would only be 50 percent, significantly less than the 73 percent aggregate funded ratio calculated using current assumed investment rates of return. A policy study conducted by the Show-Me Institute[37] estimated aggregate funded ratios for five large statewide Missouri plans would decline from the current 81 percent funded ratio to 46 percent using a 4 percent risk-adjusted discount rate.

A discussion paper[38] regarding funding policies, published by the Society of Actuaries, indicates while traditional actuarial methods for funding DB plans are in need of improvement, the use of financial economics, which advocates the use of a risk-free rate in calculating pension liability, is not an appropriate solution. The society indicates "the use of a risk-free discount rate would require an increase in contributions to an unacceptable level." The society recommends improvements in actuarial cost methods, asset smoothing methods, UAAL amortization methods, and selection of actuarial assumptions.

A plan must carefully consider the assumed investment rate of return. The selected rate substantially impacts plan funding levels and required contributions. Plan administrators need to select a rate that provides for

[36] Alicia H. Munnell, Jean-Pierre Aubry, Josh Hurwitz, and Madeline Medenica, "The Funding of State and Local Pensions: 2012-2016," *State and Local Pension Plans*, Number 32, Center for Retirement Research at Boston College, Chestnut Hill, Ma., July 2013, p. 4.
[37] Andrew G. Biggs, "Public Employee Pensions in Missouri: A Looming Crisis," Policy Study Number 36, Show-Me Institute, St. Louis, Mo., March 2013, p.17.
[38] Philip Martin McCaulay, "Public Pension Plan Funding Policy," Society of Actuaries, June 2010, <http://www.soa.org/library/monographs/retirement-systems/public-pension-finance/2010/june/mono-2010-mrs10-mccaulay.aspx>, accessed on April 15, 2014, p. i.

sufficient funding levels without generating excessive funding and overcharging the current generation of taxpayers but also does not push excessive levels of risk of funding shortfalls onto future generations of taxpayers.

Recent GASB Accounting and Reporting Changes

The GASB recognized the need to reconsider its authoritative pension guidance and recently amended pension accounting and reporting requirements. The changes take effect for pension plans beginning in 2014, and for governments that sponsor or participate in pension plans beginning in 2015. While outgoing GASB requirements provide for a single set of methods and assumptions for both financial accounting/reporting and for calculating the ARC,[39] the revised GASB requirements only prescribe the methods and assumptions for financial accounting/reporting. As a result, under the new changes, DB plans will likely develop separate actuarial calculations for financial statement purposes and for funding purposes. The changes are intended to improve the usefulness of pension information reported by state and local governments for making decisions and assessing accountability. One of the most noticeable changes will be the inclusion of all pension activities and net long-term liabilities (or assets) in the sponsoring government's basic financial statements.

Outgoing GASB Requirements

Outgoing GASB standards include requirements for measuring and reporting financial statement information and calculating a plan's ARC. GASB-required DB plan financial reports must include financial statements, supplementary schedules, and explanatory notes. The financial statements report assets and liabilities as of a specific date and annual totals of income and expenses. The financial statements do not provide information about the long-term debt for pension benefit payments to be made in the future or long-term financial condition of a plan but focus instead on the current year of operations. The supplementary schedules report multi-year data for required and actual contributions made, actuarial assets and accrued liabilities, and funded ratios. The notes to the financial statements and other required supplementary information provide information about the financial condition of the plan and the plan's long-term debt for pension benefits. The explanatory notes also describe or define the employer(s) participating in the plan; types of employees covered; number of plan members; benefits provided; significant accounting, funding, and contribution policies; contribution rates and agreements; selected investment information; selected actuarial valuation assumptions and methods used; current year funded status information; and significant changes made. There are similar basic accounting and reporting requirements for sponsoring governments.

[39] The ARC is called actuarially determined contributions (ADC) in GASB 67 and 68.

GASB Revisions

GASB Statement No. 67[40] amends accounting and reporting requirements for pension plans and GASB Statement No. 68[41] amends accounting and reporting requirements for sponsoring governments. The new GASB statements require the following key changes in financial accounting and reporting for most DB plans.

- The new standards rename various financial statement terminologies. For example, AAL is renamed total pension liability (TPL), AVA is renamed fiduciary net position (FNP), normal cost is renamed service cost, UAAL is renamed fiduciary net pension liability (NPL), funded ratio is renamed fiduciary net position as a percentage of total pension liability (FNP/TPL), and ARC is renamed actuarially determined contribution (ADC).
- Plan assets (FNP) will be calculated based on current market value rather than smoothed. With this change, the year-to-year fluctuations in the FNP/TPL and NPL could be significant as the market value of assets fluctuates.
- The entry age normal/level percentage of payroll actuarial cost method will become the only allowable method for calculating total pension liabilities.
- Actuarial assets (FNP) will be compared to actuarial accrued liabilities (TPL) and a crossover point determined, if applicable, where TPL exceed actuarial assets. If this crossover point is expected, a blended discount rate must be used. Effectively, TPL covered by actuarial assets are calculated using the plan's assumed investment rate of return, while the remaining uncovered liabilities are calculated using a risk-adjusted interest rate for high-yield, tax-exempt, 20-year general obligation bonds (4.29 percent[42] as of July 24, 2014). Under current economic conditions, the blended rate will likely be lower than the assumed investment rate of return normally used to discount liabilities. The effect of using the blended rate, rather than only the assumed investment rate of return, to discount the liabilities may result in increased NPL (formerly UAAL) and decreased FNP/TPL (formerly funded ratio).
- Schedules of investment rates of return for 10 years will be presented.
- Factors that significantly affect trends in the amounts reported, such as changes of benefit terms, changes in the size or composition of the

[40] *Statement No. 67 of the Governmental Accounting Standards Board: Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25,* Governmental Accounting Standards, Board Norwalk, Connecticut, June 2012.

[41] *Statement No. 68 of the Governmental Accounting Standards Board: Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, Governmental Accounting Standards, Board Norwalk, Connecticut, June 2012.

[42] As reported in The Bond Buyer 20-Bond GO Index. This index is comprised of a portfolio of 20 highly rated general obligation bonds that mature in 20 years.

population covered by the benefit terms, or the use of different assumptions will be presented.

- The notes to the financial statements will include additional information. Certain types of plans will need to report expanded information about actuarial assumptions, including a sensitivity study presenting alternate present values of pension liabilities assuming the liabilities were discounted one percent higher and lower than the actual discount rate.
- Previous requirements for calculating contribution amounts are eliminated. The methods for calculating pension liabilities, assets, and expenses that are reported in financial statements will not likely be used for determining required contributions. Different assumptions and methods may be used for determining a plan's liabilities reported in the financial statements versus determining the ADC. For example, a plan required to use the blended rate for determining reported liabilities can use a different assumed investment rate of return for funding purposes and determining contributions.

Plans will still exercise a significant degree of judgment regarding selection of actuarial assumptions and methods when applying the new GASB standards.

The new GASB statements require the following key changes in the sponsoring governments' financial accounting and reporting.

- If contributions to the plans do not at least equal 100 percent of the prior year's ADC, the unpaid amounts will generally be included in sponsoring governments' reported liabilities. When contributions are not significant to a sponsoring government's expenses, the impact is minimal. Previously, only any unpaid portion of the prior year's legally required pension contribution appeared on a government's financial statements. However, under the new requirements the difference between the ADC and actual contributions will now be reported.
- The long-term net pension liability, or unfunded accrued liability, will be reported in the sponsoring government's basic financial statements rather than just being disclosed in the notes to the financial statements as required by the outgoing standards. If there is no net pension liability, the financial statements will reflect an asset instead of a liability. Sponsoring governments that participate in multiple employer plans will report their individual or proportional share of the liability.

As a result, many sponsoring governments will report liabilities on the face of their financial statements that were not previously reported, which may have a significant impact on the sponsoring governments' reported financial condition.

The Center for Retirement Research at Boston College[43] reported funded ratios may change in 2014 for significantly underfunded plans. These plans will be forced to use a blended rate which will be lower than the assumed rate of return on assets. The study also estimated what 2012 funded ratios for certain state and local plans nationwide would have looked like under the new GASB requirements, and concluded the previous aggregate funded ratio of 73 percent would have fallen to 60 percent under the new GASB changes.

Impact of Key Changes

The GASB changes will have varying impact on the actuarial assumptions and methods used for financial reporting and resulting reported financial condition of Missouri retirement plans. Officials from 12 of the 15 selected plans indicated they had evaluated the various impacts of the GASB changes. All 12 indicated their plan would prepare separate calculations for funding purposes. These changes will impact the 15 selected plans in the following ways.

Value of Assets

All 15 selected plans currently use smoothing to value the assets and will therefore have to switch to using market value when calculating asset values (FNP).

Entry Age Normal/Level Percentage of Payroll Actuarial Cost Method

Twelve of the 15 selected plans currently use the Entry Age Normal method, and three plans use a different method. Officials from one of these three plans (St. Louis County Employees' Retirement Plan) acknowledged they will switch to the Entry Age Normal method, while officials from the other two plans (St. Louis Employees Retirement System and St. Louis Public School Retirement System) indicated they had not yet evaluated the needed changes.

Blended Discount Rate

Officials from 8 of the 12 plans that had evaluated the impact of the GASB changes indicated a blended discount rate would not be required in their actuarial valuations, and officials from 4 plans indicated the blended discount rate would be required in their valuations (Kansas City Public School Retirement System, Prosecuting Attorneys' & Circuit Attorneys' Retirement System, Sheriff's Retirement System, and St. Louis County Employees Retirement Plan).

[43] Alicia H. Munnell, Jean-Pierre Aubry, Josh Hurwitz, and Madeline Medenica, "The Funding of State and Local Pensions: 2012-2016," *State and Local Pension Plans*, Number 32, Center for Retirement Research at Boston College, Chestnut Hill, Ma., July 2013, pp. 5-7.

Recent Funding Guidance and Recommendations

Because the amended GASB standards no longer prescribe the requirements for determining funding and contribution levels, pension industry leaders identified a need for guidance on funding standards and practices. Several national organizations representing local and state governments established a Pension Funding Task Force to develop such guidance. In 2013, the task force published *PENSION FUNDING: A Guide for Elected Officials.*[44] The document included the following policy objectives and recommendations:

Actuarial Cost Method: 1) Each participant's benefit should be fully funded under a reasonable allocation method by the expected retirement date. 2) The benefit costs should be determined as a level percentage of member compensation and include expected income adjustments. [The Entry Age Normal (level percentage of payroll) actuarial cost method is especially well-suited to meeting these policy objectives.]

Asset Smoothing Method: 1) The funding policy should specify all components of asset smoothing, such as the amount of investment return subject to smoothing and the time period(s) used for smoothing a specific gain or loss. 2) The asset smoothing method should be the same for both gains and losses and should not be reset or biased toward high or low investment returns. [The use of a 5-year period for "smoothing" investment experience is especially well-suited to meeting these policy objectives.]

Amortization Policy: 1) The adjustments to contributions should be made over periods that appropriately balance intergenerational equity against the goal of keeping contributions level as a percentage of payroll over time. 2) The amortization policy should reflect explicit consideration of (a) gains and losses actually experienced by a plan, (b) any changes in assumptions and methods, and (c) benefit or plan changes. 3) The amortization of surplus requires special consideration consistent with the goal of stable costs and intergenerational equity. [Amortizing the various components of the unfunded actuarial accrued liability over periods that focus on matching participant demographics but also, except for plan amendments, consider managing contribution volatility, is especially well-suited to meeting these policy objectives.]

Regarding these recommendations, the Pension Funding Task Force indicated "some governments with well-funded pension plans will determine that they need to make few, if any, changes to their funding policies, while others may face many challenges." Officials from 11 of the 15 plans surveyed indicated they were aware of the Pension Funding Task Force's recommendations and 4 plans indicated they were not aware of the recommendations. Officials from 12 plans

[44] "PENSION FUNDING: A Guide for Elected Officials," 2013, <http://www.nasact.org /washington/downloads/announcements/03_13_Pension_Funding_Guide.pdf>, accessed on July 30, 2013, p. 6.

indicated they either already or plan to follow all or most of the recommendations. Officials from three plans indicated they had not evaluated if changes would be needed in response to the recommendations.

In addition, the GFOA[45] recommends adopting a funding policy that assures benefit costs will be funded in an equitable and sustainable manner. According to the GFOA, an appropriate funding policy would include frequent actuarial valuations to determine contributions, contributions that fully fund benefits, sponsoring governments' commitment to fully funding the recommended contributions, and reporting of information regarding the government's progress toward meeting its pension funding objectives.

Summary

The financial condition of the 89 Missouri public employee DB plans is impacted by various external factors and decisions made by the plans' governing boards and sponsoring governments. Key influences of financial condition identified and discussed in this survey include economic conditions and investment performance, benefit structure, board governance, investment policy, contribution and funding policies, and selection of actuarial assumptions and methods. The process of achieving or maintaining good financial condition of DB plans, both on a short-term and long-term basis, is complex and can be challenging for plans' boards and sponsoring governments. Because the interaction of factors that impact a plan's financial condition can vary among DB plans, it is difficult to compare the plans.

Our review of various indicators noted Missouri plans' financial condition varies widely, with some plans having indicators of very good financial condition and others having indicators of very poor financial condition. Overall, in aggregate, the financial condition of Missouri plans is higher than national averages. However, data supporting the financial condition of several plans raises significant concern regarding the financial health of those plans. All 89 plans receive actuarial valuations at least biennially, with many receiving them annually. Additionally, almost all the 15 selected largest and/or statewide plans (and likely some other plans) also obtain periodic actuarial audits and experience studies. These outside analyses are utilized to monitor the health of the plans and the appropriateness of actuarial assumptions underlying management decisions affecting the plans.

Many plans have experienced worsened financial condition in recent years. Aggregate UAAL for the Missouri plans has nearly doubled in the past 10

[45] "Funding Defined Benefit Pensions," Government Finance Officers Association, June 2012, <http://www.gfoa.org/funding-defined-benefit-pensions>, accessed on June 24, 2014, p. 1.

years, from $8.18 billion in 2003 to $16.02 billion in 2012. As a result, the aggregate funded ratio of Missouri plans has decreased from 83 percent to 78 percent during this period. Missouri plans' aggregate 2012 funded ratio is higher than national averages of 73 percent to 74 percent reported in two studies. While numerous factors cause fluctuations of individual plan funded ratios, the aggregate decreased funded ratios and increased UAAL appear to have resulted primarily from economic and financial market downturns during the period. Funded ratios for Missouri plans range from 10 percent to 164 percent. Almost half of the plans, covering 67 percent of total statewide membership, had funded ratios of 80 percent or higher in 2012. In addition, officials from several plans indicated investment returns in 2013 and 2014 have been strong. These returns have likely positively impacted the plans' funded ratios.

During 2012, contributions to Missouri DB plans totaled $2.65 billion, with $1.78 billion from the sponsoring governments and $870 million from employees. The expectation of the plans' financial health is based in large part on the premise that ARC amounts determined by actuarial consultants will be received. The failure of sponsoring governments to fully fund 100 percent of the ARC makes it difficult for the plans to reach financial goals. In aggregate, Missouri plans received 94 percent of ARC in 2012, higher than the national average of 80 percent. The aggregate percentage of ARC paid for Missouri plans has increased from 84 percent in 2006 to 94 percent in 2012, while national averages have decreased from 83 percent in 2006 to 80 percent in 2012. Aggregate information for Missouri plans is fairly good, primarily driven by the large plans or overfunding by some plans. However, 34 plans (38 percent of Missouri plans), covering 33 percent of total members, received less than 100 percent of the ARC in 2012. This statistic is concerning as it indicates sponsoring governments of some plans may not be committed to achieving plans' overall funding goals. Five of the 15 selected plans, covering 94 percent of total statewide membership, did not receive 100 percent of ARC in 2012. However, 2 of these plans received 93 percent and 96 percent in 2012. Officials from 2 other plans reported changes had been made that will provide for higher ARC payments going forward, and officials from another plan indicated funding received exceeded the ARC in 2013 and 2014.

Aggregate ARC as a percentage of payroll (also referred to as the contribution rate) has increased from 9.7 percent in 2003 to 14.18 percent in 2012, for the 15 selected plans. These percentages and upward trend are similar to those at the statewide and national level. ARC as a percentage of payroll can reflect the stress employer contributions place on a sponsoring government's budget and operations.

Governing boards and sponsoring governments of many of the largest and statewide plans have taken measures to strengthen financial condition. Such measures include lengthening vesting periods, increasing retirement ages,

reforming benefits and benefit formulas, restricting or reducing retiree COLA payments, and increasing employee contribution requirements. In addition, many plans have changed actuarial assumptions and investment policies, and sponsoring governments have become more committed to fully funding the ARC. Officials from most of the 15 selected plans indicated changes had been recently implemented that should improve plan financial condition. However, it will take time before the effect of such changes become fully evident. All plans and sponsoring governments must remain vigilant to ensure continued monitoring and additional adjustments as needed.

In this survey, we identified various key practices DB plans should follow to support adequate financial condition. Plans should be managed and governed by employees and board members experienced and knowledgeable in DB plan operations and funding. DB plans should have actuarially based funding practices with the goal of annually fully funding benefits earned and systematically reducing UAAL. Plans should work with sponsoring governments to ensure required contributions are made and that benefit structures are affordable. Investment policies should be designed to achieve the investment return assumption and allow for the greatest return on assets without taking unacceptable risks. Plans should monitor to ensure actuarial assumptions are met, and modify assumptions as needed. Assumptions should be supported by periodic actuarial valuations prepared by competent actuaries; approved by the board; and validated by periodic actuarial audits and experience studies, or alternative processes. Plan governing boards should include a balanced representation of sponsoring governments and plan members to ensure decisions are unbiased and the interests of all parties are considered. Many of the above-mentioned practices have been implemented by Missouri plans, including the 15 selected plans. Failure to adhere to these practices could result in significant fiscal problems for the plan, sponsoring organization, and taxpayers.

Significant changes in pension accounting and reporting requirements, prescribed by the GASB, begin taking effect in 2014. Because the amended GASB standards will no longer address funding and contribution levels, it is imperative that plans evaluate plan funding policies, and modify those policies if necessary. Consideration should be given to the recently-published guidance from the Pension Funding Task Force that provides plans with recommended funding standards and practices.

Plans and sponsoring governments must closely monitor and react to the indicators of financial condition to ensure adequate financial condition is maintained. Periods of stress, usually caused by political climate, economic environment, and/or market swings can have dramatic effect on the financial health of plans. Such impact may be felt not only in the short term, but over generations. A plan that is not properly managed for long-term health is at

risk of not achieving good financial condition and is likely to place a heavier financial burden on future generations.

Retirement systems, especially DB plans, use a number of terminologies. The following terms are relevant to this survey.

Actuarial Accrued Liability (AAL)
The portion of the present value of estimated future benefit payments (liabilities) earned by employees as of the actuarial valuation date. The AAL represents the portion of liability which would already have assets on hand to support future benefit payments if a plan was 100% funded. The actuarial cost method selected by a plan impacts the portion of pension liability included in the AAL. The portion of the present value of future benefit payments not included in AAL includes benefits employees will earn in future periods (normal cost).

Actuarial Cost Method (Funding Method)
A procedure for allocating the actuarial present value of projected benefits (and expenses if applicable) to time periods, usually in the form of a normal cost and an actuarial accrued liability.

Actuarial Value of Assets (AVA)
The actuarially determined value of plan assets available to pay retirement benefits. A plan's governing board selects an asset valuation method that complements the overall funding goals of the plan. Methods used include a range of options that generally recognize assets at current market value or adjusts asset value by allocating (smoothing) certain changes in the market value of assets over a period of time.

Amortization of Unfunded Actuarial Accrued Liability (UAAL)
Allocating the UAAL over a period of time to determine the contribution needed to fund the upcoming year's portion of the UAAL. The actuary uses the number of years (amortization period) specified by the governing board after consulting with the plan's actuary and investment professionals. The two basic amortization period types are open and closed.

Annual Required Contribution/Actuarially Required Contribution (ARC)
The ARC represents the amount of cash that should be added to a plan's assets in the upcoming year to ensure the plan remains in a good long-term financial condition. The ARC includes funding for the normal cost of the following year and for the amortization of UAAL over a period of time, with the goal of fully funding the plan at the end of the period. Contributions are made by the employer or, in some plans, also by the employees covered by the plan. In some limited cases, a plan's contributions may come not from employer/employee contributions, but from some alternative source such as a fee for a specific government service, that is collected and forwarded to the plan.

Asset Allocation
The allocation of plan assets to various investment categories within a plan's investment portfolio, as approved by the governing board. Example investment categories include government bonds, corporate bonds, domestic stocks, and short-term investments.

Assumed Investment Rate of Return/Interest Rate
The rate of return a plan expects to earn on invested assets over a long period of time. The rate is approved by the governing board.

Assumed Price Inflation/Economic Inflation/Deflation
The rate a plan expects that the general price level of goods and services in the economy will change over a period of time.

Covered Payroll
The total amount of pay earned in the current year by all employees who are or may become eligible for retirement benefits.

Discounting
The mathematical process used to determine the present value of future benefit payments (liabilities).

Funded Ratio/Funded Status/Percentage Funded
A comparison of a plan's assets to the plan's liabilities. It is expressed as a percentage calculated by dividing the AVA by the AAL.

Normal Cost
The portion of the present value of estimated future benefit payments (liabilities) that will be earned by current employees in the upcoming year or is expected to be earned in some future year. Typically, normal costs are funded by future cash inflows. The actuarial cost method selected by the plan impacts the portion of total liability included in the normal cost and the allocation of normal costs between the upcoming year and future years. The portion of the present value of future benefit payments not included in normal cost includes benefits employees have already earned in previous periods (AAL).

Present (Current) Value of Future Benefits
The current worth of future benefit payments determined by discounting at an assumed rate of interest and adjusting for the probabilities of payment. Benefit liabilities are comprised of AAL (benefits that have already been earned by employees) and normal cost (estimated benefits that are expected to be earned by current employees in future periods). Because assets can be held and invested until needed for future payments and many plans will continue to receive contributions from the sponsoring governments, employees, and other sources, the current value of the assets held to make these payments can be less than the future value of the payments. Future cash inflows are expected to make up the difference.

Rate of Return/Market Rate of Return
Investment income earned on invested assets, usually net of investment expenses. The rate is expressed as an annual percentage of increase (or decrease) on investment principal.

Real Rate of Return/Spread on Investment Return
The real rate of return equals the assumed investment rate of return less the assumed price inflation rate.

Risk-Free Discount Rate
A theoretical discount rate related to a series of payments with near zero risk with respect to payment timing and amount. This rate is usually quoted at or near interest rates for investments considered to be high grade and low risk, which would produce a steady, unchanging, and predictable income stream, such as U.S. government securities.

Smoothed Rate of Return
Rate of return calculated after the market value of assets have been allocated (smoothed) over a multi-year smoothing period. The smoothing period, usually a 3 to 5 year period, is approved by the governing board. The smoothing adjustment assists a plan in managing extreme fluctuations that may occur in the amount of cash needed on a year to year basis to keep the plan in a good long-term financial condition.

Unfunded Actuarial Accrued Liability (UAAL)
The portion of AAL that is not covered by current plan assets. The UAAL is calculated by subtracting the AVA from the AAL.

Wage Inflation
The increase in wages expected throughout employees' careers. Wage inflation considers both the increases in raises due to 1) general cost of living, which typically approximates economic inflation rates and 2) career advances.

Selected Data for 15 Large/Statewide Missouri Public Employee Defined Benefit Retirement Plans
Plan Years Ended January 1, 2012 to December 31, 2012

This appendix presents key background information, financial data, and actuarial information for 15 selected Missouri public employee defined benefit retirement plans. These 15 plans include the 12 plans with membership exceeding 5,000 (including 7 large statewide plans) and 3 additional smaller statewide plans, with a combined total of 15 plans that covered approximately 94 percent of total statewide plan membership.

The information and data was obtained from the JCPER database, the plans' financial statements and actuarial valuation reports, and a questionnaire we sent to the plans. Unless otherwise indicated, the information and data is presented as of each plan's fiscal year ended during calendar year 2012. When available, certain additional data was presented for plan years 2003 through 2012.

The appendix provides certain key elements of each plan. Complete financial information can be obtained from the plans and contact information for each plan is included at Chart 1.

Plans

County Employees' Retirement Fund....55
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Kansas City Public School Retirement System....63
Local Government Employees' Retirement System....67
Missouri Department of Transportation & Highway Patrol Employees' Retirement System....71
Missouri State Employees' Retirement System - Judicial Plan....75
Missouri State Employees' Retirement System - MSEP....79
Prosecuting Attorneys' & Circuit Attorneys' Retirement System....83
Public Education Employees' Retirement System....86
Public School Retirement System....89
Sheriff's Retirement System....92
St. Louis County Employees' Retirement Plan....95
St. Louis Employees' Retirement System....98
St. Louis Public School Retirement System....101
University of Missouri Retirement, Disability & Death Benefit Plan....104

COUNTY EMPLOYEES' RETIREMENT FUND
Plan Year Ended December 31, 2012 *

Chart 1:

General Information

Statutory Authorization: Section 50.1000, RSMo
Year Established: 1994
Covered Members: 16,387
Annual Covered Payroll: $357.4 million
Members also covered by Social Security: Yes
Trustees: 9 Members, 2 Non-members

Key Actuarial Assumptions

Investment Rate of Return: 8.0%
Wage Inflation: 3.0% plus an allowance for merit, seniority, and promotional wage increases based on age and service
Asset Valuation Method: 5-year smoothed
Actuarial Cost Method: Entry age normal
Liability amortization period: 20-year, closed

Web Site: http://www.mocerf.org/

Chart 2: Funded Ratio*

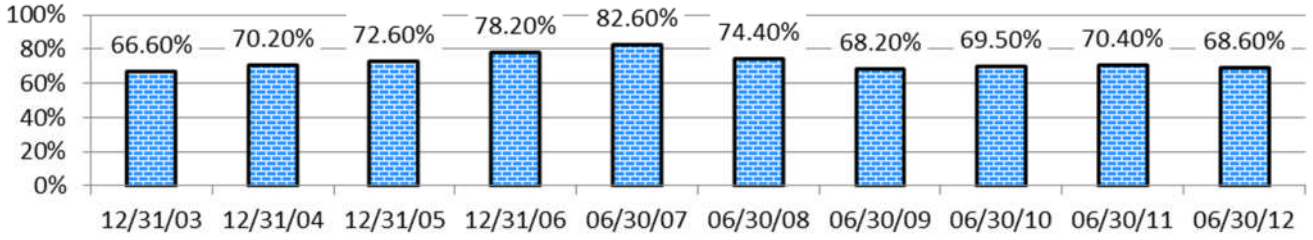


Chart 3: Actuarial Assets and Liabilities (millions)*

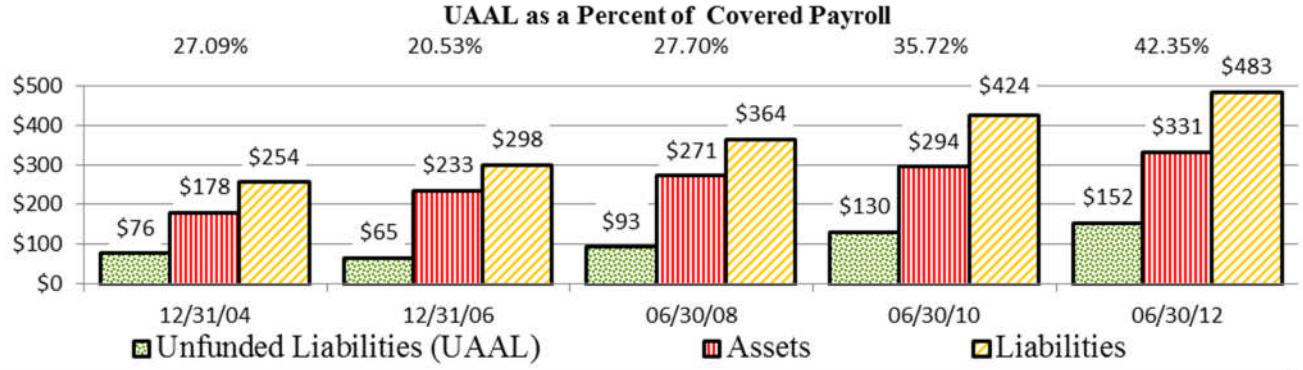
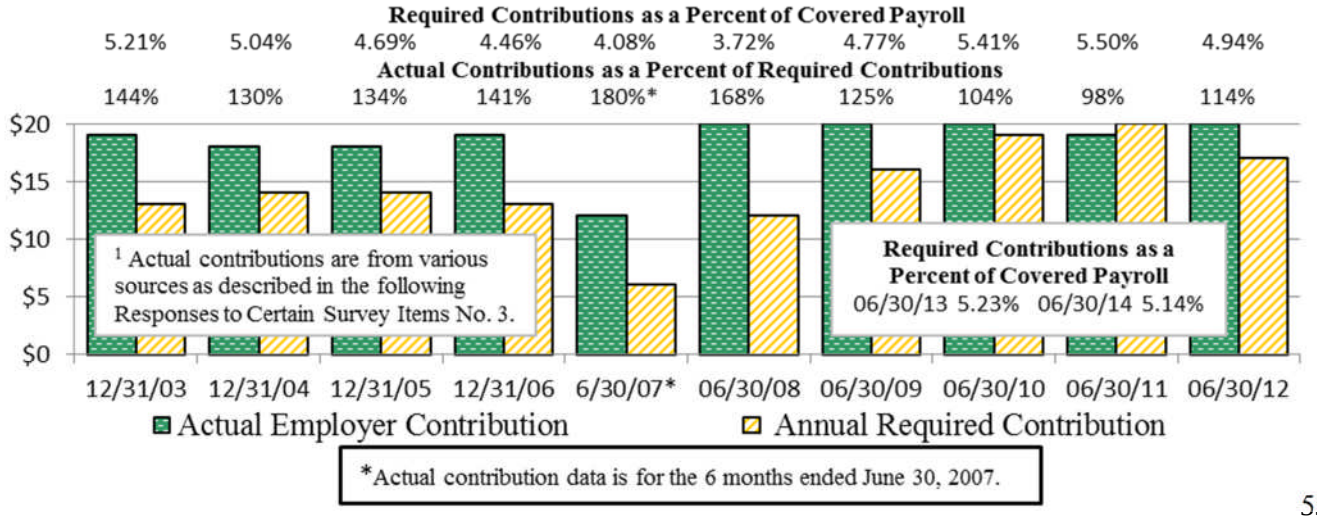


Chart 4: Employer Contributions - Required and Actual[1] (millions)[2]



[2] The plan changed actuarial valuation dates in 2007. Actuarial projections for 2003 through 2007 are based on valuations as of January 1 of the respective year. Actuarial projections for 2008 through 2014 are based on valuations as of July 1 of the preceding year.

COUNTY EMPLOYEES' RETIREMENT FUND
Plan Year Ended December 31, 2012

Chart 5: Actual Employee Contributions (millions)

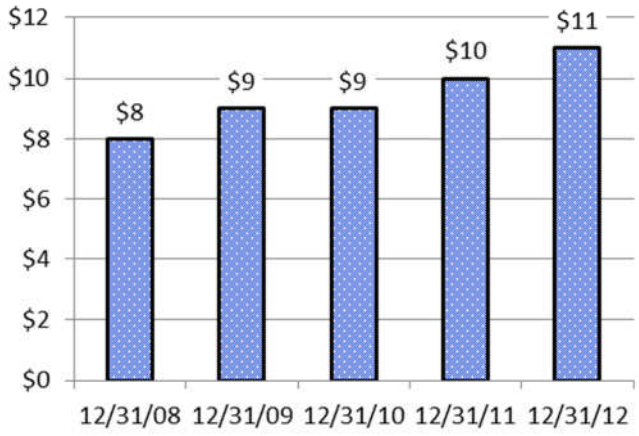


Chart 6: Asset Allocation - Market Basis (millions)

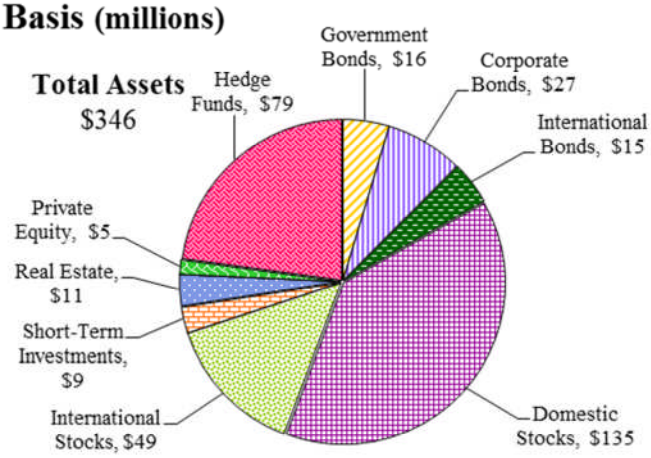


Chart 7: Investment Return - Actual, Smoothed, and Assumed

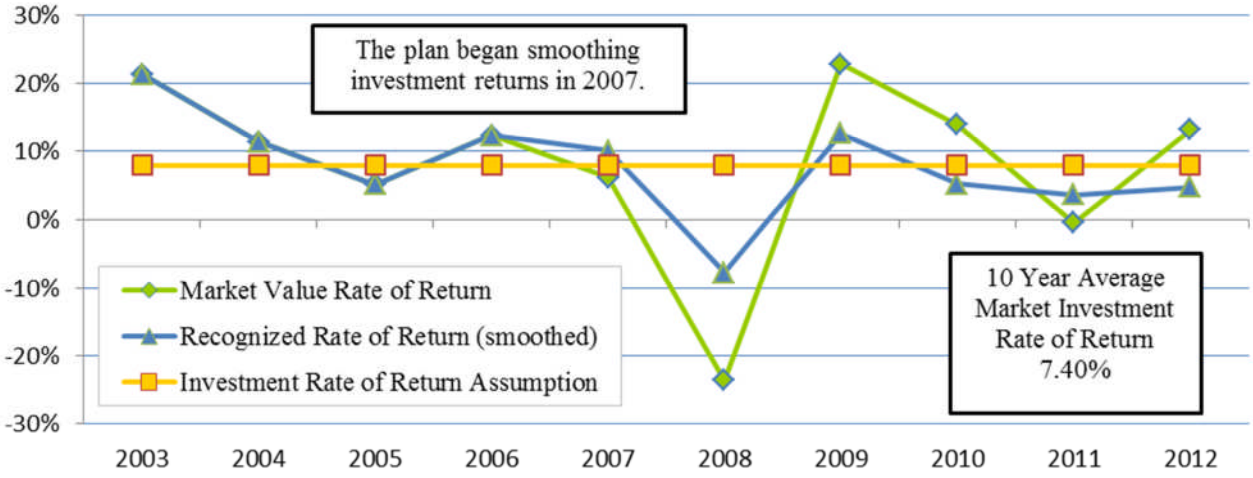


Chart 8: Actuarial Investment Rate of Return Assumptions

COUNTY EMPLOYEES' RETIREMENT FUND
Plan Year Ended December 31, 2012

Chart 9: Benefit and Employee Contribution Summary[1]		
Name of Tier or Group	**LAGERS**	**Non-LAGERS**
Full Vesting: Years of Service	8	8
Normal Retirement	Age 62 with 8 years of service	Age 62 with 8 years of service
Basic Annual Benefit Formula including temporary benefit	2/3 of Non-LAGERS	See below
Guaranteed COLA	Yes	Yes
Required Member Contributions	4% of payroll	6% of payroll
Optional Member Contributions	Not available	Not available

[1] The benefit and contributions summary above does not include all provisions applicable to the plan. See the plan's web site for additional details.

Non-LAGERS Basic Annual Benefit Formula (Replacement Ratio Formula):

(Not available for those who terminated before January 1, 2000.)

The Replacement Ratio (see Replacement Ratio table below)
x
The Average Final Compensation (average of the highest 2 years of compensation)
-
The age 62 Social Security Primary Insurance Amount
x
Years of Creditable Service

Replacement Ratios

	Average Final Compensation Range Termination Date	
	On or After	Before
Ratio (%)	October 1, 2007	
80	Below $36,000	Below $30,000
77	$36,000 to $48,000	$30,000 to $40,000
72	Over $48,000	$40,000 to $50,000
70	Not applicable	Over $50,000

Credited Service is limited to 25 years. The Replacement Ratio Formula is prorated for less than 25 years.

For those who terminate on or after October 1, 2007, with more than 25 Years of Creditable Service, an additional 1% of Average Final Compensation is added in the Replacement Ratio Formula for each Year of Creditable Service in excess of 25 but not in excess of 29.

A minimum benefit is provided so that the monthly benefit is at least $29 x years of service, not in excess of 29 years.

The normal form is a life annuity. Various optional forms are available.

COUNTY EMPLOYEES' RETIREMENT FUND
Plan Year Ended December 31, 2012

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

After in-depth actuarial analyses, the County Employees' Retirement Fund (CERF) determined that its revenue sources were sufficient to support the plan and no special action was necessary.

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

Five percentage points of drop from 2007 to 2008 was because of benefit improvement.

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

The year 2008 was very negative for CERF and all pension plans. As a result, the required contribution rates after 2008 went up. Actuarial analyses determined that CERF's revenue sources were sufficient to support the higher contribution rates. Also plan assets have steadily recovered since 2008.

Actual contributions include payroll-based amounts from employers and employee payroll deductions, late filing fees from county property assessments, 3/7 of penalty and interest for delinquent and back property tax payments, a $6 fee for recording or filing official documents, an additional $1 fee on each document recorded, a $20 fee for county merchant licenses, and any interest earned on investment of these collections prior to remitting to CERF.

KANSAS CITY EMPLOYEES' RETIREMENT SYSTEM
Plan Year Ended April 30, 2012

Chart 1:

General Information

Statutory Authorization: Local Legislation
Year Established: 1962
Covered Members: 5,597
Annual Covered Payroll: $161.1 million
Members also covered by Social Security: Yes
Trustees: 2 Members, 8 Non-members

Key Actuarial Assumptions

Investment Rate of Return: 7.5%
Wage Inflation: 4.0%
Asset Valuation Method: 4-year smoothed
Actuarial Cost Method: Entry age normal
Liability amortization period: 20-year layered amortization, level percent of pay

Web Site: http://kcmo.gov/humanresources/retirement-information/

Chart 2: Funded Ratio

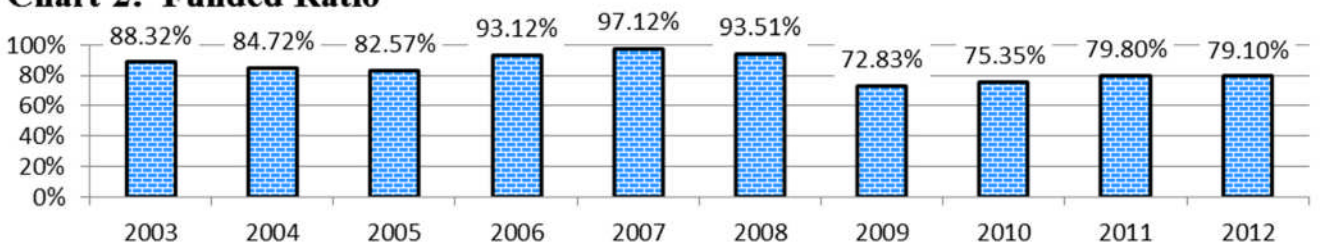


Chart 3: Actuarial Assets and Liabilities (millions)

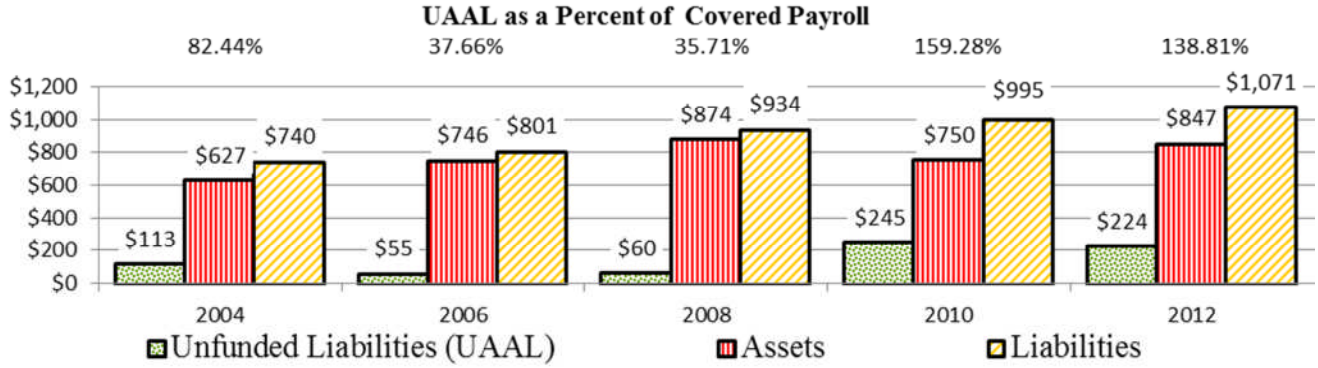
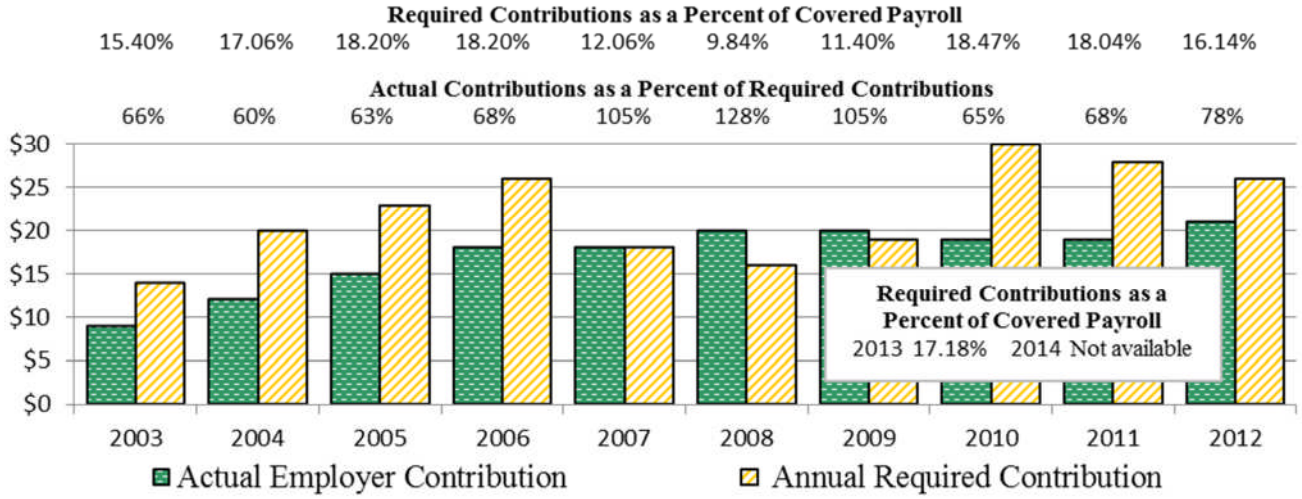


Chart 4: Employer Contributions - Required and Actual (millions)



KANSAS CITY EMPLOYEES' RETIREMENT SYSTEM
Plan Year Ended April 30, 2012

Chart 5: Actual Employee Contributions (millions)

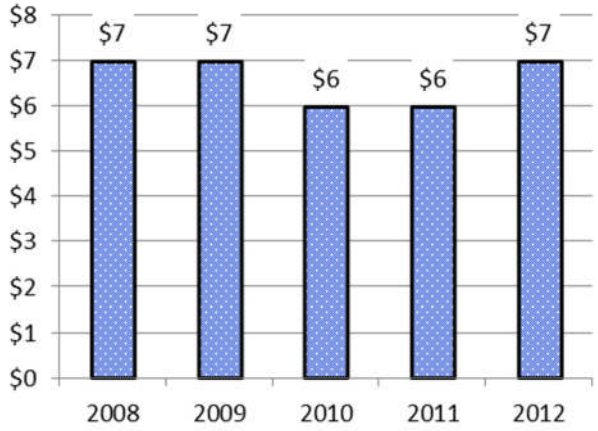


Chart 6: Asset Allocation - Market Basis (millions)

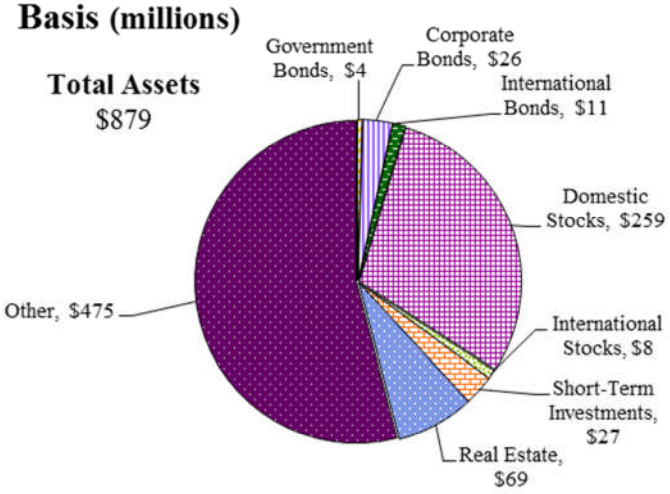


Chart 7: Investment Return - Actual, Smoothed, and Assumed

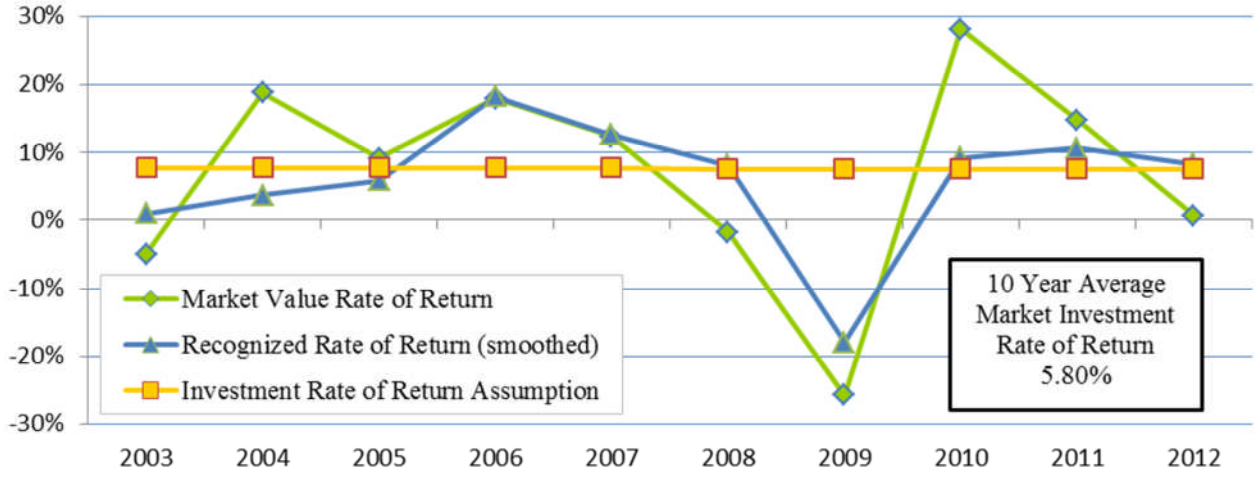
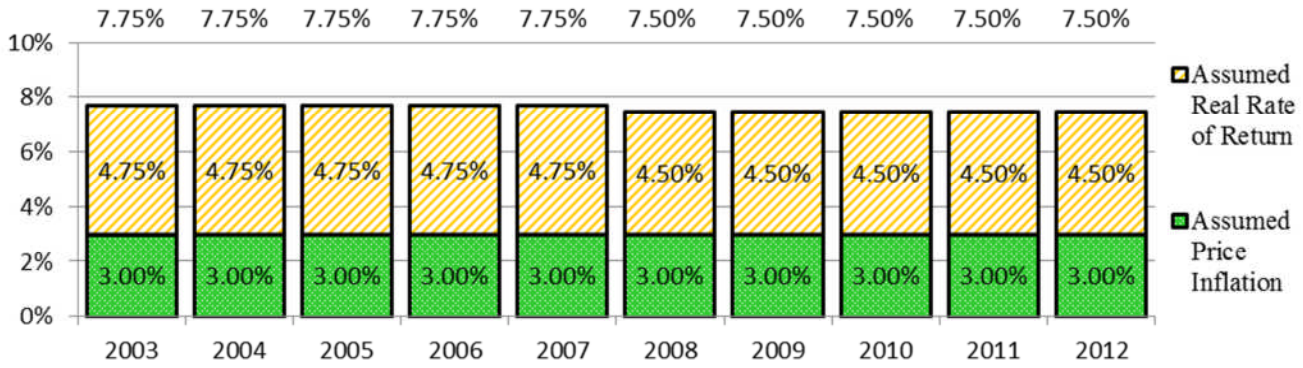


Chart 8: Actuarial Investment Rate of Return Assumptions



KANSAS CITY EMPLOYEES' RETIREMENT SYSTEM
Plan Year Ended April 30, 2012

Chart 9: Benefit and Employee Contribution Summary[1]		
Name of Tier or Group	**General**	**Elected Officials**
Full Vesting: Years of Service	5	Serve a full term
Normal Retirement Option 1	Age 65 with 5 years of service	60
Normal Retirement Option 2	Age 50 with 10 years of service	Rule 80 where age plus credited service is greater than or equal to 80
Normal Retirement Option 3	Rule 80 where age plus credited service is greater than or equal to 80	N/A
Basic Annual Benefit Formula including temporary benefit	.02 x Years of Service x Final Average Compensation	.0222 x Years of Service x Final Average Compensation
Guaranteed COLA	Yes	Yes
Required Member Contributions	4% of payroll	4% of payroll
Optional Member Contributions	Not available	Not available

[1] The benefit and contributions summary above does not include all provisions applicable to the plan. See the plan's web site for additional details.

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

A Mayor's Blue Ribbon Task Force on pension reform was created and recommended changes were then considered by a Pension Project Team (made up of City leaders and pension system representatives). The results are as follows:

Plan design changes for the Employees' system have been agreed to and ratified.

a. Requires City to fully fund the Actuarially Required Contribution (ARC)

b. Tier 2 benefit plan (see the following chart)

c. Increased contributions from employees (see the following chart)

KANSAS CITY EMPLOYEES' RETIREMENT SYSTEM
Plan Year Ended April 30, 2012

Tier 2 Benefit Plan and Employee Contributions		
Name of Group	**Current Employees**[1]	**New Hires Beginning 9/1/2013**
Benefit multiplier	2.22% unmarried 2.00% married	1.75% for all
Normal retirement eligibility	Age 65 Age 60 with 10 years of service 80 points (age + service)	Age 67 Age 62 with 10 years of service Age 55 with 30 years of service 85 points (age + service)
Early retirement eligibility	Age 55 with 10 years of service Age 60 with 5 years of service	Age 57 with 10 years of service
COLA	3% simple	Ad hoc payable at age 62[2]
Vesting	5 years	10 years
Interest on employee account balance	3.00%	3.00%
Increase to previously established member contribution rate	1.00%[3]	1.00%
Final average earnings period	2 years	3 years

[1] "Current employees," as used herein, shall include all vested and non-vested employees currently working for the City, all current retirees, and all employees hired prior to September 1, 2013. Current employees who transfer to new positions or who receive promotions will remain "current employees" for purposes of this agreement.

[2] The ad hoc cola will be payable if the prior year funding ratio is greater than or equal to eighty percent (80%). The rate of the COLA will be equal to the percentage increase in the consumer price index, up to a maximum of two and one-half percent (2.5%). The consumer price index used for purposes of this agreement shall be the final national CPI for All Urban Consumers (CPI-U), that is published prior to December 31 in advance of the next year's COLA adjustment.

[3] The one-percent (1%) increase in employee contribution rates will become effective on the first pay period starting immediately after ratification of this agreement, or on such date thereafter as the City shall establish. If for any reason the Police Retirement System amendments are not approved by the Missouri Legislature and signed into law by the Governor, then all monies withheld under this provision shall be returned/refunded to each affected employee as earned wages.

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

Fluctuations are due to market change. No changes in contribution rates or benefits have occurred during this time.

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

The City of Kansas City's 2014 fiscal year runs from May 1, 2013 through April 30, 2014. The City of Kansas City started contributing the ARC in fiscal 2014.

KANSAS CITY PUBLIC SCHOOL RETIREMENT SYSTEM
Plan Year Ended December 31, 2012

Chart 1:

General Information

Statutory Authorization: Section 169.280, RSMo
Year Established: 1944
Covered Members: 9,942
Annual Covered Payroll: $157.3 million
Members also covered by Social Security: Yes
Trustees: 6 Members, 6 Non-members

Key Actuarial Assumptions

Investment Rate of Return: 8.0%
Wage Inflation: 5.0%
Asset Valuation Method: 5-year smoothed
Actuarial Cost Method: Entry age normal
Liability amortization period: 30-year, open

Web Site: http://www.kcpsrs.org/

Chart 2: Funded Ratio

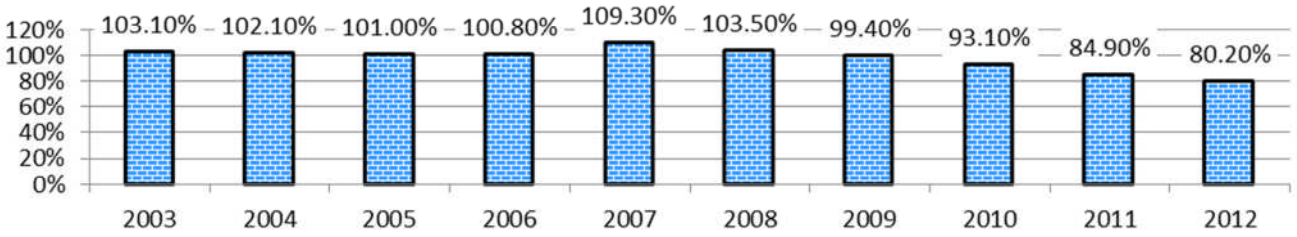


Chart 3: Actuarial Assets and Liabilities (millions)

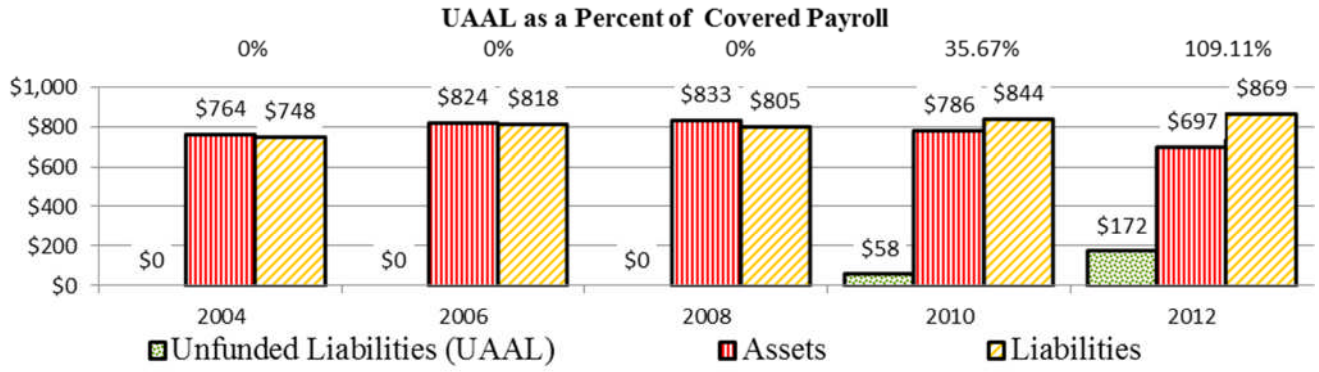
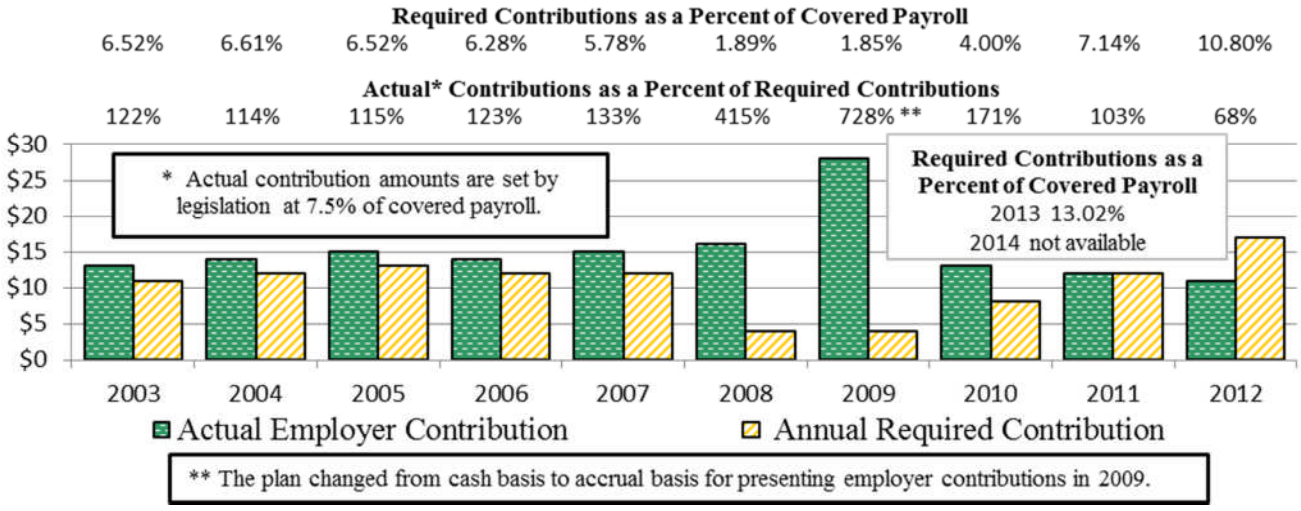


Chart 4: Employer Contributions - Required and Actual* (millions)



KANSAS CITY PUBLIC SCHOOL RETIREMENT SYSTEM
Plan Year Ended December 31, 2012

Chart 5: Actual Employee Contributions (millions)

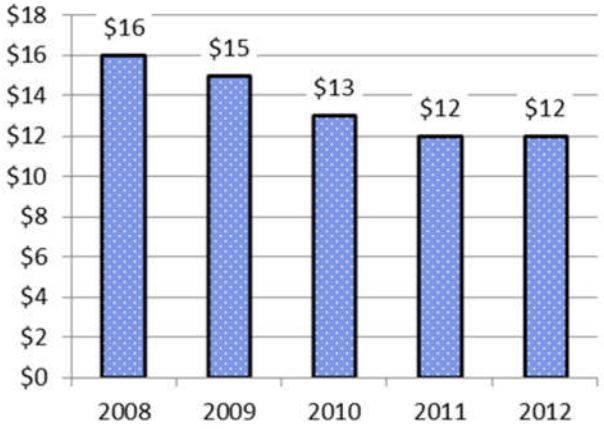


Chart 6: Asset Allocation - Market Basis (millions)

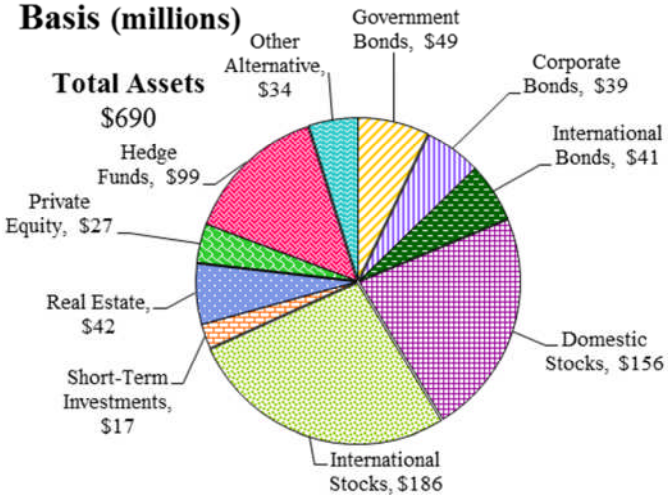


Chart 7: Investment Return - Actual, Smoothed, and Assumed

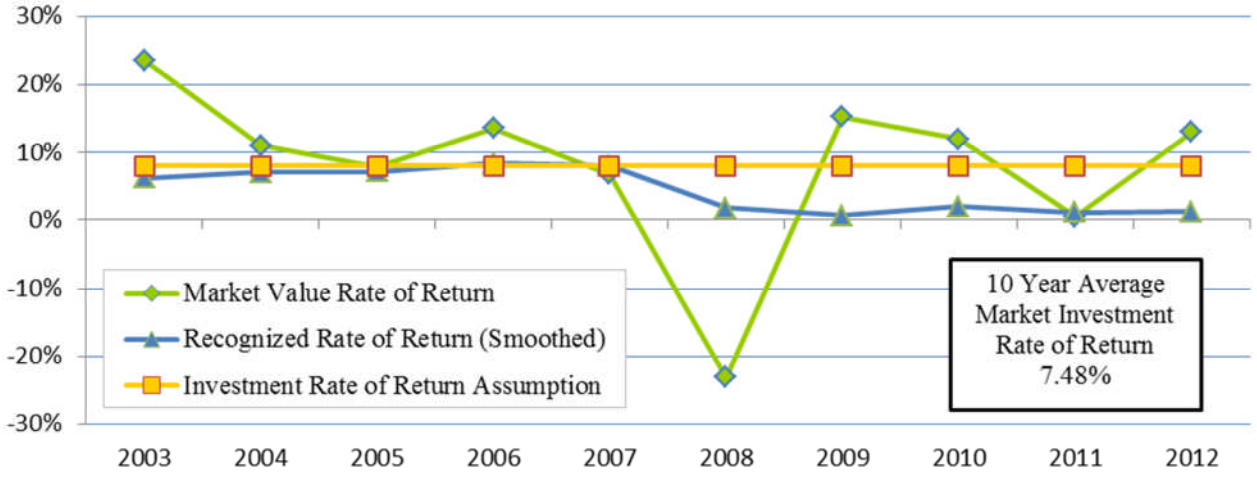
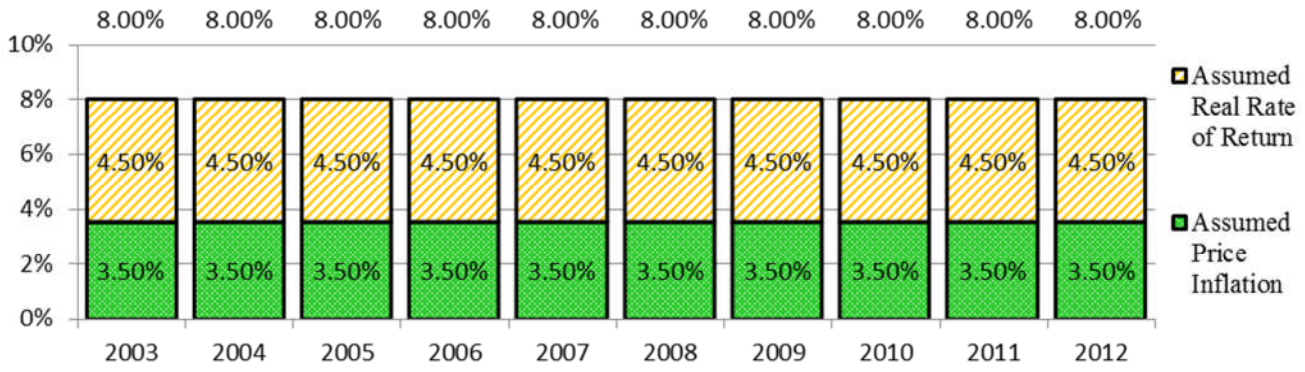


Chart 8: Actuarial Investment Rate of Return Assumptions



KANSAS CITY PUBLIC SCHOOL RETIREMENT SYSTEM
Plan Year Ended December 31, 2012

Chart 9: Benefit and Employee Contribution Summary[1]		
Name of Tier or Group	**Members as of 12/31/13**	**Members effective 1/1/2014**
Full Vesting: Years of Service	5	5
Normal Retirement Option 1	Age 60 with 5 years of service	Age 62 with 5 years of service
Normal Retirement Option 2	Age + Service Years = 75	Age + Service Years = 80
Basic Annual Benefit Formula including temporary benefit	Years of Service x 2% of Average Final Compensation subject to maximum of 60% of Average Final Compensation	Years of Service x 1.75% of Average Final Compensation subject to maximum of 60% of Average Final Compensation
Guaranteed COLA	No	No
Required Member Contributions	7.5% rate through 2013. For 2014 and each year after the rate is actuarially determined to be no less than 7.5% and no more than 9.0% with a maximum increase or decrease each year of 0.5%	For 2014 and each year after the rate is actuarially determined to be no less than 7.5% and no more than 9.0% with a maximum increase or decrease each year of 0.5%
Optional Member Contributions	Not available	Not available

[1] The benefit and contributions summary above does not include all provisions applicable to the plan. See the plan's web site for additional details.

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

Legislation was passed in June 2013. New members, effective on or after January 1, 2014, will receive full retirement at the Rule of 80 (where age plus credited service is greater than or equal to 80) or age 62 with a multiplier of 1.75% versus the current benefit at the Rule of 75 (where age plus credited service is greater than or equal to 75) or age 60 with a multiplier of 2.0%. Legislation provides for a variable contribution rate recommended by the actuary. The contribution rate for both the employer and the employee will not be less than 7.5% and the contribution rate will not exceed 9.0% and changes to the contribution rate from year to year shall be in increments of one-half percent. Also, in November 2011 our investment policy changed to further diversify the investment program by adding other asset classes that were not strongly correlated to each other to increase the return potential and reduce the overall volatility of the investment program.

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

The economic crisis of 2007-2009 affected the funded ratio. Also, during 2010, there was an increase in retirees and decrease in active members due to "right-sizing plan" by the Kansas City School District, which affected the funded ratio.

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

KANSAS CITY PUBLIC SCHOOL RETIREMENT SYSTEM
Plan Year Ended December 31, 2012

Due to the funding status of the plan, legislation was passed in June 2013 to provide for variable contributions for both the Employers and Employees. The rate will be no less than 7.5% with an increase or decrease of no more or no less than 0.5% per year with a maximum rate of 9.0%.

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
Plan Year Ended June 30, 2012

Chart 1:

General Information

Statutory Authorization: Sections 70.600 to 70.755, RSMo
Year Established: 1967
Covered Members: 54,467
Annual Covered Payroll: $1.360 billion
Members also covered by Social Security: Yes, except for a limited number of non-OASDI employers
Trustees: 3 Members, 4 Non-members

Key Actuarial Assumptions

Investment Rate of Return: 7.25%
Wage Inflation: 3.5%
Asset Valuation Method: 5-year smoothed
Actuarial Cost Method: Entry age normal
Liability amortization period: varies between 15 and 30 years by participating employer. Closed amortization is required for all periods in excess of 15 years and open amortization is used for periods of 15 years or less.

Web Site: http://www.molagers.org/

Chart 2: Funded Ratio

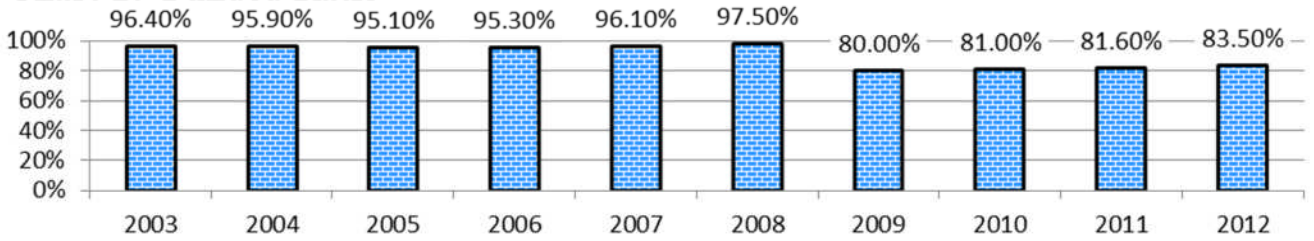


Chart 3: Actuarial Assets and Liabilities (millions)

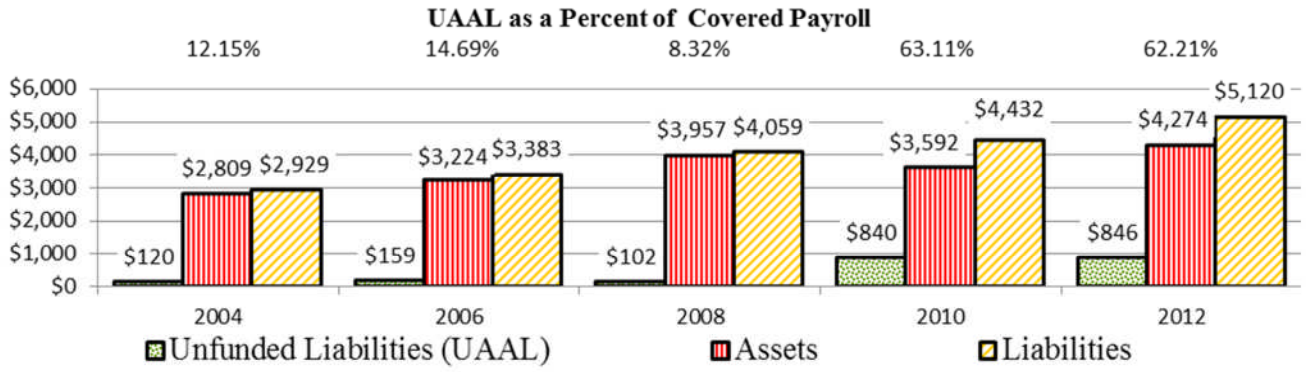
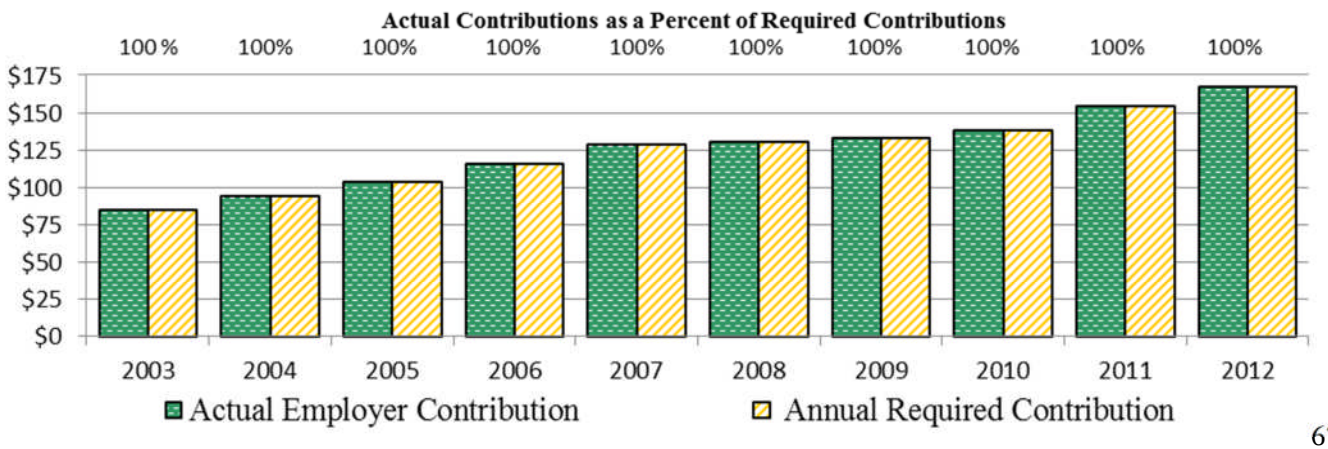


Chart 4: Employer Contributions - Required and Actual (millions)

Required Contributions as a Percent of Covered Payroll
Varies for each participating employer.



LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
Plan Year Ended June 30, 2012

Chart 5: Actual Employee Contributions (millions)

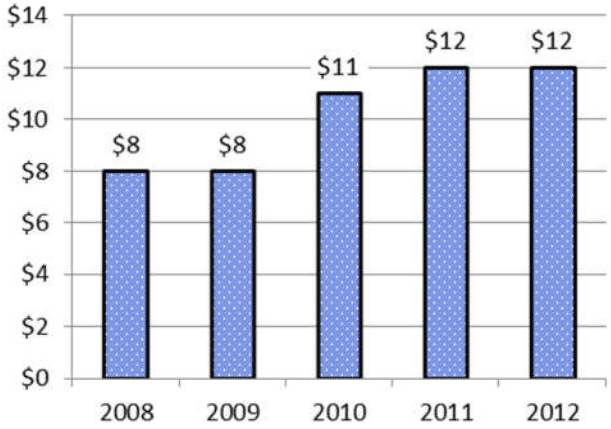


Chart 6: Asset Allocation - Market Basis (millions)

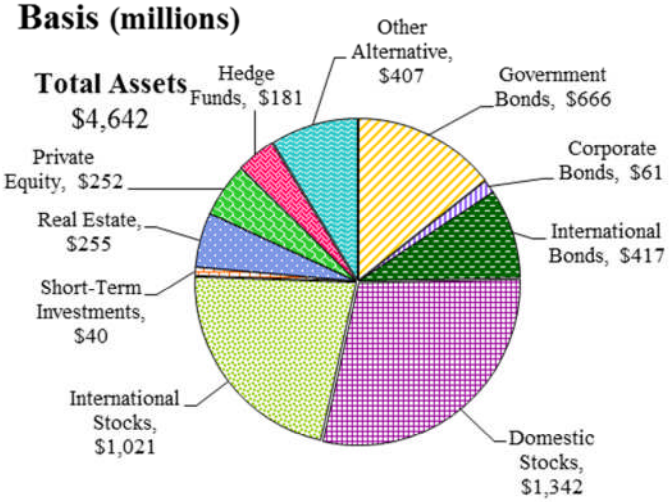


Chart 7: Investment Return - Actual, Smoothed, and Assumed

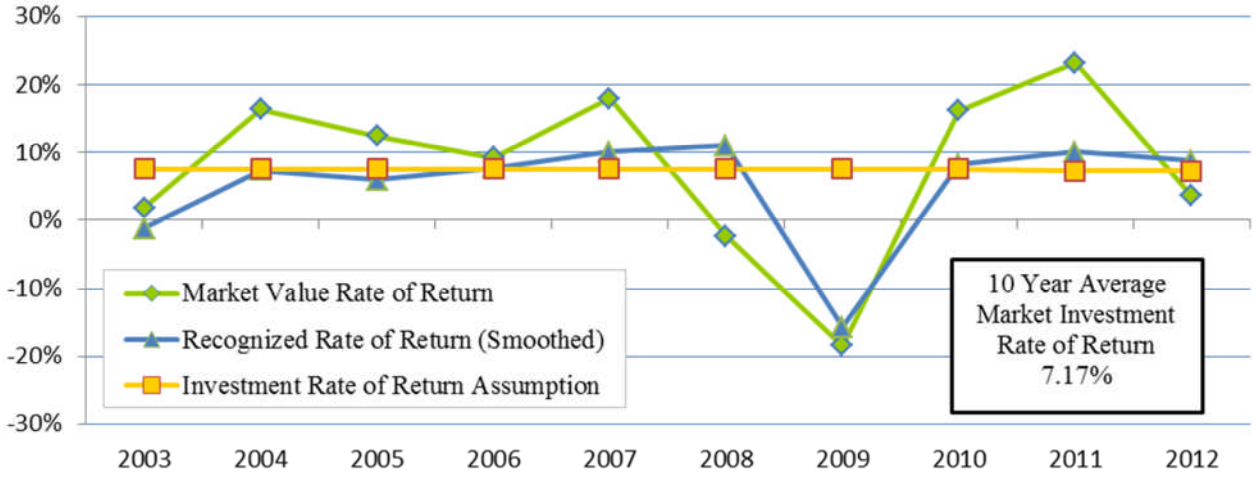


Chart 8: Actuarial Investment Rate of Return Assumptions

* The plan calculates assumed real rate of return using assumed wage inflation (price inflation plus other wage increases) while other plans generally use price inflation only in their calculation.

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
Plan Year Ended June 30, 2012

Chart 9: Benefit and Employee Contribution Summary[1]			
Name of Tier or Group	**General**	**Police**	**Fire**
Full Vesting: Years of Service	5	5	5
Normal Retirement Option 1	Age 60	Age 55	Age 55
Normal Retirement Option 2	Employer may elect "Rule of 80" for ALL employees where age plus credited service is greater than or equal to 80	Employer may elect "Rule of 80" for ALL employees where age plus credited service is greater than or equal to 80	Employer may elect "Rule of 80" for ALL Employees where age plus credited service is greater than or equal to 80
Basic Annual Benefit Formula including temporary benefit	See below	See below	See below
Guaranteed COLA	No	No	No
Required Member Contributions	4% of payroll if employer elects contributory method	4% of payroll if employer elects contributory method	4% of payroll if employer elects contributory method
Optional Member Contributions	Not available	Not available	Not available

[1] The benefit and contributions summary above does not include all provisions applicable to the plan. See the plan's web site for additional details.

Basic Annual Benefit Formula:
The Local Government Employees' Retirement System (LAGERS) is an agent-multiple employer retirement system and each individual employer selects one of the following benefit formulas, established by Section 70.655, RSMo, for the employer's entire workforce:

- L-1 (1.0% for life)
- L-3 (1.25% for life)
- LT-4(65) (1.0% for life, 1.0% to age 65)
- LT-5(65) (1.25% for life, 0.75% to age 65)
- L-6 (2.0% for life)
- L-7 (1.5% for life)
- LT-8(65) (1.5% for life, 0.5% to age 65)
- L-12 (1.75% for life); LT-14(65) (1.75% for life, 0.25% to age 65)
- L-11 (2.5% for life – non-OASDI coverage only).

All LT programs denoted LT(62) extend temporary benefits to age 62, rather than age 65.

LAGERS consists of 622 different employers with 1,007 unique contribution rates. Each of the employer and primary departments have their own funded ratio and amortization schedules with unique employer contribution rates. The statistics provided above represent aggregate numbers of the system.

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

As part of a periodic review in 2011, LAGERS changed the system's investment return assumption to 7.25% (from 7.5%). The components of the assumption are 3.5% inflation, 3.75% assumed real rate of return.

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
Plan Year Ended June 30, 2012

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

LAGERS uses a 5-year smoothing technique for valuing assets and the recent recession of 2007-2009 impacted valuation assets.

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

The numbers presented above are the aggregate amounts for the 620+ employers participating in LAGERS. The increase in contribution rates is related to the lower asset valuation due to the recent recession of 2007-2009. The recent 2013 actuarial valuation indicates that rate changes for 2014 are: 359 increases, 77 unchanged and 595 decreases.

MISSOURI DEPARTMENT OF TRANSPORTATION &
HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM
Year Ended June 30, 2012

Chart 1:

General Information

Statutory Authorization: Section 104.020, RSMo
Year Established: 1955
Covered Members: 17,564
Annual Covered Payroll: $341.6 million
Members also covered by Social Security: Yes
Trustees: 6 Members, 5 Non-members

Key Actuarial Assumptions

Investment Rate of Return: 8.25%
Wage Inflation: 3.75%
Asset Valuation Method: 3-year smoothed
Actuarial Cost Method: Entry age normal
Liability amortization period: 20-year, closed

Web Site: http://www.mpers.org/

Chart 2: Funded Ratio

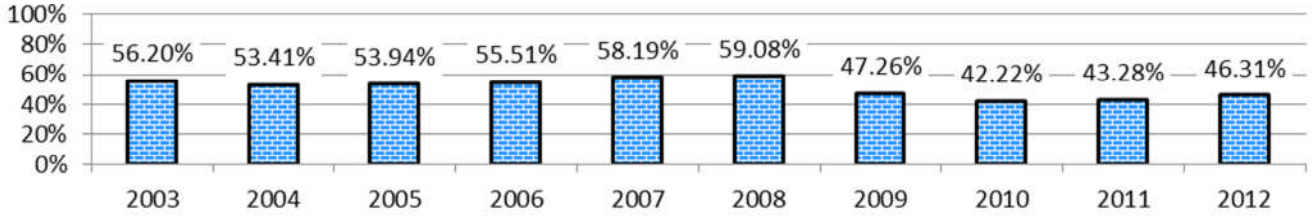


Chart 3: Actuarial Assets and Liabilities (millions)

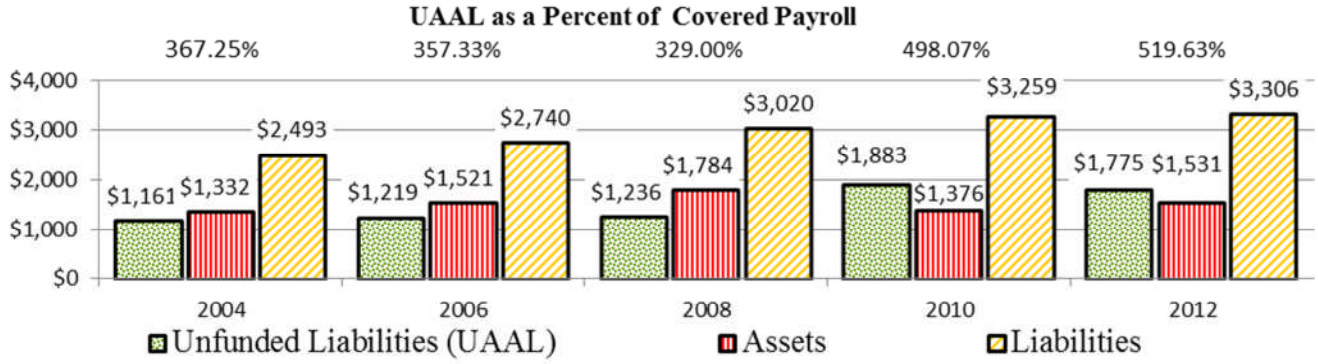
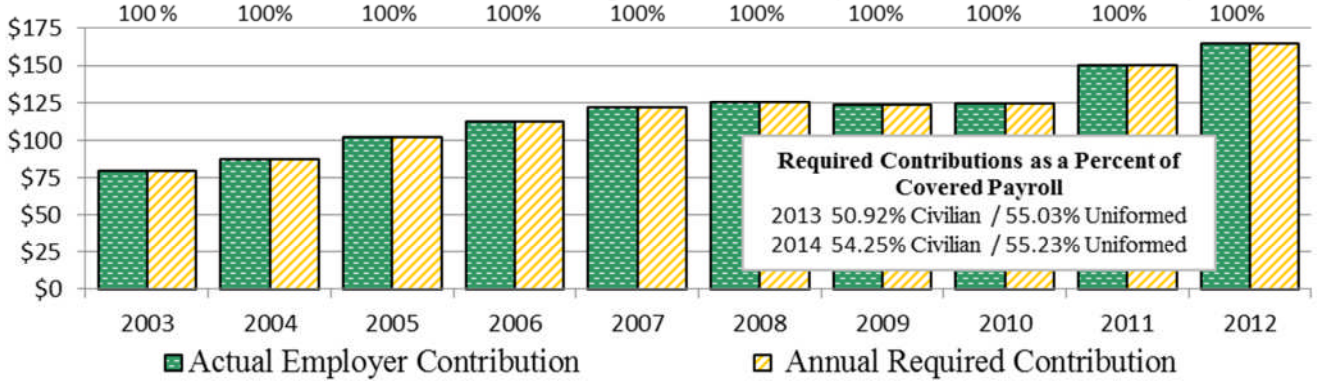


Chart 4: Employer Contributions - Required and Actual (millions)

Required Contributions as a Percent of Covered Payroll

Civilian	23.29%	25.54%	28.28%	30.49%	31.10%	31.04%	30.72%	31.40%	39.46%	45.45%
Uniformed	34.94%	38.40%	43.54%	44.27%	44.28%	42.64%	40.22%	39.95%	49.53%	58.63%

Actual Contributions as a Percent of Required Contributions (combined Civilian and Uniformed)



**MISSOURI DEPARTMENT OF TRANSPORTATION &
HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM
Year Ended June 30, 2012**

Chart 5: Actual Employee Contributions (millions)

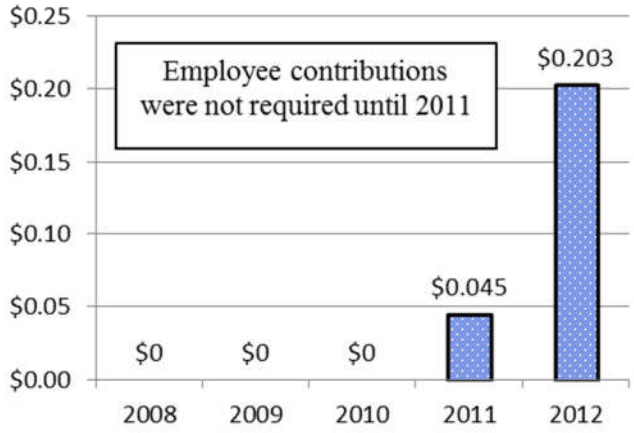


Chart 6: Asset Allocation - Market Basis (millions)

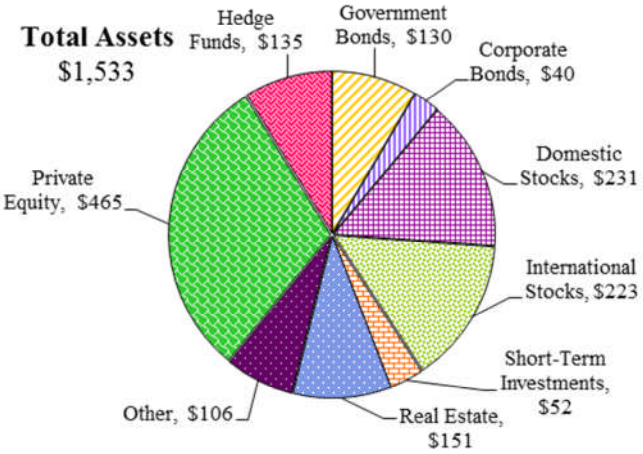


Chart 7: Investment Return - Actual, Smoothed, and Assumed

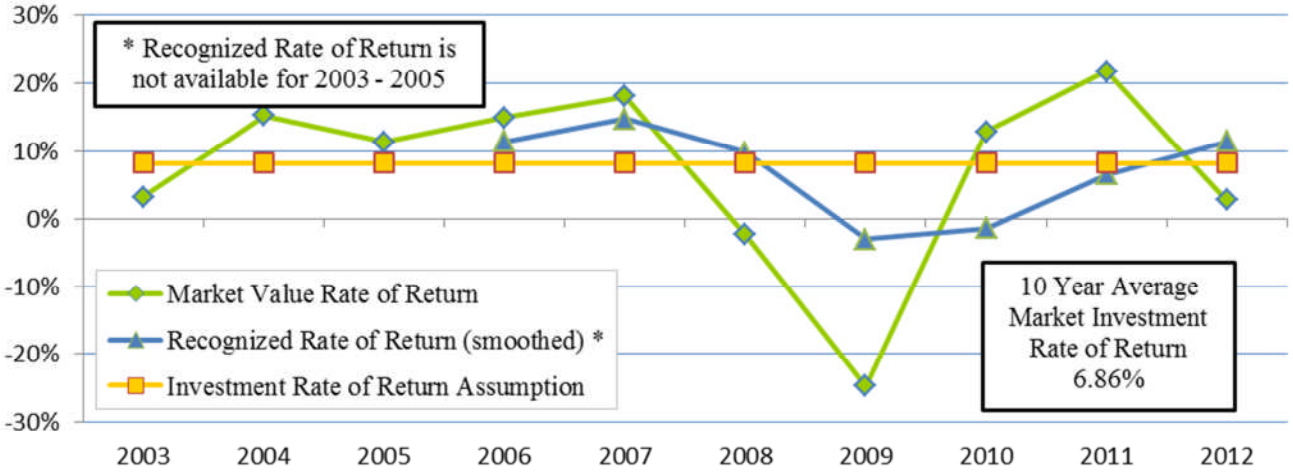
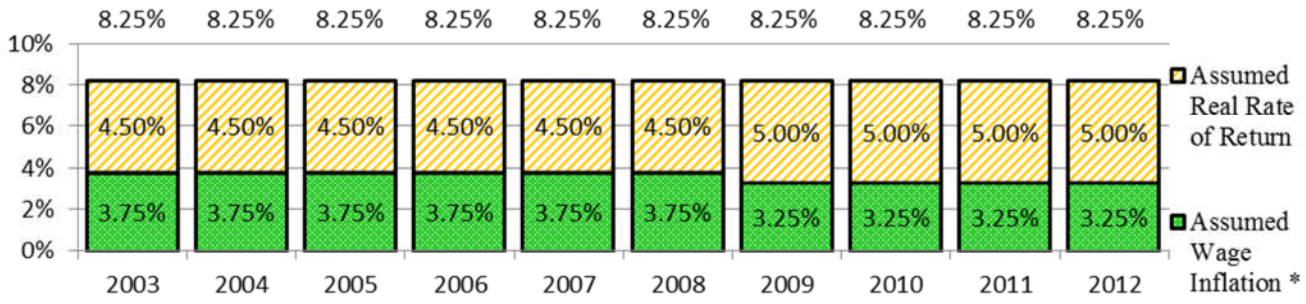


Chart 8: Actuarial Investment Rate of Return Assumptions



* The plan calculates assumed real rate of return using assumed wage inflation (price inflation plus other wage increases) while other plans generally use price inflation only in their calculation.

**MISSOURI DEPARTMENT OF TRANSPORTATION &
HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM
Year Ended June 30, 2012**

Chart 9: Benefit and Employee Contribution Summary[1]			
Name of Tier or Group	**Closed Plan[2]**	**Year 2000 Plan**	**2011 Tier**
Employees eligible	Hired before July 1, 2000	First hired before January 1, 2011	Hired on or after January 1, 2011
Full Vesting: Years of Service	5	5	10
Normal Retirement Option 1	Age 65[3] and active employee with 4 years of service	Age 62 with 5 years of service	Age 67 with 10 years of service
Normal Retirement Option 2	Age 65[3] with 5 years of service	Not applicable	Not applicable
Normal Retirement Option 3	Age 60 with 15 years of service[4]	Not applicable	Not applicable
Normal Retirement Option 4	Rule of 80 – at least age 48 with age and service equaling 80 or more	Rule of 80 – at least age 48 with age and service equaling 80 or more	Rule of 90 – at least age 55 with age and service equaling 90 or more.
Basic Annual Benefit Formula including temporary benefit	0.016 x Final Average Pay x Service[5]	0.017 x Final Average Pay x Service plus a temporary benefit of 0.008% of Final Average Pay x Service	.017 x Final Average Pay x Service plus a temporary benefit of 0.008% of Final Average Pay x Service
Guaranteed COLA	Yes, subject to maximums	Yes, subject to maximums	Yes, subject to maximums
Required Member Contributions	None	None	4% of payroll
Optional Member Contributions	Not available	Not available	Not available

[1] The benefit and contributions summary above does not include all provisions applicable to the plan. See the plan's web site for additional details.
[2] Uniformed members of the Highway Patrol have a mandatory retirement age of 60.
[3] Age 55 for uniformed members of the Highway Patrol
[4] N/A for uniformed members of the Highway Patrol
[5] For uniformed members of the Highway Patrol, the base benefit is calculated by multiplying this amount by 1.333333.

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

Lowered assumed rate of return on investments to 7.75% effective July 1, 2012, for plan year ended June 30, 2013.

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

Market downturns/unfavorable investment returns in 2009 and 2008.

MISSOURI DEPARTMENT OF TRANSPORTATION & HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM
Year Ended June 30, 2012

The Missouri Department of Transportation & Highway Patrol Employees' Retirement System (MPERS) provided an additional response regarding the funded ratio of 46 percent at June 30, 2012. Plan officials indicated the low funded ratio is due to many factors that occurred over a number of years; however, the primary factors include:

- Contribution rates were set by statute until 1976; and as a result, the ARC was not met prior to that date.
- Benefit increases were granted by the legislature without changes to the contribution rates.
- Employee contributions were originally required, but eliminated in 1976 and refunded to employees, with no replacement funds given to MPERS.
- MPERS first hired a dedicated Executive Director in 1988, an investment manager in 1997, and internal investment staff in 2003.

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

Significant decrease in number of active employees and decrease in funded ratio.

MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM - JUDICIAL PLAN
Plan Year Ended June 30, 2012

Chart 1:

General Information

Statutory Authorization: Sections 476.445 to 476.690, RSMo
Year Established: 1951
Covered Members: 927
Annual Covered Payroll: $45.8 million
Members also covered by Social Security: Yes
Trustees: 10 Members, 1 Non-member

Key Actuarial Assumptions

Investment Rate of Return: 8.0%
Wage Inflation: 3.0%
Asset Valuation Method: 5-year smoothed
Actuarial Cost Method: Entry age normal
Liability amortization period: 30-year, open

Web Site: http://www.mosers.org/

Chart 2: Funded Ratio

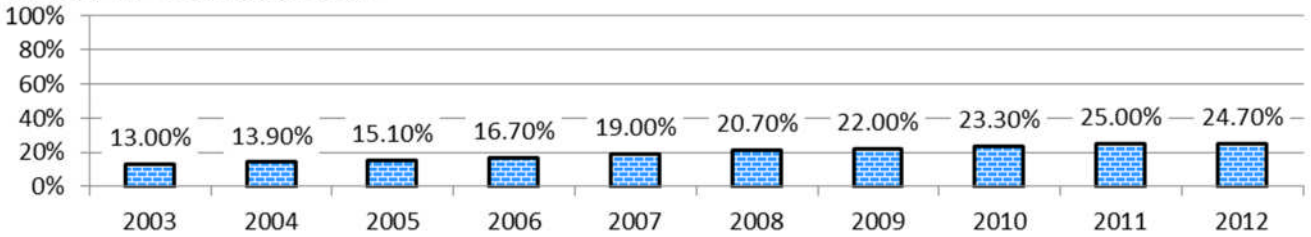


Chart 3: Actuarial Assets and Liabilities (millions)

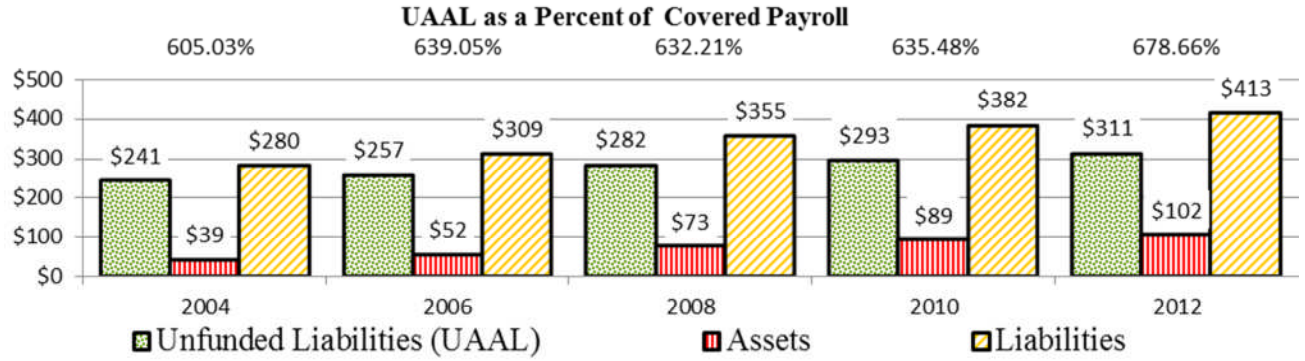
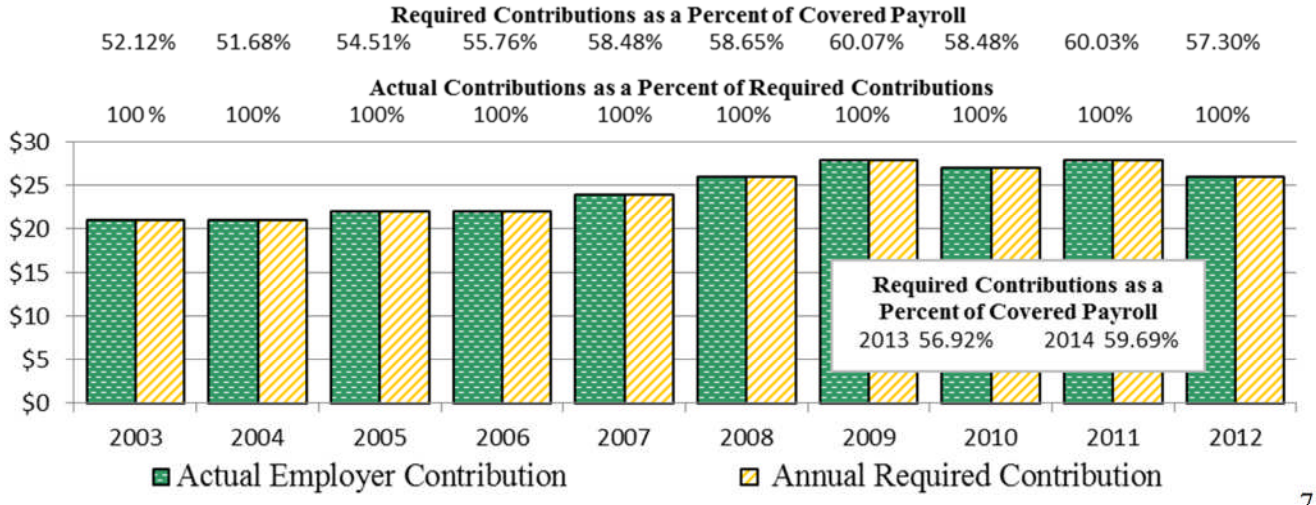


Chart 4: Employer Contributions - Required and Actual (millions)



MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM - JUDICIAL PLAN
Plan Year Ended June 30, 2012

Chart 5: Actual Employee Contributions (millions)

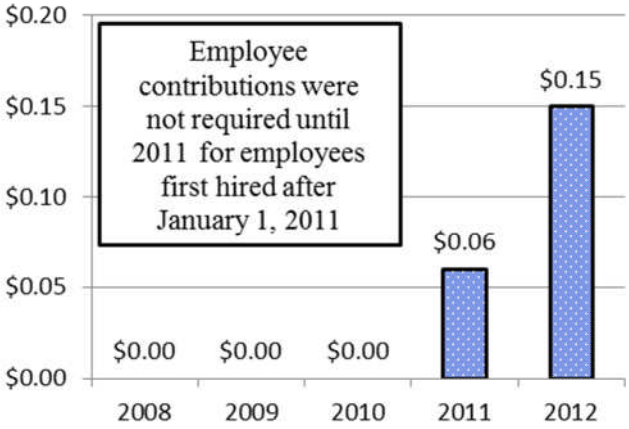


Chart 6: Asset Allocation - Market Basis (millions)

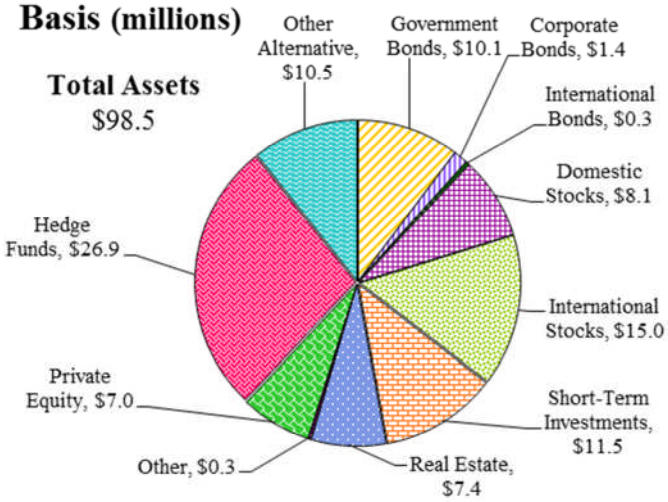


Chart 7: Investment Return - Actual, Smoothed, and Assumed

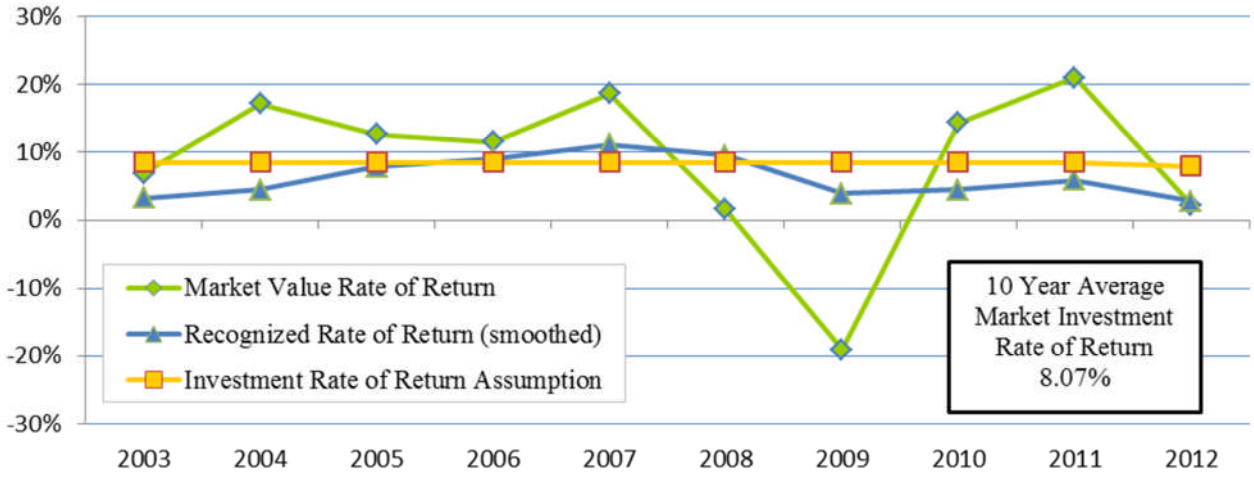
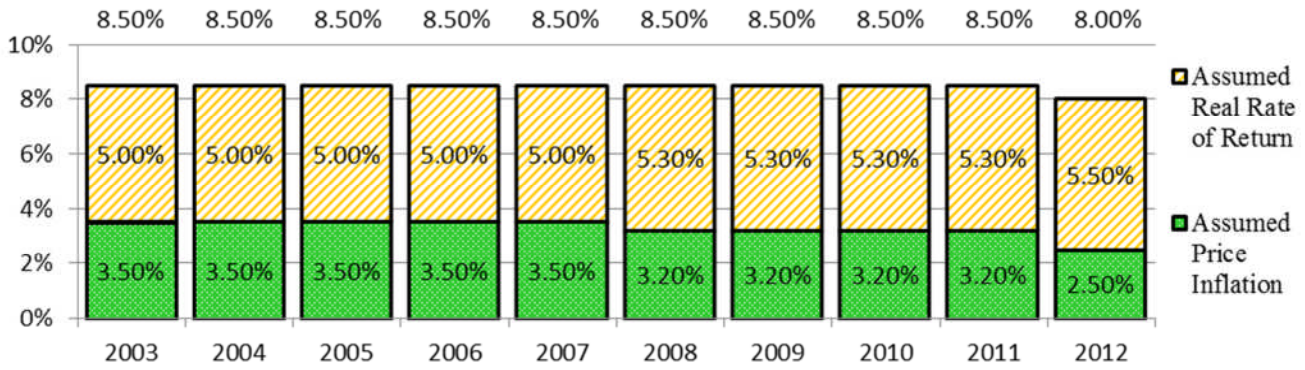


Chart 8: Actuarial Investment Rate of Return Assumptions



MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM - JUDICIAL PLAN
Plan Year Ended June 30, 2012

Chart 9: Benefit and Employee Contribution Summary[1]		
Name of Tier or Group	**Judicial Plan**	**Judicial Plan 2011**
Full Vesting: Years of Service	Automatic on the day the individual becomes a member	Automatic on the day the individual becomes a member
Normal Retirement Option 1	Age 62 with 12 years of service	Age 67 with 12 years of service
Normal Retirement Option 2	Age 60 with 15 years of service	Age 62 with 20 years of service
Normal Retirement Option 3	Age 55 with 20 years of service	Not applicable
Basic Annual Benefit Formula including temporary benefit	Monthly pay x 0.50 = Monthly base benefit	Monthly pay x 0.50 = Monthly base benefit
Guaranteed COLA	Yes, subject to maximums	Yes, subject to maximums
Required Member Contributions	None	4% of payroll
Optional Member Contributions	Not available	Not available

[1] The benefit and contributions summary above does not include all provisions applicable to the plan. See the plan's web site for additional details.

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

Changes in Plan Provisions

Chart 9 includes the changes in plan provisions for benefits and employee contribution summary.

Changes in Investment Policy

During 2012, the Missouri State Employees' Retirement System (MOSERS) board adopted the staff recommendations of beta balancing 80% of the total fund, with 20% of the total fund to be invested in illiquid assets. Five broad asset classes (global equities, nominal bonds, inflation indexed bonds, commodities and hedge fund betas) will be targeted for beta balancing. The beta balanced portfolio will have a leveraged notional exposure limit of 1.25 times beta balanced capital and a cash buffer target of 25% of synthetic exposure. The illiquid portfolio will consist of two broad categories – growth sensitive investments and inflation sensitive investments, targeted at 10% each with benchmarks. A transition period from the current policy benchmark to the new policy benchmark was also approved.

Changes in Actuarial Assumptions

In September 2009, the MOSERS board adopted a temporary change to increase the upper limit on the amount by which the actuarial value of assets could exceed the market value of assets (the corridor) from 20% to 30%, with the FY 2011 corridor being 30%; the FY 2012 corridor being 25%; and the FY 2013 corridor reverting to 20%.

MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM - JUDICIAL PLAN
Plan Year Ended June 30, 2012

In June 2012, the MOSERS board approved the changes to the demographic assumptions recommended in the 4-year experience study (July 1, 2007 through June 30, 2011). The demographic assumption categories include pay increase rates, normal retirement experience, early retirement experience, rates of withdrawal, disability rates, death-in-service mortality rates, and retired life mortality. For additional information on the most recent experience study and the impact of the demographic assumptions, see the plan's web site.

In July 2012, the MOSERS board adopted revised economic actuarial assumptions, see Chart 8.

In June 2013, the MOSERS board replaced the existing policy and board rules on sound actuarial condition with a formal funding policy. In addition, the board adopted changes to existing policies in the following two areas:

a). Amortization Policy: The amortization change will go from the use of a rolling 30-year period for amortization of the unfunded liability to a period that is decremented by 1 year annually until reaching 1 year. However, the board shall reexamine the amortization period in connection with the 2030 actuarial valuation to determine whether or not it should be reduced below 15 years.

b). Asset Smoothing Policy: The asset smoothing change will combine all deferred gains and losses with the current year's gains and recognize one-third of that total in the current year and defer two-thirds of it to the future. In the following year, the gain or loss for that year will be combined with the amount deferred the previous year and, in like fashion, one-third of it will be recognized that year with two-thirds of it deferred to the future, and so on.

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

The Judicial Retirement Plan funded ratio is 24.7 percent at June 30, 2012, because the plan operated on a pay-as-you-go basis through June 30, 1998. As a result, the contribution to finance retirement benefits prior to that date was exactly equal to the benefits being paid out with no assets being accumulated to fund future benefit payments. Accordingly, the funded ratio was zero through June 30, 1998. The actuarial funding program for benefits commenced July 1, 1998, and since that time, the funded ratio has gone from zero to 26% at June 30, 2013. It is anticipated that the funded position will, on a going forward basis, increase 2% to 3% per year.

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

Chart 4 shows the changes in the contribution rate. The employer contribution rate for the last 5 years has changed from 58.48% in FY 2010 to 59.69% in FY 2014, an overall increase of 1.21%. We do not view these fluctuations as significant.

Future Years: We anticipate that as the number of new hires becomes a larger portion of our active member population, the employer contributions will decrease over time, given that the new tier is a lower cost plan as compared to the previous tier for judges.

MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM - MSEP
Plan Year Ended June 30, 2012

Chart 1:

General Information

Statutory Authorization: Section 104.320, RSMo
Year Established: 1957
Covered Members: 106,915
Annual Covered Payroll: $1.864 billion
Members also covered by Social Security: Yes
Trustees: 10 Members, 1 Non-member

Key Actuarial Assumptions

Investment Rate of Return: 8.0%
Wage Inflation: 3.0%
Asset Valuation Method: 5-year smoothed
Actuarial Cost Method: Entry age normal
Liability amortization period: 30-year, open

Web Site: http://www.mosers.org/

Chart 2: Funded Ratio

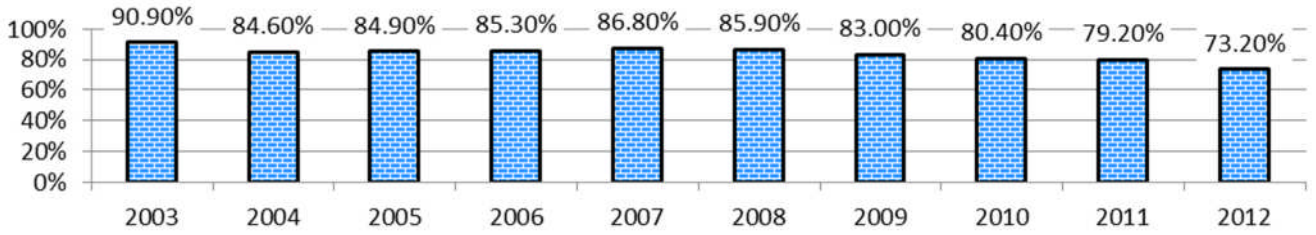


Chart 3: Actuarial Assets and Liabilities (millions)

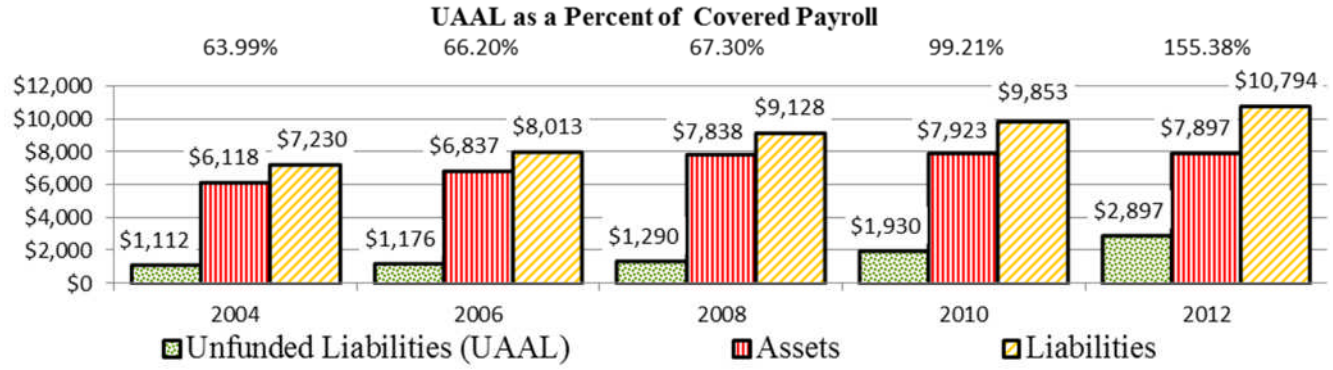
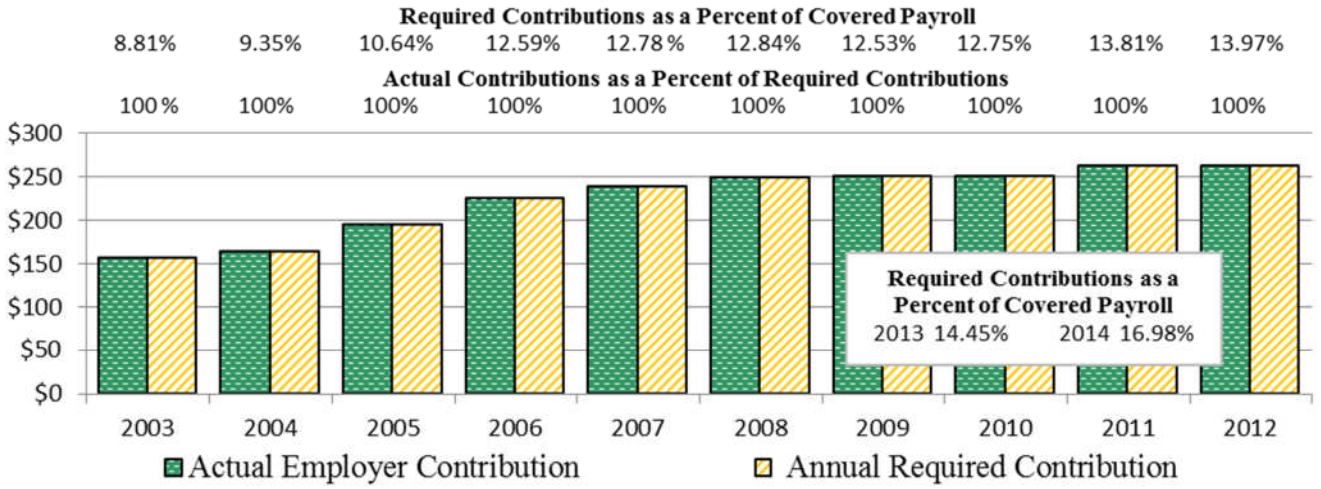


Chart 4: Employer Contributions - Required and Actual (millions)



MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM - MSEP
Plan Year Ended June 30, 2012

Chart 5: Actual Employee Contributions (millions)

Chart 6: Asset Allocation - Market Basis (millions)

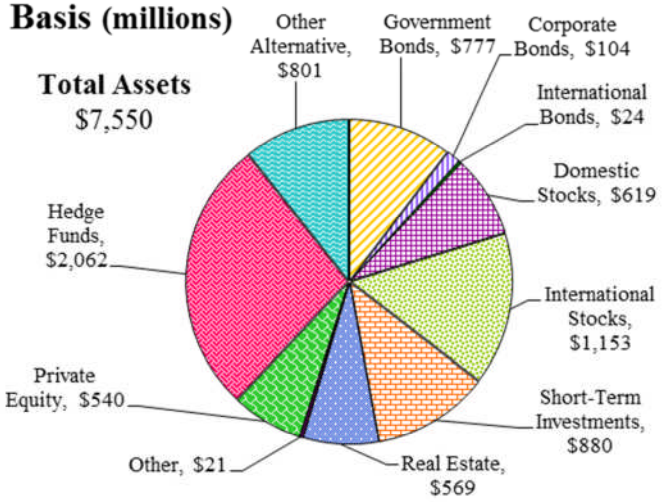


Chart 7: Investment Return - Actual, Smoothed, and Assumed

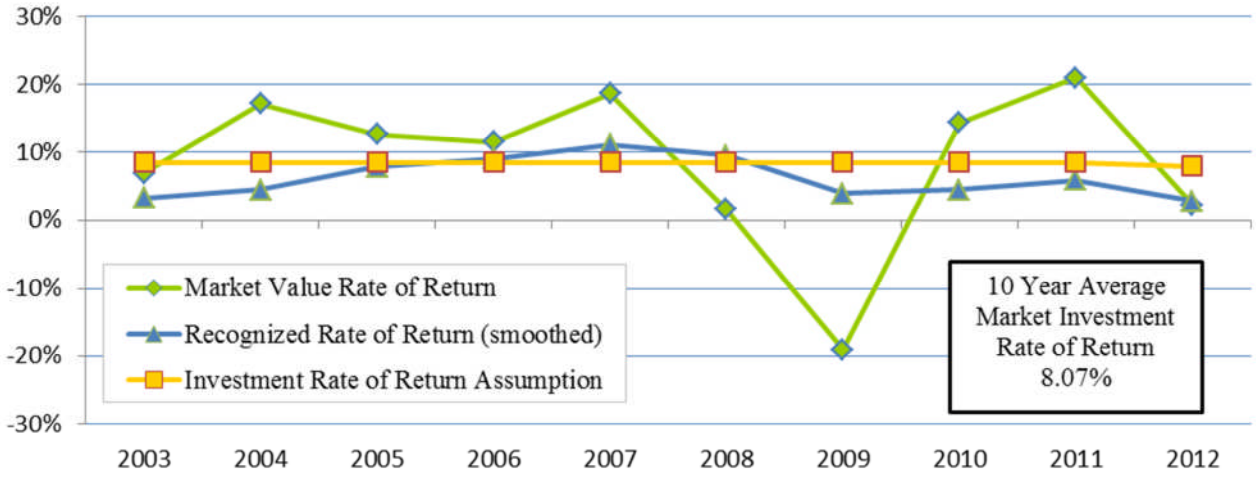


Chart 8: Actuarial Investment Rate of Return Assumptions

MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM - MSEP
Plan Year Ended June 30, 2012

Chart 9: Benefit and Employee Contribution Summary[1]			
Name of Tier or Group	**MSEP**	**MSEP 2000**	**MSEP 2011**
Employees eligible	Hired before July 1, 2000	First hired before January 1, 2011	Hired on or after January 1, 2011
Full Vesting: Years of Service	5	5	10
Normal Retirement Option 1	Age 65 with 5 years of service	Age 62 with 5 years of service	Age 67 with 10 years of service
Normal Retirement Option 2	Age 60 with 15 years of service	Not applicable	Not applicable
Normal Retirement Option 3	Rule of 80 – at least age 48 with age and service equaling 80 or more	Rule of 80 – at least age 48 with age and service equaling 80 or more	Rule of 90 – at least age 55 with age and service equaling 90 or more.
Basic Annual Benefit Formula including temporary benefit	0.016 x Final Average Pay x Service	0.017 x Final Average Pay x Service A temporary benefit of 0.8% of Final Average Pay x Service is payable to age 62 for those retiring under rule of 80.	0.017 x Final Average Pay x Service A temporary benefit of 0.8% of Final Average Pay x Service is payable to age 62 for those retiring under rule of 90.
Guaranteed COLA	Yes, subject to maximums	Yes, subject to maximums	Yes, subject to maximums
Required Member Contributions	None	None	4% of payroll
Optional Member Contributions	Not available	Not available	Not available

[1] The benefit and contributions summary above does not include all provisions applicable to the plan. See the plan's web site for additional details.

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

Changes in Plan Provisions

Chart 9 includes the changes in plan provisions for benefits and employee contribution summary.

Changes in Investment Policy

During 2012, the MOSERS board adopted the staff recommendations of beta balancing 80% of the total fund, with 20% of the total fund to be invested in illiquid assets. Five broad asset classes (global equities, nominal bonds, inflation indexed bonds, commodities and hedge fund betas) will be targeted for beta balancing. The beta balanced portfolio will have a leveraged notional exposure limit of 1.25 times beta balanced capital and a cash buffer target of 25% of synthetic exposure. The illiquid portfolio will consist of two broad categories – growth sensitive investments and inflation sensitive investments, targeted at 10% each with benchmarks. A transition period from the current policy benchmark to the new policy benchmark was also approved.

Changes in Actuarial Assumptions

In September 2009, the MOSERS board adopted a temporary change to increase the upper limit on the amount by which the actuarial value of assets could exceed the market value of assets (the corridor) from 20% to 30%, with the FY 2011 corridor being 30%; the FY 2012 corridor being 25%; and the FY 2013 corridor reverting to 20%.

MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM - MSEP
Plan Year Ended June 30, 2012

In June 2012, the MOSERS board approved the changes to the demographic assumptions recommended in the 4-year experience study (July 1, 2007 through June 30, 2011). The demographic assumption categories include pay increase rates, normal retirement experience, rates of withdrawal, disability rates, death-in-service mortality rates, retired life mortality, and other liability adjustments. For additional information on the most recent experience study and the impact of the demographic assumptions, see the plan's web site.

In July 2012, the MOSERS board adopted revised economic actuarial assumptions, see Chart 8.

In June 2013, the MOSERS board replaced the existing policy and board rules on sound actuarial condition with a formal funding policy. In addition, the board adopted changes to existing policies in the following two areas:

a). Amortization Policy: The amortization change will go from the use of a rolling 30-year period for amortization of the unfunded liability to a period that is decremented by 1 year annually until reaching 1 year. However, the board shall reexamine the amortization period in connection with the 2030 actuarial valuation to determine whether or not it should be reduced below 15 years.

b). Asset Smoothing Policy: The asset smoothing change will combine all deferred gains and losses with the current year's gains and recognize one-third of that total in the current year and defer two-thirds of it to the future. In the following year, the gain or loss for that year will be combined with the amount deferred the previous year and, in like fashion, one-third of it will be recognized that year with two-thirds of it deferred to the future, and so on.

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

The annual net change in the funded ratio is a product of favorable and unfavorable factors. The primary unfavorable factor was the investment losses attributable to the market decline in FY 2009.

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

Chart 4 shows the changes in the contribution rate. The changes in the contribution rate have been products of many factors. A few of the explanations for the variation in the employer contribution rate include the changes in actuarial assumptions (see the response to question number 1), experience losses including the large recognized loss on valuation assets, and change in normal cost as the proportion of active members in the 2011 plan increases.

Future Years: We anticipate that as the number of new hires becomes a larger portion of our active member population, the employer contributions will decrease over time, given that the new tier is a lower cost plan as compared to the MSEP and MSEP 2000 tiers.

PROSECUTING ATTORNEYS' & CIRCUIT ATTORNEYS' RETIREMENT SYSTEM
Year Ended June 30, 2012

Chart 1:

General Information

Statutory Authorization: Section 56.800, RSMo
Year Established: 1989
Covered Members: 198
Annual Covered Payroll: $8.5 million
Members also covered by Social Security: Yes
Trustees: 5 Members

Key Actuarial Assumptions

Investment Rate of Return: 7.25%
Wage Inflation: 4.0%
Asset Valuation Method: 5-year smoothed
Actuarial Cost Method: Entry age normal
Liability amortization period: 20-year level dollar, open

Telephone: (573) 556-7985

Chart 2: Funded Ratio

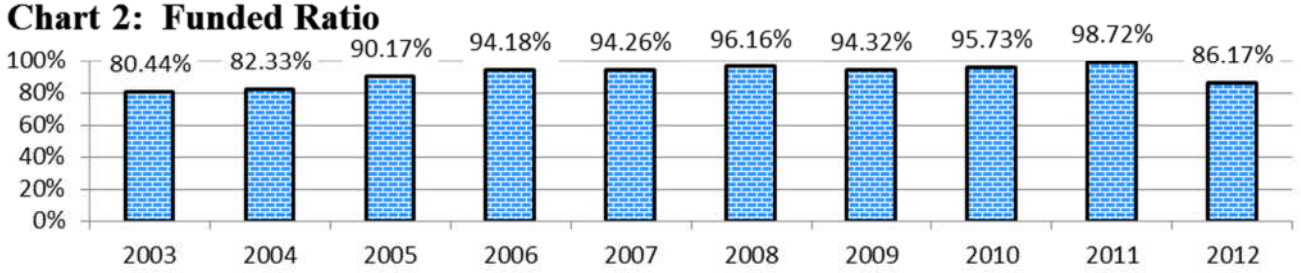


Chart 3: Actuarial Assets and Liabilities (millions)

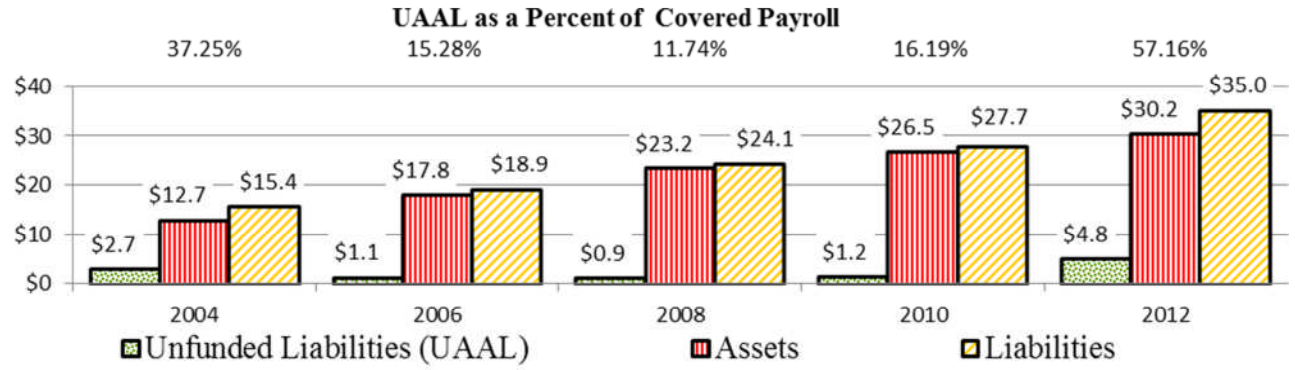
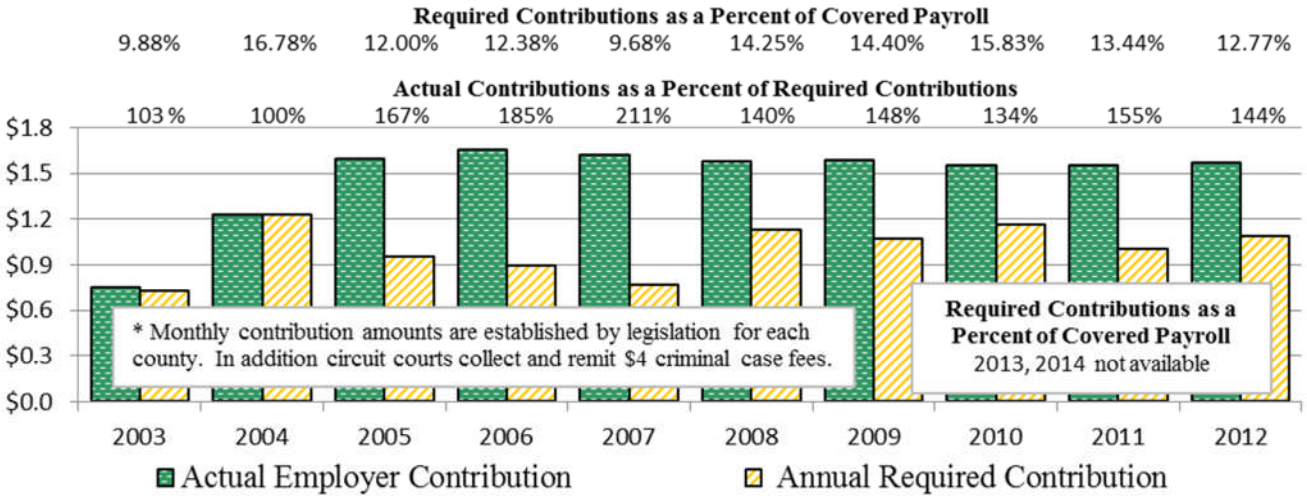


Chart 4: Employer Contributions * - Required and Actual (millions)



PROSECUTING ATTORNEYS' & CIRCUIT ATTORNEYS' RETIREMENT SYSTEM
Year Ended June 30, 2012

Chart 5: Actual Employee Contributions

The plan's funding policy does not require employee contributions

Chart 6: Asset Allocation - Market Basis (millions)

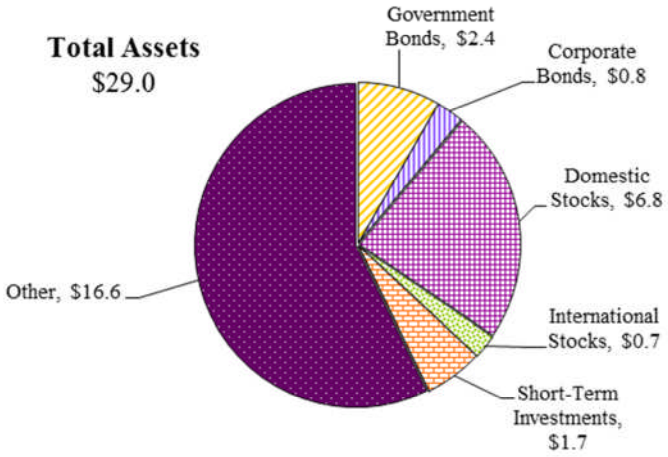


Chart 7: Investment Return - Actual, Smoothed, and Assumed

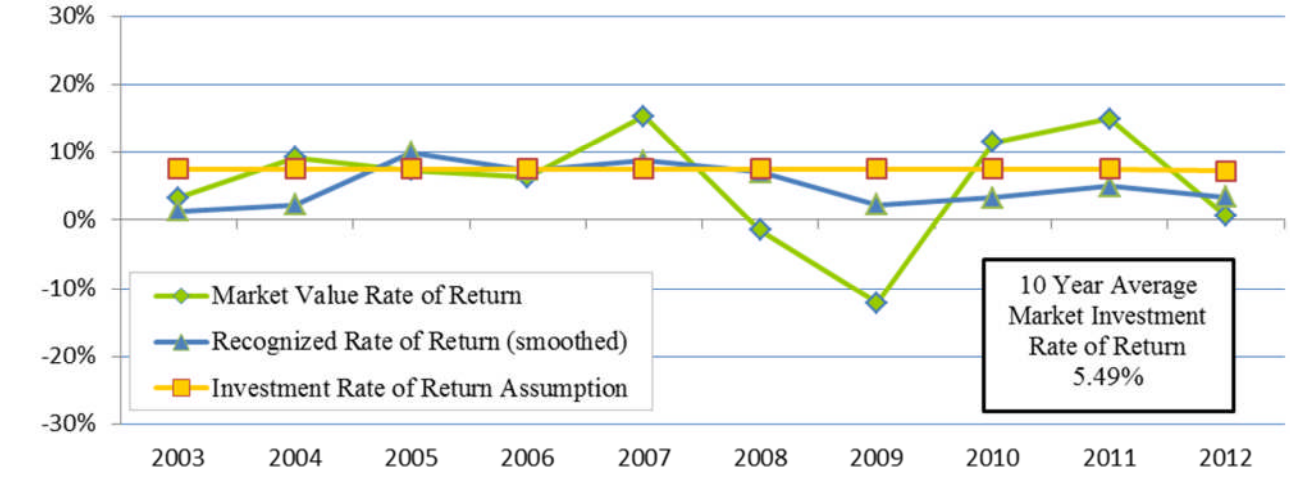
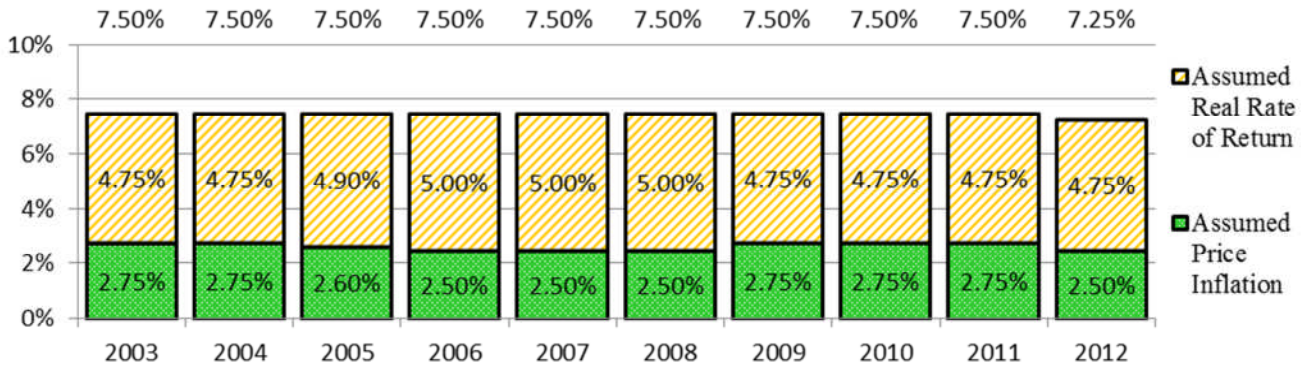


Chart 8: Actuarial Investment Rate of Return Assumptions



PROSECUTING ATTORNEYS' & CIRCUIT ATTORNEYS' RETIREMENT SYSTEM
Year Ended June 30, 2012

Chart 9: Benefit and Employee Contribution Summary[1]		
Name of Tier or Group	**Class 1 and 2 (Full time participants who serve a county that contributes at the 1st or 2nd Class county rate)**	**Class 3 and 4 (Participants who serve a county that contributes at the 3rd or 4th Class county rate)**
Full Vesting: Years of Service	12	12
Normal Retirement	Age 62 with 12 years of service	Age 62 with 12 years of service
Basic Annual Benefit Formula including temporary benefit	50% of Final Average Compensation, based on the Highest 2 Consecutive Years of Compensation	Less than 20 Years of Service: $1,260 x Credited Service divided by 2 Greater than or equal to 20 Years of Service: $1,560 x Credited Service divided by 2
Guaranteed COLA	None	None
Required Member Contributions	None	None
Optional Member Contributions	Not available	Not available

[1] The benefit and contributions summary above does not include all provisions applicable to the plan. Contact the plan for additional details.

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

The plan implemented the following actuarial assumption changes between July 1, 2008 and July 1, 2012: Effective July 1, 2012, in order to better reflect future plan experience, the investment return assumption was changed from 7.5% to 7.25%, and the mortality assumption was changed from the RP 2000 Mortality Table, male and female rates, to the RP 2000 Mortality Table, male and female rates, projected generationally using Scale AA.

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

The significant decrease from 2011 to 2012 is due to:

1. A change to more conservative assumptions (see response to Item 1 above) and,
2. Investment return for year ended June 30, 2012 less favorable than assumed.

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

Contributions are not related to payroll. Contributions are from two primary sources:

1. A fixed dollar monthly contribution paid by the individual counties as set forth in statute.
2. A $4 per court case surcharge (except for cases sent to the Fine Collection Center)

PUBLIC EDUCATION EMPLOYEES' RETIREMENT SYSTEM
Year Ended June 30, 2012

Chart 1:

General Information

Statutory Authorization: Section 169.610, RSMo
Year Established: 1965
Covered Members: 99,359
Annual Covered Payroll: $1.437 billion
Members also covered by Social Security: Yes
Trustees: 5 Members, 2 Non-members

Key Actuarial Assumptions

Investment Rate of Return: 8.0%
Wage Inflation: 3.75%
Asset Valuation Method: 5-year smoothed
Actuarial Cost Method: Entry age normal
Liability amortization period: 30-year, closed

Web Site: http://www.psrs-peers.org/

Chart 2: Funded Ratio

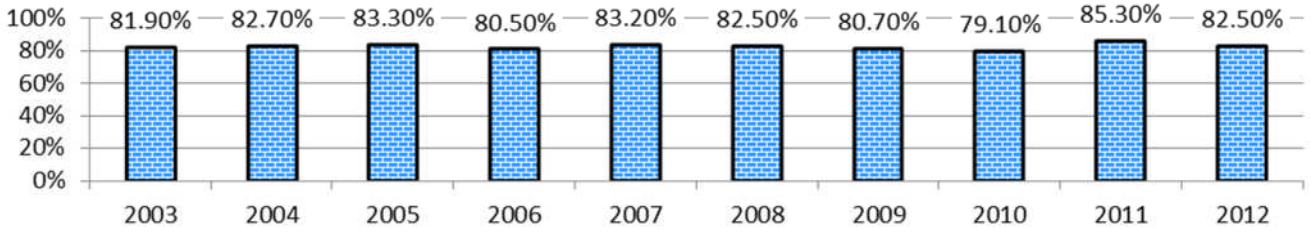


Chart 3: Actuarial Assets and Liabilities (millions)

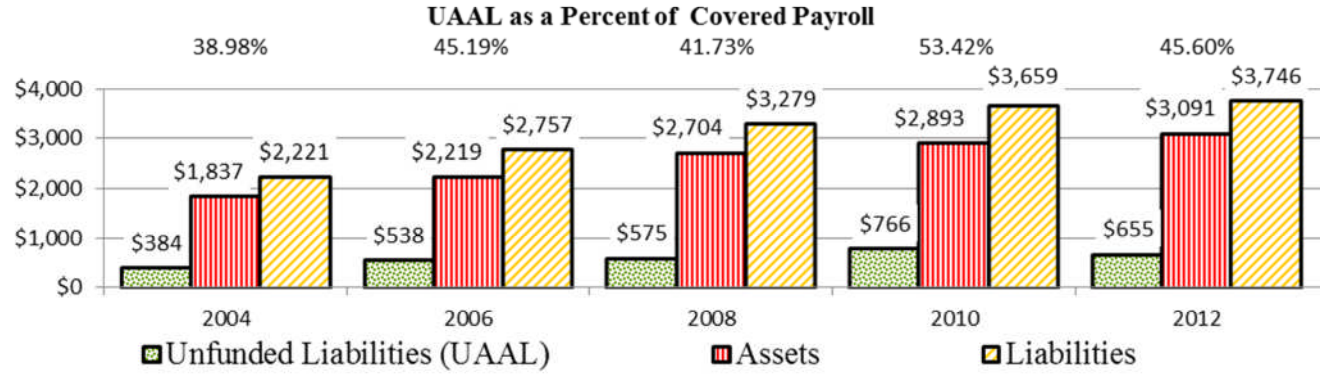
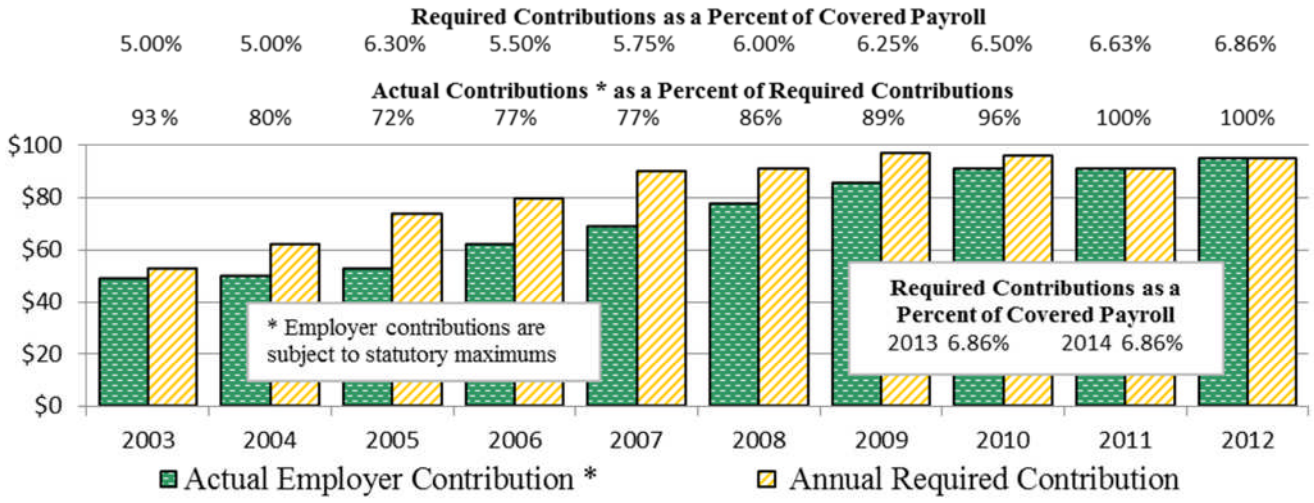


Chart 4: Employer Contributions - Required and Actual * (millions)



PUBLIC EDUCATION EMPLOYEES' RETIREMENT SYSTEM
Year Ended June 30, 2012

Chart 5: Actual Employee Contributions (millions)

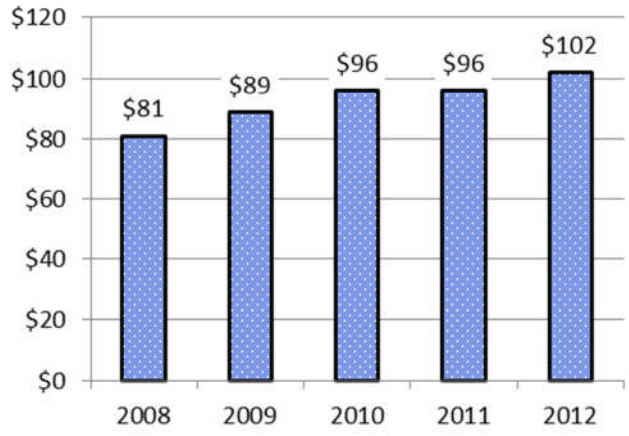


Chart 6: Asset Allocation - Market Basis (millions)

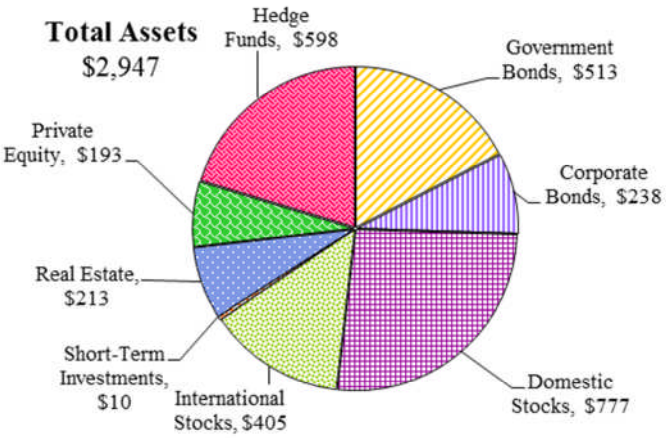


Chart 7: Investment Return - Actual, Smoothed, and Assumed

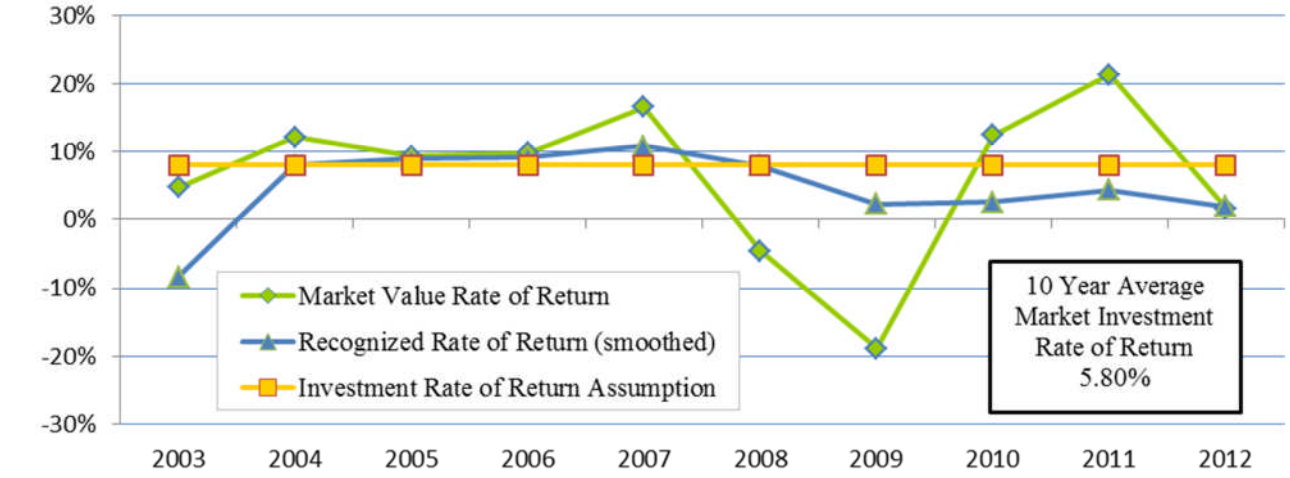
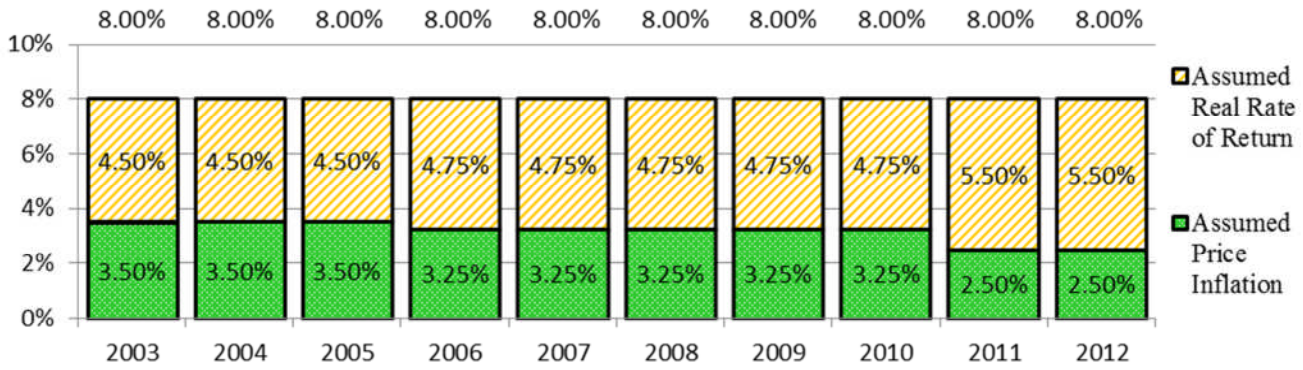


Chart 8: Actuarial Investment Rate of Return Assumptions



PUBLIC EDUCATION EMPLOYEES' RETIREMENT SYSTEM
Year Ended June 30, 2012

Chart 9: Benefit and Employee Contribution Summary[1]	
Full Vesting: Years of Service	5
Normal Retirement Option 1	Age 60 with 5 years of service
Normal Retirement Option 2	Any age with 30 years of service
Normal Retirement Option 3	Rule of 80 where age plus credited service is greater than or equal to 80
Basic Annual Benefit Formula including temporary benefit	1.61% x Final Average Salary x Years of Service A temporary benefit of 0.8% of Final Average Salary x Service is payable until reaching minimum eligibility age for Social Security
Guaranteed COLA	Yes, subject to maximums
Required Member Contributions	6.86% of payroll
Optional Member Contributions	Not available

[1] The benefit and contributions summary above does not include all provisions applicable to the plan. See the plan's web site for additional details.

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

COLAs have been capped at 2.0% where allowable by statute, employee and employer contributions have been increased where allowable per statute and in 2013 and 2014 we have overfunded the ARC.

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

No significant fluctuations are noted. Smaller fluctuations were due to updated actuarial assumptions, increased contribution rates, and capped COLAs. Larger fluctuations were due to the performance of the investment markets in 2008 and 2009.

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

Rates increased in 2010 by 0.25%, in 2011 by 0.13% and in 2012 by 0.23% for both the employer and the member. Rates are not expected to increase in the future.

PUBLIC SCHOOL RETIREMENT SYSTEM
Year Ended June 30, 2012

Chart 1:

General Information

Statutory Authorization: Section 169.010, RSMo
Year Established: 1946
Covered Members: 142,466
Annual Covered Payroll: $4.379 billion
Members also covered by Social Security: No
Trustees: 5 Members, 2 Non-members

Key Actuarial Assumptions

Investment Rate of Return: 8.0%
Wage Inflation: 3.5%
Asset Valuation Method: 5-year smoothed
Actuarial Cost Method: Entry age normal
Liability amortization period: 30-year, closed

Web Site: http://www.psrs-peers.org/

Chart 2: Funded Ratio

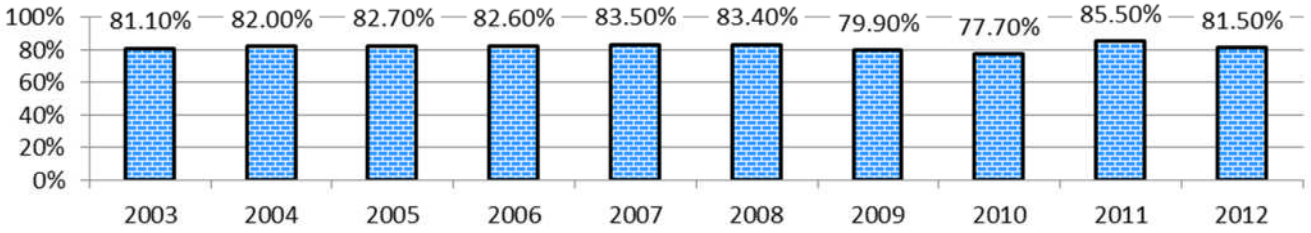


Chart 3: Actuarial Assets and Liabilities (millions)

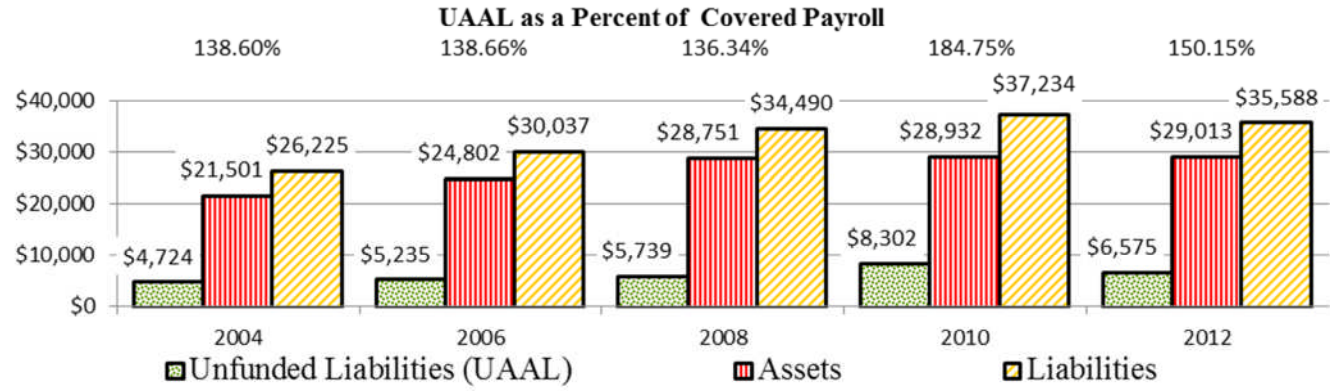
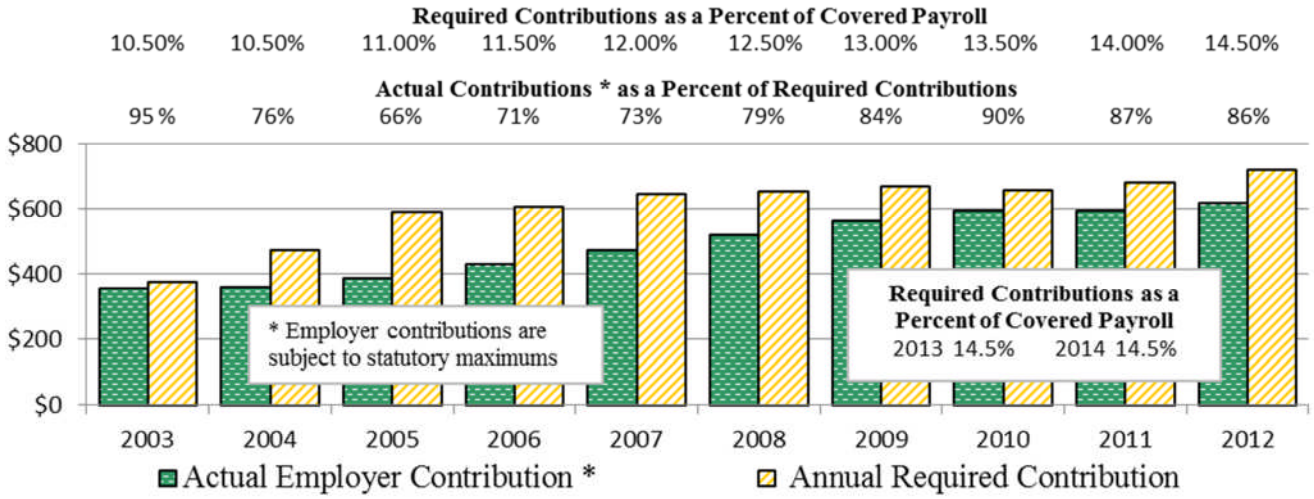


Chart 4: Employer Contributions - Required and Actual * (millions)



PUBLIC SCHOOL RETIREMENT SYSTEM
Year Ended June 30, 2012

Chart 5: Actual Employee Contributions (millions)

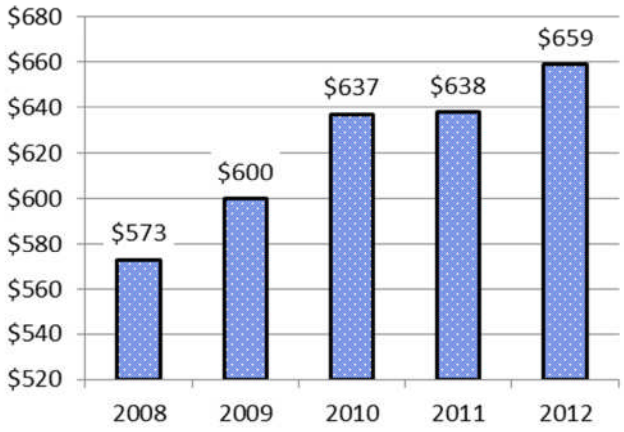


Chart 6: Asset Allocation - Market Basis (millions)

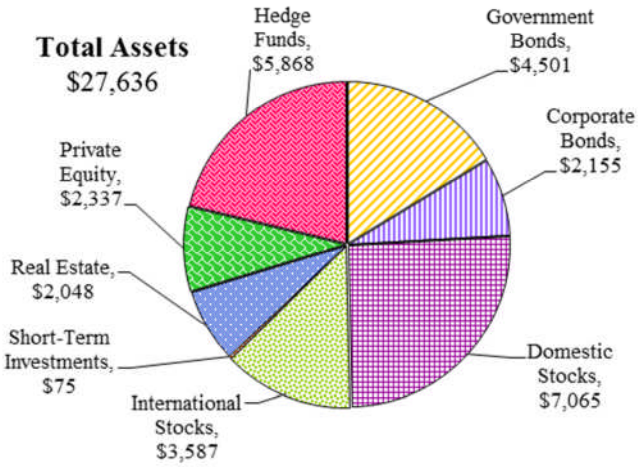


Chart 7: Investment Return - Actual, Smoothed, and Assumed

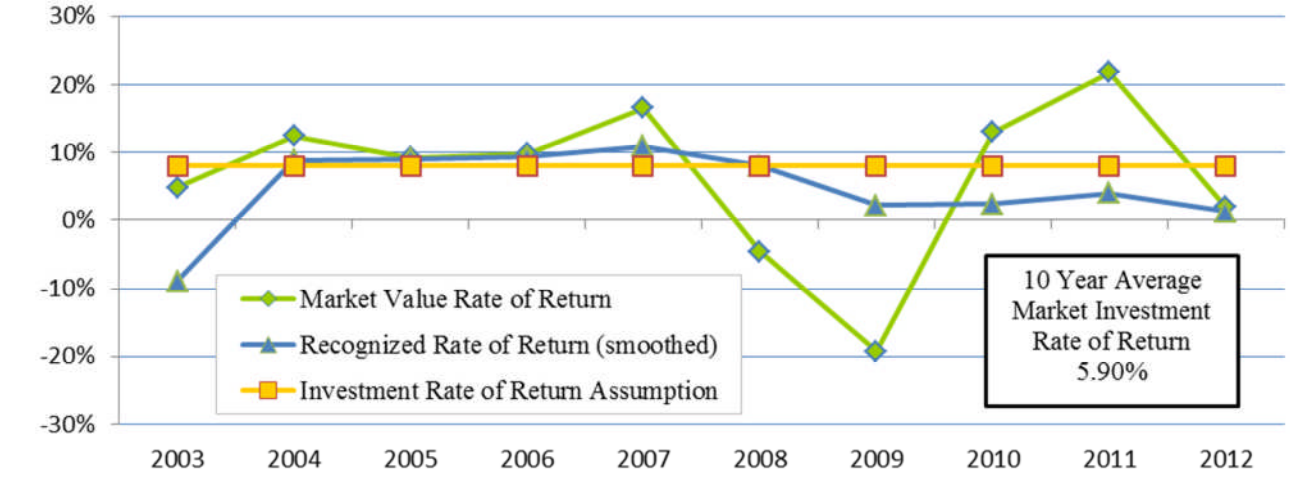
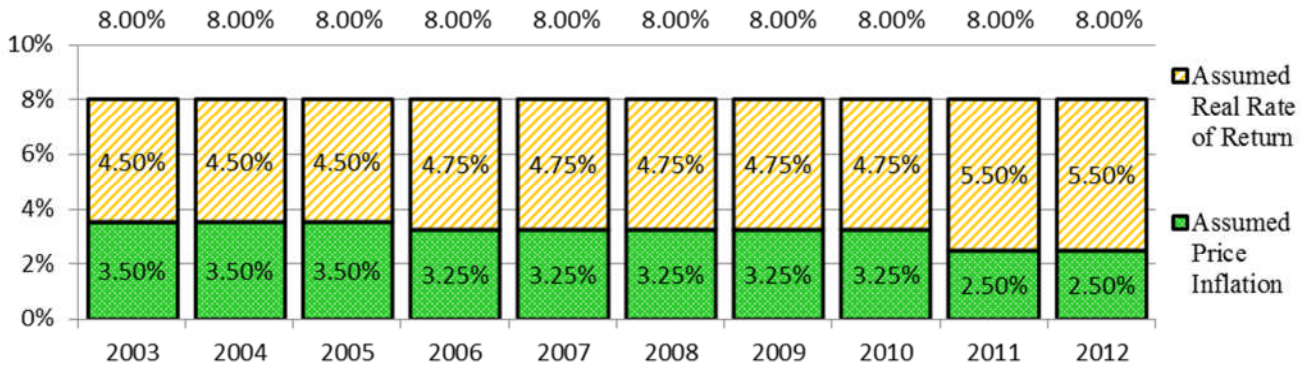


Chart 8: Actuarial Investment Rate of Return Assumptions



PUBLIC SCHOOL RETIREMENT SYSTEM
Year Ended June 30, 2012

Chart 9: Benefit and Employee Contribution Summary[1]	
Full Vesting: Years of Service	5
Normal Retirement Option 1	Age 60 with 5 years of service
Normal Retirement Option 2	Any age with 30 years of service
Normal Retirement Option 3	Rule of 80 where age plus credited service is greater than or equal to 80
Basic Annual Benefit Formula including temporary benefit	Between 2.5% and 2.55% x Final Average Salary x Years of Service
Guaranteed COLA	Yes, subject to maximums
Required Member Contributions	14.5% of payroll if the member is not also contributing to the Social Security Administration 9.67 of payroll if the member is contributing to the Social Security Administration
Optional Member Contributions	Not available

[1] The benefit and contributions summary above does not include all provisions applicable to the plan. See the plan's web site for additional details.

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

COLAs have been capped at 2.0% where allowable by statute, employee and employer contributions have been increased where allowable per statute and in 2013 and 2014 we have overfunded the ARC.

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

No significant fluctuations are noted. Smaller fluctuations were due to updated actuarial assumptions, increased contribution rates, and capped COLAs. Larger fluctuations were due to the performance of the investment markets in 2008 and 2009.

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

The rates increased by 0.5% in 2010, 2011, and 2012. Rates are not expected to increase in the future.

SHERIFF'S RETIREMENT SYSTEM
Year Ended December 31, 2012

Chart 1:

General Information

Statutory Authorization: Section 57.949, RSMo
Year Established: 1983
Covered Members: 302
Annual Covered Payroll: $5.9 million
Members also covered by Social Security: Yes
Trustees: 5 Members

Key Actuarial Assumptions

Investment Rate of Return: 7.5%
Wage Inflation: 1.5%
Asset Valuation Method: 5-year smoothed
Actuarial Cost Method: Entry age normal
Liability amortization period: 30-year, open

Telephone: (573) 634-3858

Chart 2: Funded Ratio

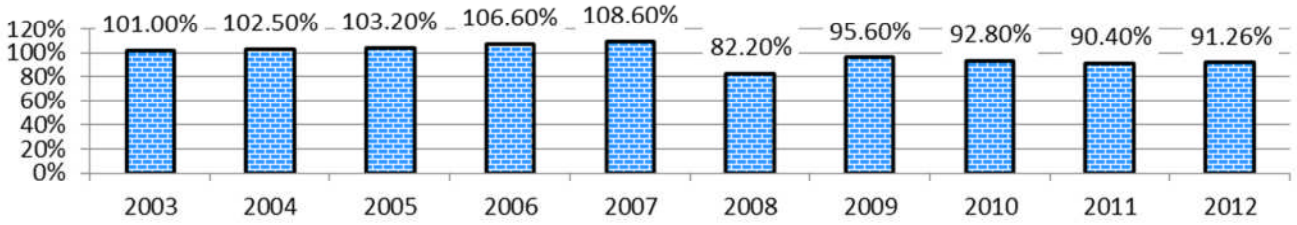


Chart 3: Actuarial Assets and Liabilities (millions)

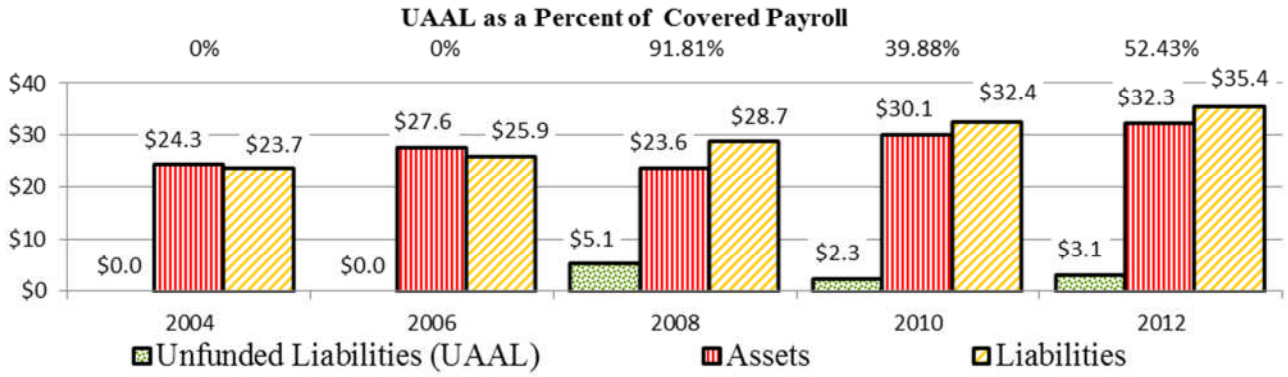
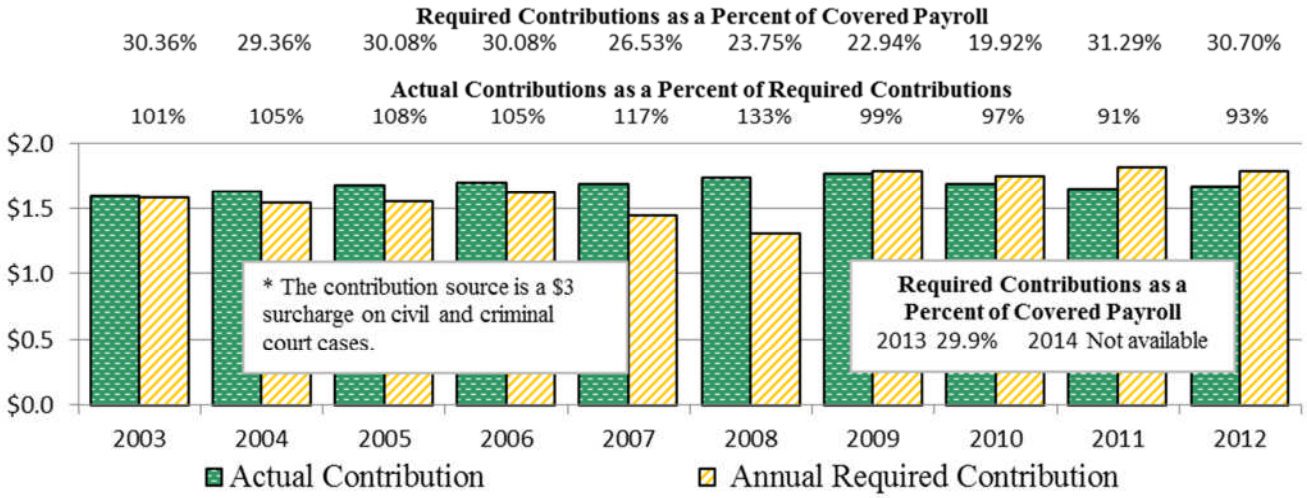


Chart 4: Contributions * - Required and Actual (millions)



SHERIFF'S RETIREMENT SYSTEM
Year Ended December 31, 2012

Chart 5: Actual Employee Contributions

The plan's funding policy does not require employee contributions

Chart 6: Asset Allocation - Market Basis (millions)

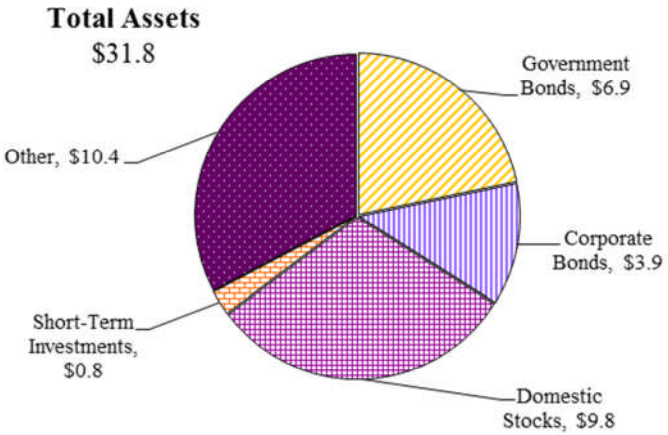


Chart 7: Investment Return - Actual, Smoothed, and Assumed

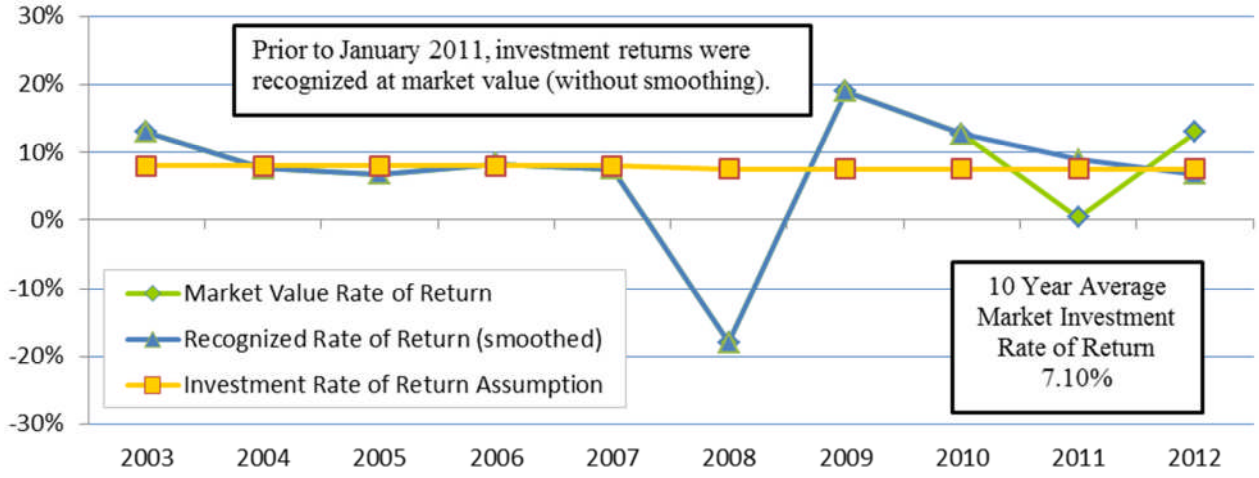
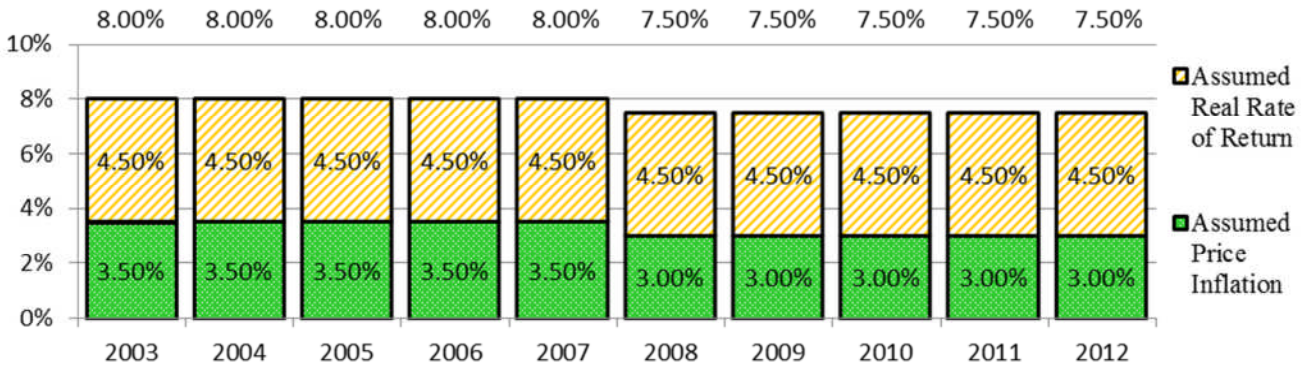


Chart 8: Actuarial Investment Rate of Return Assumptions



SHERIFF'S RETIREMENT SYSTEM
Year Ended December 31, 2012

Chart 9: Benefit and Employee Contribution Summary[1]	
Full Vesting: Years of Service	8
Normal Retirement Option 1	Age 55 with 12 years of service
Normal Retirement Option 2	Age 62 with 8 years of service
Basic Annual Benefit Formula including temporary benefit	2% of Final Average Pay x Years of Creditable Service
Guaranteed COLA	None
Required Member Contributions	None
Optional Member Contributions	Not available

[1] The benefit and contributions summary above does not include all provisions applicable to the plan. Contact the plan for additional details.

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

- Lower assumed interest rate (2008) 8.0% to 7.5%
- New mortality table assumption (2012)
- Asset-smoothing method (2012)

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

A response was not provided.

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

The contribution source is a $3 surcharge on civil and criminal court cases in the state, and is unrelated to payroll. There is no "employer," per se, that makes the contributions.

ST. LOUIS COUNTY EMPLOYEES' RETIREMENT PLAN
Year Ended December 31, 2012

Chart 1:

General Information

Statutory Authorization: Section 50.337, RSMo
Year Established: 1967
Covered Members: 7,586
Annual Covered Payroll: $176.5 million
Members also covered by Social Security: Yes
Trustees: 3 Members, 4 Non-members

Key Actuarial Assumptions

Investment Rate of Return: 8.0%
Wage Inflation: 4.5%
Asset Valuation Method: 4-year smoothed
Actuarial Cost Method: Projected unit credit
Liability amortization period: 30-year, open

Web Site:

http://www.stlouisco.com/YourGovernment/CountyDepartments/Personnel/InformationforRetirees

Chart 2: Funded Ratio

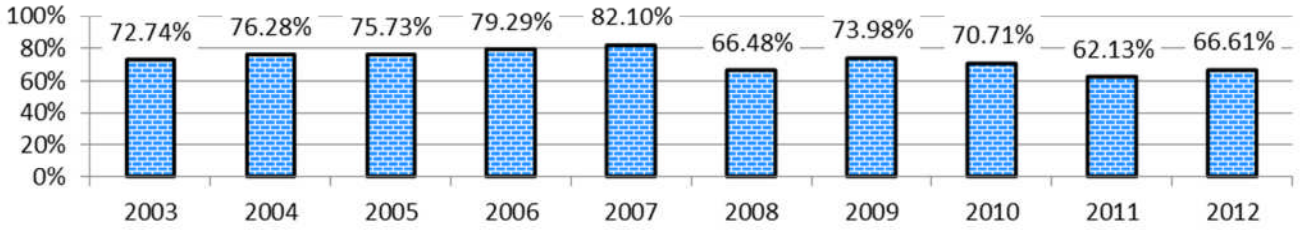


Chart 3: Actuarial Assets and Liabilities (millions)

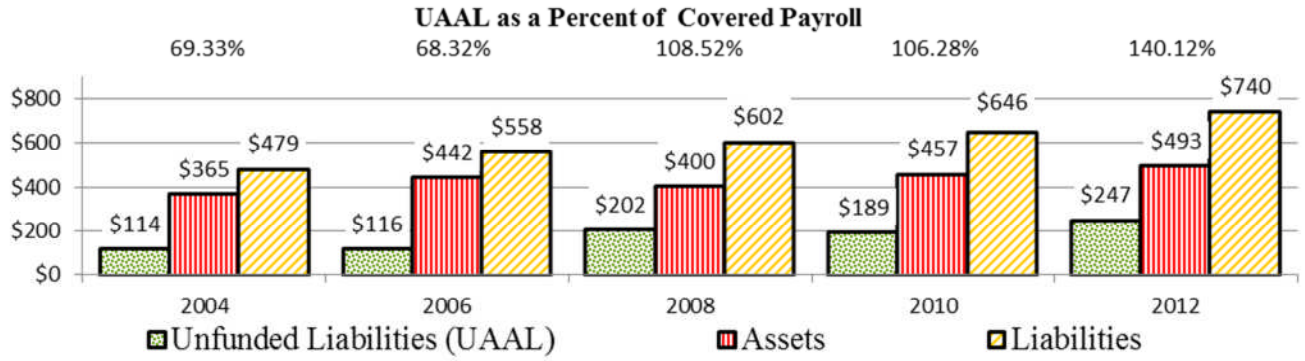


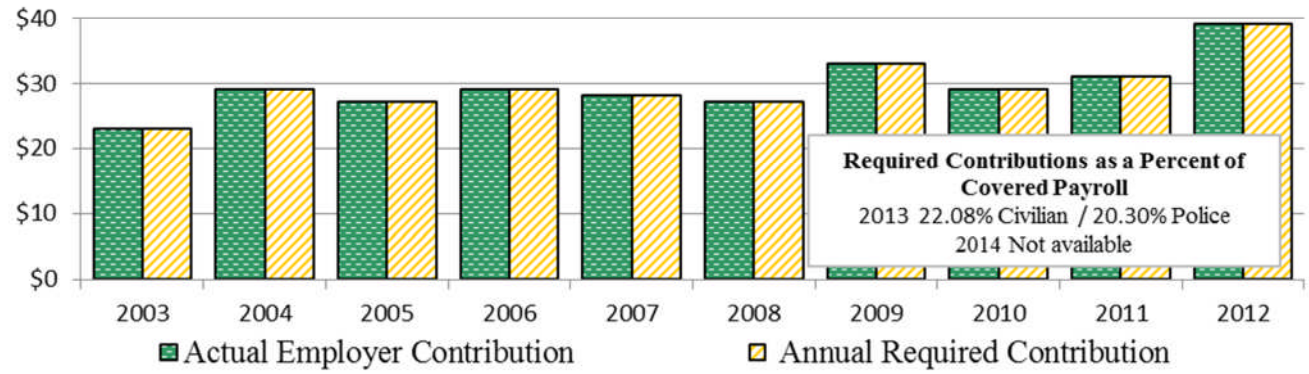
Chart 4: Employer Contributions - Required and Actual (millions)

Required Contributions as a Percent of Covered Payroll

Civilian	15.77%	16.05%	17.47%	17.47%	16.23%	15.19%	17.43%	15.82%	17.04%	21.14%
Police	17.21%	17.20%	17.20%	18.09%	18.09%	16.74%	18.38%	16.49%	18.44%	22.75%

Actual Contributions as a Percent of Required Contributions (combined Civilian and Police)

	100 %	100%	100%	100%	100%	100%	100%	100%	100%	100%



ST. LOUIS COUNTY EMPLOYEES' RETIREMENT PLAN
Year Ended December 31, 2012

Chart 5: Actual Employee Contributions

The plan's funding policy does not require employee contributions

Chart 6: Asset Allocation - Market Basis (millions)

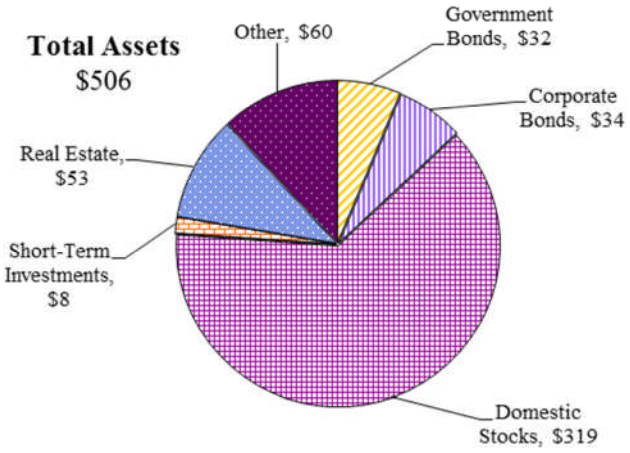


Chart 7: Investment Return - Actual, Smoothed, and Assumed

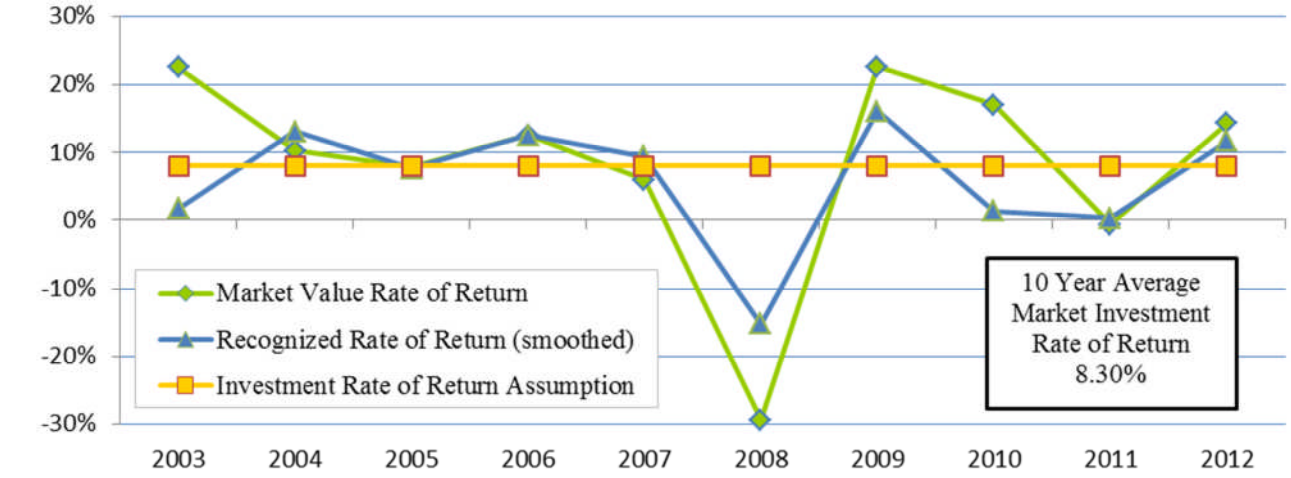
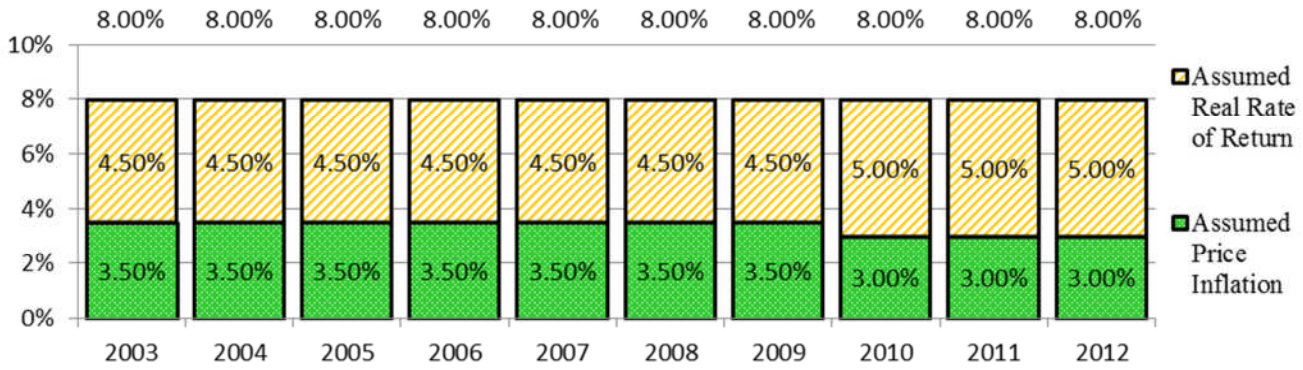


Chart 8: Actuarial Investment Rate of Return Assumptions



ST. LOUIS COUNTY EMPLOYEES' RETIREMENT PLAN
Year Ended December 31, 2012

Chart 9: Benefit and Employee Contribution Summary[1]		
Name of Tier or Group	**Plan A - Civilian**	**Plan B - Police**
Full Vesting: Years of Service	5	5
Normal Retirement Option 1	Age 65 with 3 years of service	Age 60 with 10 years of service
Normal Retirement Option 2	Age + Service = 80	Age + Service = 80
Basic Annual Benefit Formula including temporary benefit	1.5% x Monthly average of highest 3 consecutive years of salary (within the last 10 years) x Years of service Plus $15 for each year of service Benefit for lifetime of retiree	1.6% x Monthly average of highest 3 consecutive years of salary (within the last 10 years) x Years of service. Plus $30 for each year of service until the age of 65 then $5 for each year of service from age 65 on Benefit for lifetime of retiree
Guaranteed COLA	None	None
Required Member Contributions	None	None
Optional Member Contributions	Not available	Not available

[1]The benefit and contributions summary above does not include all provisions applicable to the plan. See the plan's web site for additional details.

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

The County uses a 30-year (was 15-year) amortization of unfunded accrued liability or 10-year amortization if the assets exceed the accrued liability, effective as of January 1, 2009.

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

Primarily investment earnings/losses.

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

A response was not provided.

ST. LOUIS EMPLOYEES' RETIREMENT SYSTEM
Year Ended September 30, 2012

Chart 1:

General Information

Statutory Authorization: Section 95.540, RSMo
Year Established: 1960
Covered Members: 11,913
Annual Covered Payroll: $224.8 million
Members also covered by Social Security: Yes
Trustees: 3 Members, 3 Non-members

Key Actuarial Assumptions

Investment Rate of Return: 8.0%
Wage Inflation: Varies by age from 3.50% to 7.017%.
Asset Valuation Method: 5-year smoothed
Actuarial Cost Method: Projected unit credit
Liability amortization period: 30-year, open

Web Site: http://stlouis-mo.gov/government/departments/employee-retirement/index.cfm

Chart 2: Funded Ratio

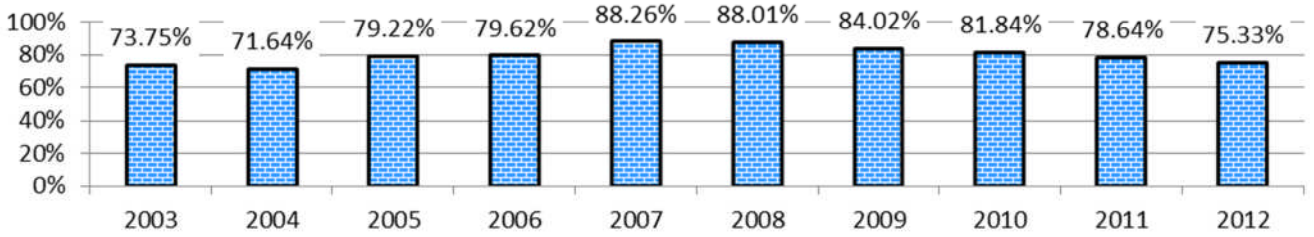


Chart 3: Actuarial Assets and Liabilities (millions)

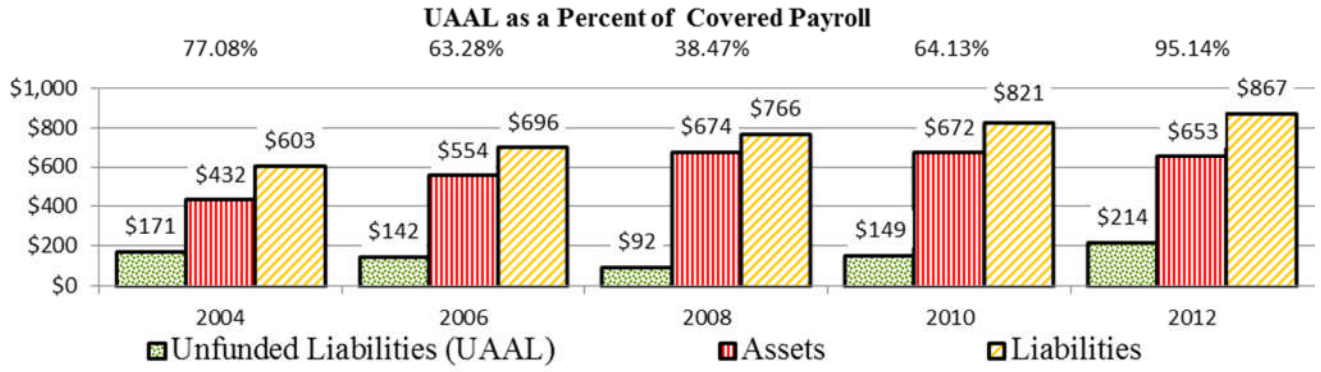
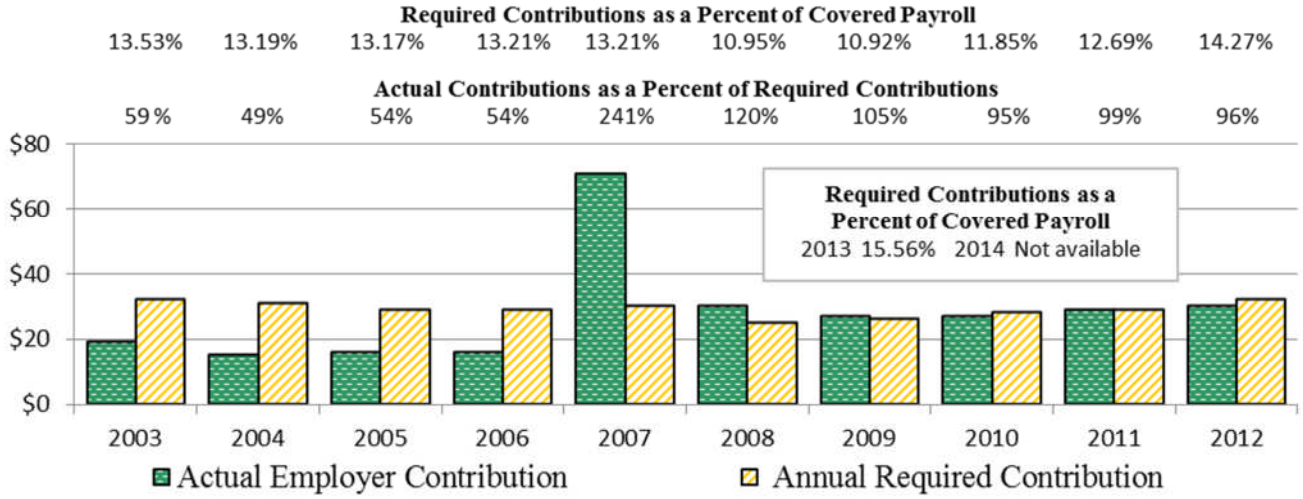


Chart 4: Employer Contributions - Required and Actual (millions)



ST. LOUIS EMPLOYEES' RETIREMENT SYSTEM
Year Ended September 30, 2012

Chart 5: Actual Employee Contributions

The plan's funding policy does not require employee contributions

Chart 6: Asset Allocation - Market Basis (millions)

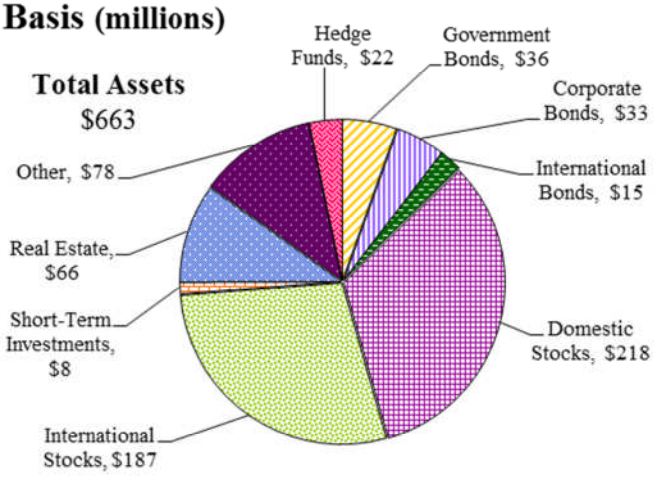


Chart 7: Investment Return - Actual, Smoothed, and Assumed

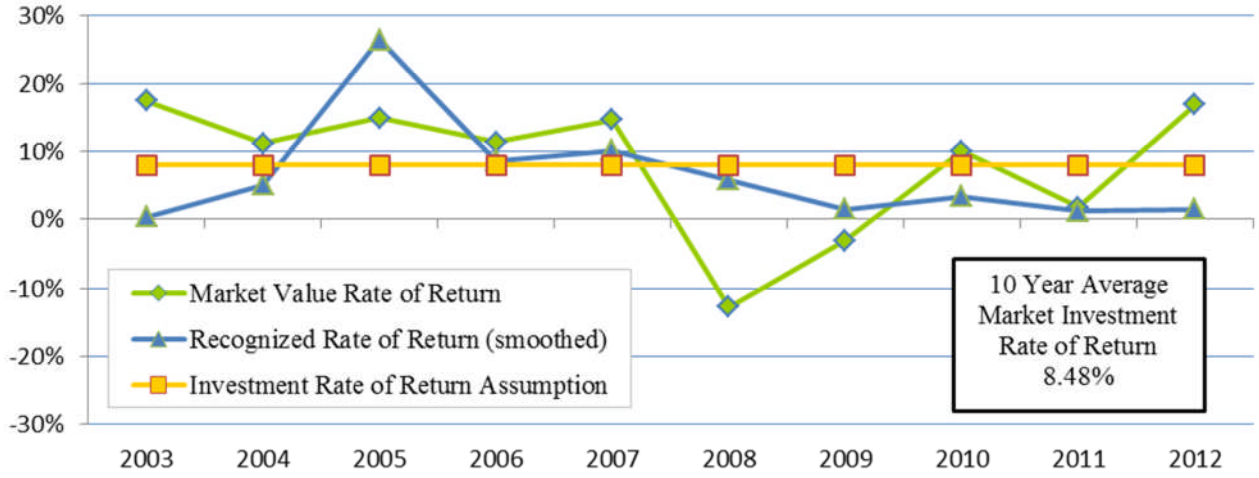


Chart 8: Actuarial Investment Rate of Return Assumptions

ST. LOUIS EMPLOYEES' RETIREMENT SYSTEM
Year Ended September 30, 2012

Chart 9: Benefit and Employee Contribution Summary[1]	
Full Vesting: Years of Service	5
Retirement Eligibility Option 1	Age 65 with 5 years of service
Retirement Eligibility Option 2	Age 60 with 5 years of service
Retirement Eligibility Option 3	Age 55 with 20 years of service
Retirement Eligibility Option 4	Any age with 30 years of service
Retirement Eligibility Option 5	Rule of 85 (no minimum age) where age plus credited service is greater than or equal to 85
Basic Annual Benefit Formula including temporary benefit	1.3% x the portion of Final Average Compensation up to the annual compensation with respect to which old age and survivor's insurance benefits would have been provided to the member by the Social Security Act at the termination of the member's employment plus 2.05% x the portion of Final Average Compensation which exceeds the annual compensation with respect to which old age and survivor's insurance benefits would have been provided to the member by the Social Security Act at the termination of the member's employment The sum of the two previous calculations is then multiplied by the member's Years of Creditable Service
Guaranteed COLA	Yes, subject to maximums
Required Member Contributions	None
Optional Member Contributions	Not available

[1] The benefit and contributions summary above does not include all provisions applicable to the plan. See the plan's web site for additional details.

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

A response was not provided.

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

A response was not provided.

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

A response was not provided.

ST. LOUIS PUBLIC SCHOOL RETIREMENT SYSTEM
Year Ended December 31, 2012

Chart 1:

General Information

Statutory Authorization: Section 169.410 to 169.540, RSMo
Year Established: 1944
Covered Members: 10,945
Annual Covered Payroll: $225.9 million
Members also covered by Social Security: Yes
Trustees: 7 Members, 4 Non-members

Key Actuarial Assumptions

Investment Rate of Return: 8.0%
Wage Inflation: 4.5%
Asset Valuation Method: Assumed yield method
Actuarial Cost Method: Frozen entry age
Liability amortization period: 30-year, closed

Web Site: http://www.psrsstl.org/

Chart 2: Funded Ratio

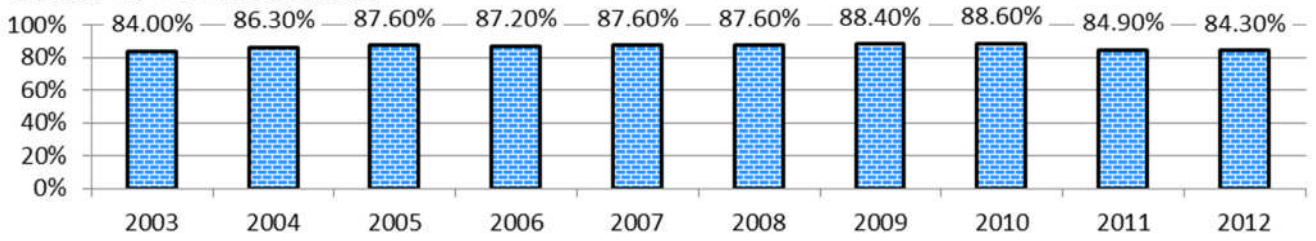


Chart 3: Actuarial Assets and Liabilities (millions)

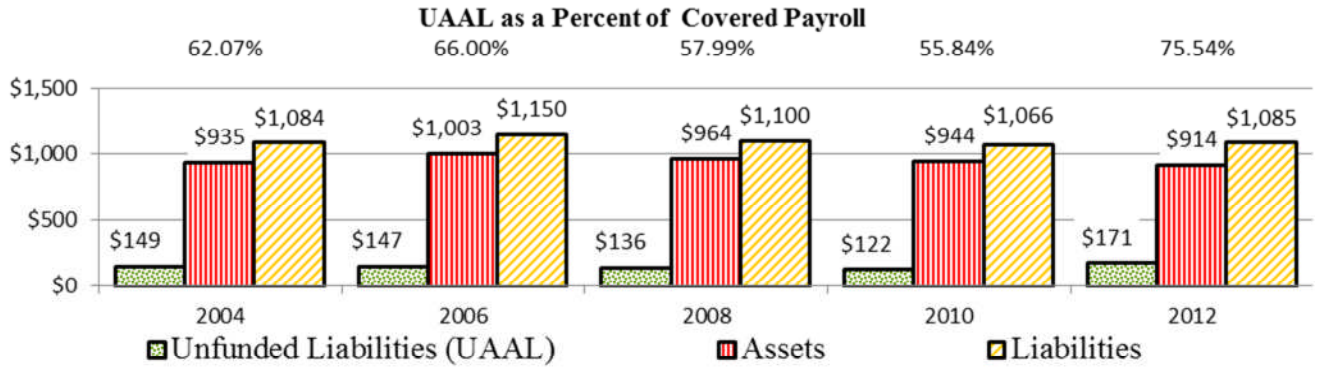
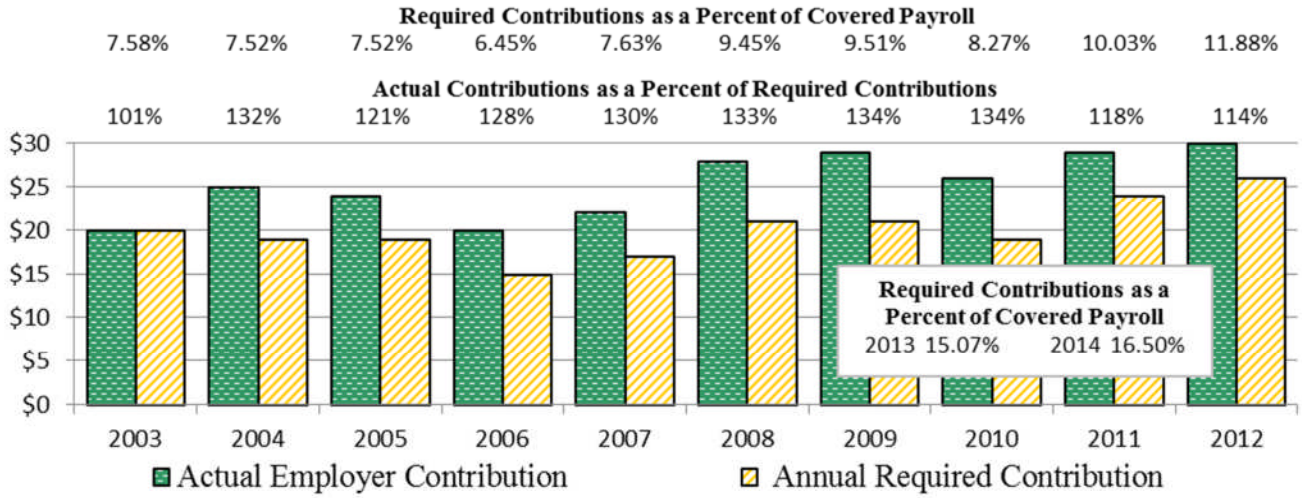


Chart 4: Employer Contributions - Required and Actual (millions)



ST. LOUIS PUBLIC SCHOOL RETIREMENT SYSTEM
Year Ended December 31, 2012

Chart 5: Actual Employee Contributions (millions)

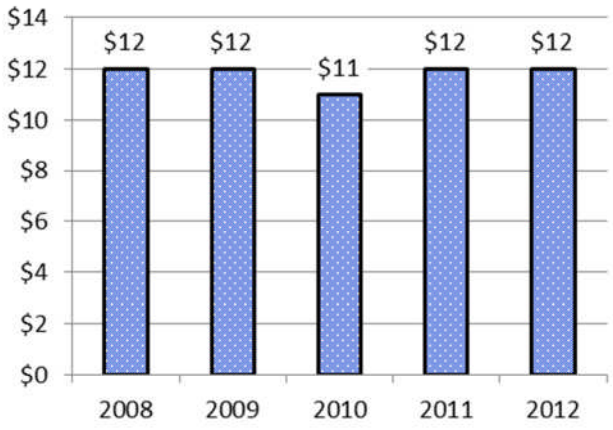


Chart 6: Asset Allocation - Market Basis (millions)

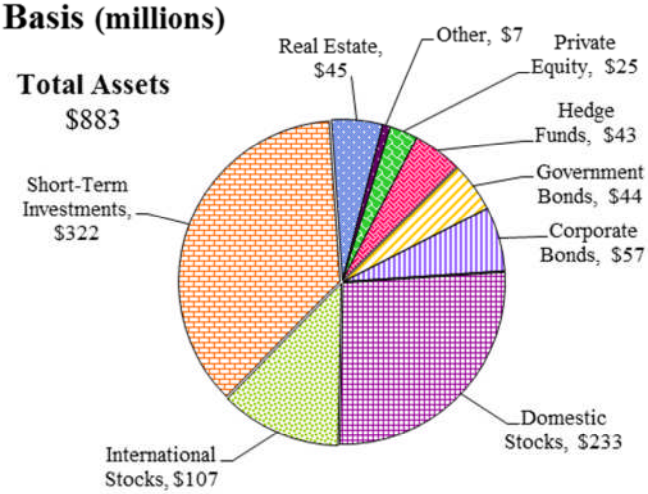


Chart 7: Investment Return - Actual, Smoothed, and Assumed

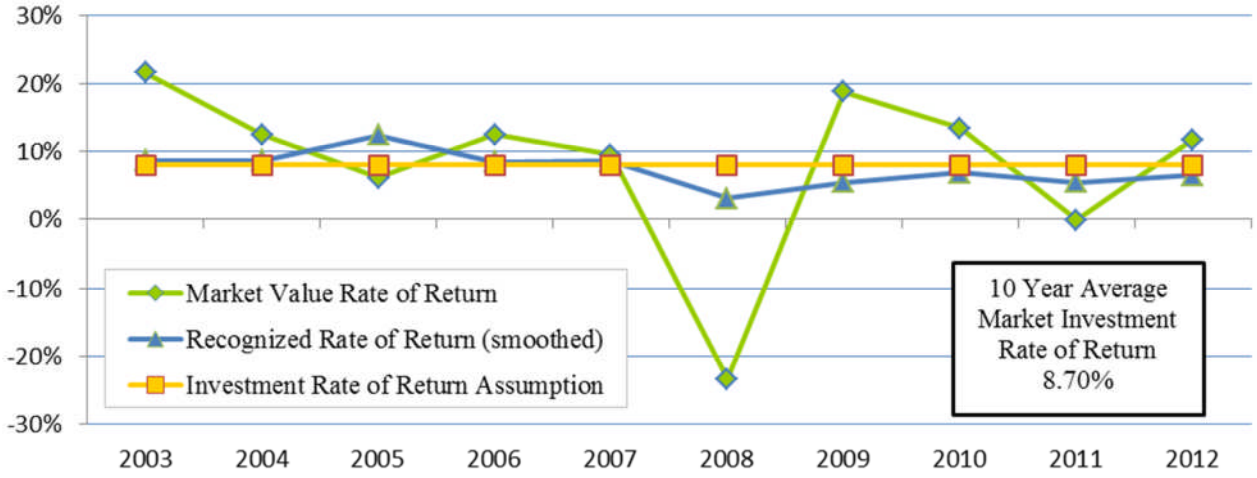
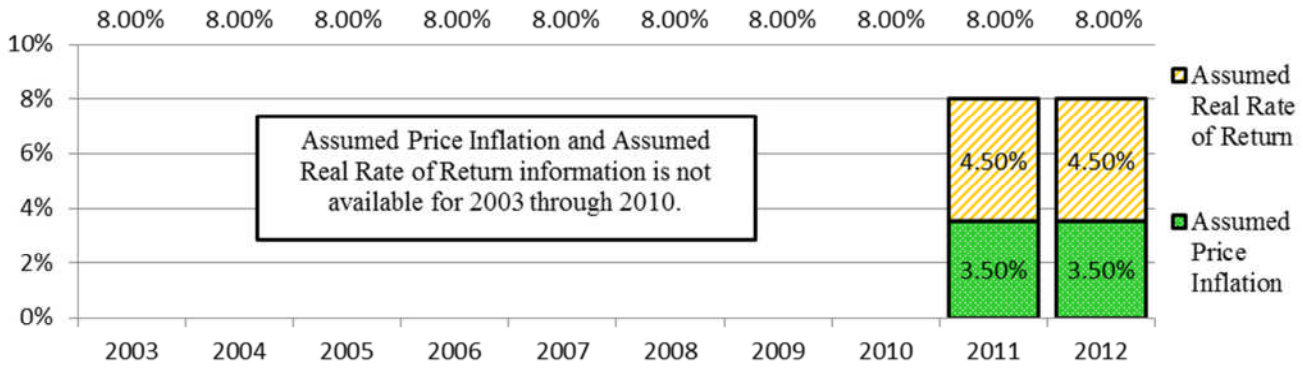


Chart 8: Actuarial Investment Rate of Return Assumptions



ST. LOUIS PUBLIC SCHOOL RETIREMENT SYSTEM
Year Ended December 31, 2012

Chart 9: Benefit and Employee Contribution Summary[1]	
Full Vesting: Years of Service	5 years or 65 years of age while still working
Normal Retirement Option 1	Age 65 with 5 years of service
Normal Retirement Option 2	Age 65 with less than 5 years of service while still working
Normal Retirement Option 3	"Rule of 85" where age plus credited service is greater than or equal to 85
Basic Annual Benefit Formula including temporary benefit	2.0% x highest 3-year average compensation out of last 10 years x years of credited service
Guaranteed COLA	None
Required Member Contributions	5% of payroll
Optional Member Contributions	Yes, subject to restrictions

[1] The benefit and contributions summary above does not include all provisions applicable to the plan. See the plan's web site for additional details.

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

Although not related or in response to economic conditions, the plan has changed actuarial assumptions by updating to the Internal Revenue Service (IRS) mortality tables & modifying the investment policy as needed.

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

The funding ratio under Governmental Accounting Standards Board No. 25 has remained fairly stable, and for 2013 is 84.3%.

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

The large increase for 2013 was primarily due to the change in actuarial assumptions or the update to the use of the more current IRS Mortality Tables & RP-2000 Disability Mortality Tables from the RP-2000 Health Lives Tables. No known significant changes to future contributions.

UNIVERSITY OF MISSOURI RETIREMENT, DISABILITY & DEATH BENEFIT PLAN
Year Ended September 30, 2012

Chart 1:

General Information

Statutory Authorization: Section 172.300, RSMo
Year Established: 1958
Covered Members: 29,840
Annual Covered Payroll: $1.046 billion
Members also covered by Social Security: Yes
Trustees: 9 Non-members

Key Actuarial Assumptions

Investment Rate of Return: 8.0%
Wage Inflation: 5.0%
Asset Valuation Method: 5-year smoothed
Actuarial Cost Method: Entry age normal
Liability amortization period: 20-year, open

Web Site: http://www.umsystem.edu/totalrewards/retirement

Chart 2: Funded Ratio

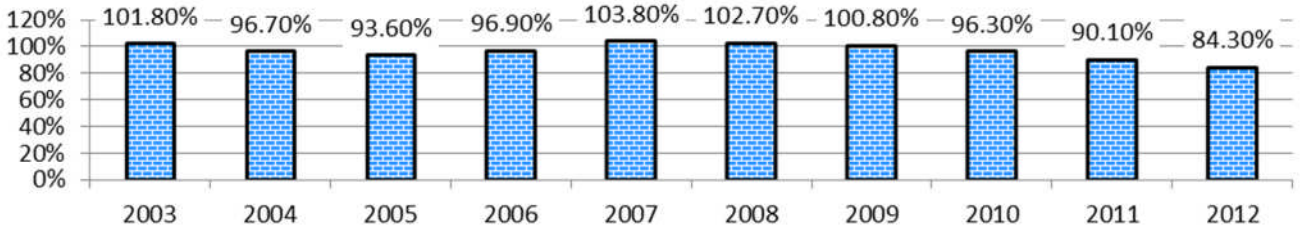


Chart 3: Actuarial Assets and Liabilities (millions)

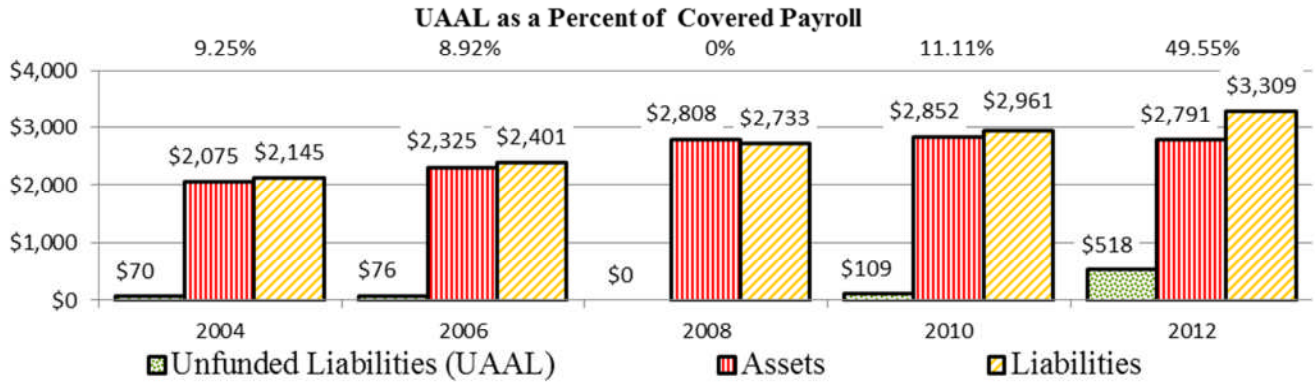
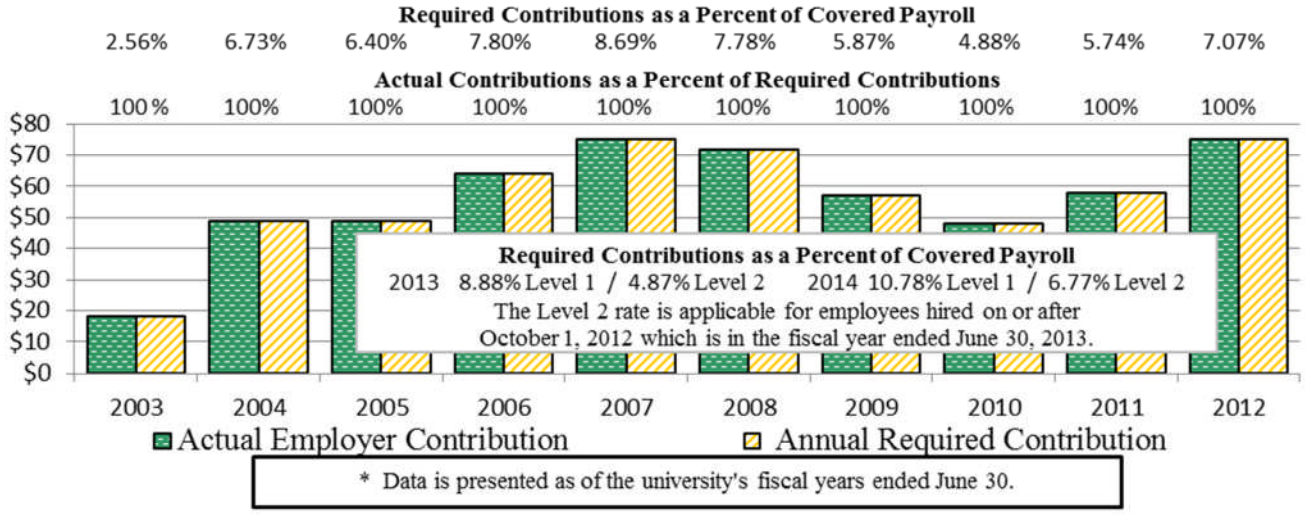


Chart 4: Employer Contributions * - Required and Actual (millions)



UNIVERSITY OF MISSOURI RETIREMENT, DISABILITY & DEATH BENEFIT PLAN
Year Ended September 30, 2012

Chart 5: Actual Employee Contributions * (millions)

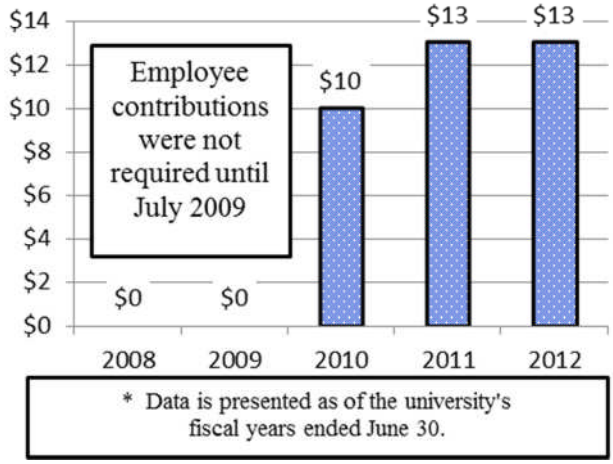


Chart 6: Asset Allocation - Market Basis (millions)

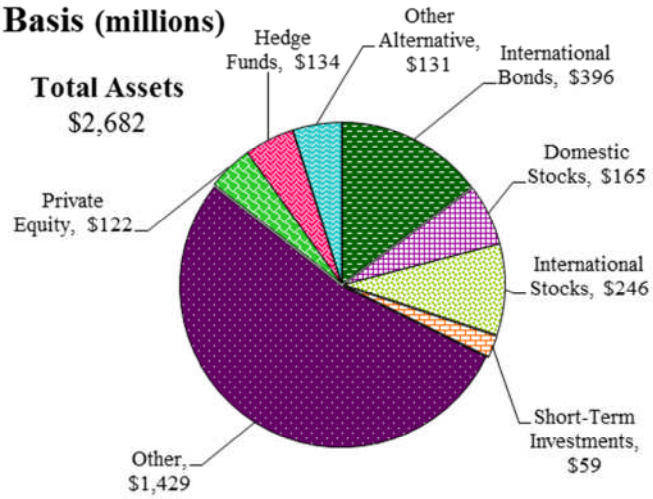


Chart 7: Investment Return - Actual, Smoothed, and Assumed

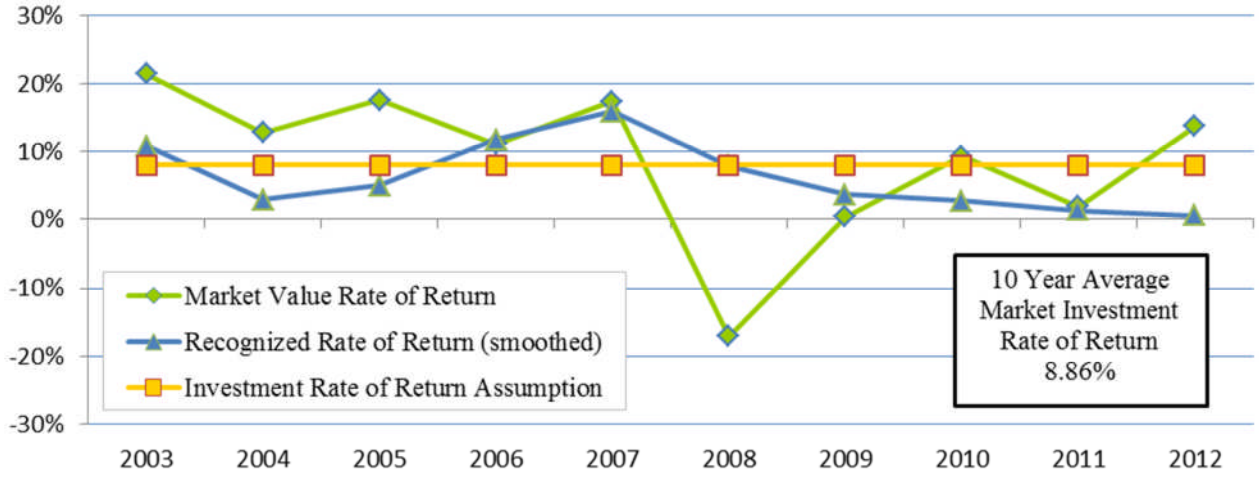
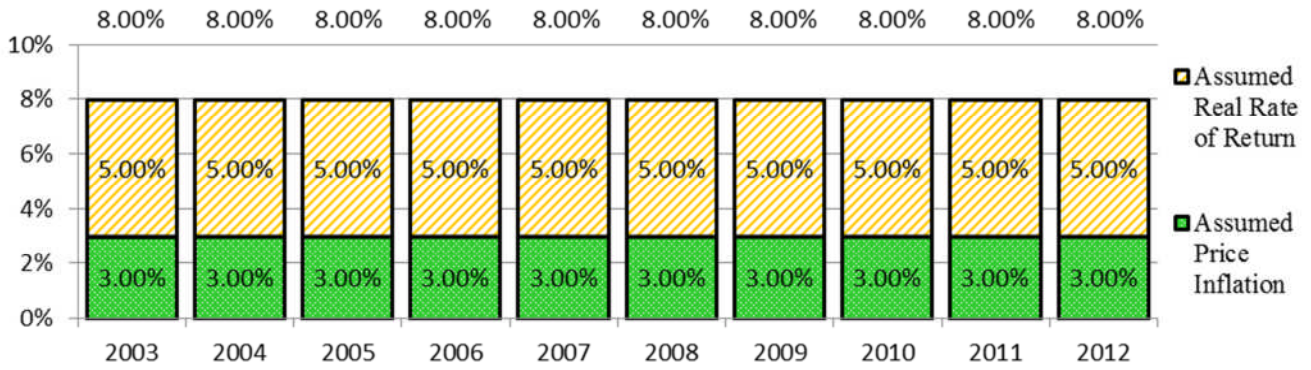


Chart 8: Actuarial Investment Rate of Return Assumptions



UNIVERSITY OF MISSOURI RETIREMENT, DISABILITY & DEATH BENEFIT PLAN
Year Ended September 30, 2012

Chart 9: Benefit and Employee Contribution Summary[1]		
Name of Level or Group	**Level 1 (hired before 10/1/2012)**	**Level 2 (hired after 10/1/2012)**
Full Vesting: Years of Service	5	5
Normal Retirement Option 1	Age 65 with 5 years of service	Age 65 with 5 years of service
Normal Retirement Option 2	Age 62 with 25 years of service	Age 62 with 25 years of service
Early Retirement Option 3	Age 55 with 10 years of service	Age 55 with 10 years of service
Basic Annual Benefit Formula including temporary benefit	2.2% x Final 5-year average base salary x years of credited service	1.0% x Final 5-year average base salary x years of credited service
Guaranteed COLA	None	None
Required Member Contributions	1.0% x salary up to $50,000 plus 2.0% of salary in excess of $50,000	1.0% x salary up to $50,000 plus 2.0% of salary in excess of $50,000
Optional Member Contributions	Not available	Not available

[1] The benefit and contributions summary above does not include all provisions applicable to the plan. See the plan's web site for additional details.

Responses to Certain Survey Items:

1. What significant changes, if any, has the plan implemented since the recent economic decline to address the impact on the plan's financial condition?

- Employee required contributions were added to the Plan in 2009
- A new Level (Level 2) for employees hired on or after October 1, 2012 was adopted which among other changes reduced annual benefit accruals from 2.2% to 1.0% of salary. To offset the reduction in the Defined Benefit plan, a Defined Contribution plan was created with a 2% base employer contribution and a 100% match up to 3%. Employees hired October 1, 2012 or after have both benefits.
- No ad hoc retiree increases since 2007
- The President of the University of Missouri System has appointed a special Benefits Task Force to study current retirement plan options, among other items. Evaluation regarding future options has not begun.

2. If the funded ratio of your plan has changed significantly during the 10-year period, please provide the primary factors contributing to the funding level fluctuations.

Reduction in funded ratio was the result of the investment market declines of 2008/2009

3. Please list the primary reasons for significant changes in contribution rates for the last 5 years, if applicable. In addition, please provide any known or expected significant changes to contribution rates in future years.

Increase in contribution rates over the last 5 years is the result of the market declines of 2008/2009. A complete review of actuarial assumptions was recently completed, with recommendations submitted to the Board of Curators for consideration. The University is also studying the impact of GASB Statement No. 67, *Financial Reporting for Pension Plans*, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* – both of which will be implemented by the University at June 30, 2014. It is unknown at this time what impact these items may have on contribution rates in future years.

Missouri Public Employee Defined Benefit Retirement Plans - Abbreviated Key Plan Data Reported to the JCPER
Plan Years Ended January 1, 2011 to December 31, 2011 (unless otherwise noted)

This appendix presents certain key financial and actuarial data reported to the JCPER for all 89 Missouri public employee defined benefit plans, including funded ratios for certain plan years during the 10-year period 2003 through 2012; percentage of ARC paid for plan years 2010 and 2012; and the number of covered members, actuarial assets, unfunded liabilities, and assumed investment rate of return for plan year 2011. The 15 selected largest/statewide plans are listed first, followed by the 74 remaining plans. Additional data for each plan is presented in Appendix C.

Plan year 2011 data was the most current data available for all plans at the time of our initial data collection, thus certain data is presented as of that plan year. Once plan year 2012 data became available, certain limited data for that plan year was downloaded and included in this appendix.

The data presented in this appendix was reported to the JCPER by each of the plans. This data was not subjected to audit procedures, and could contain some inaccurate and/or incomplete data as some limitations with that data were identified in our survey.

Plan Years Ended January 1, 2011 to December 31, 2011 (unless otherwise noted)

Retirement Plan	Funded Ratio 2012	2011	2009	2007	2005	2003	Covered Members	Actuarial Assets	Unfunded Actuarial Liabilities	Assumed Investment Rate of Return	Plan Year 2012 Percentage of ARC Paid	Plan Year 2010 Percentage of ARC Paid
15 Selected Large/Statewide Plans												
Public School Retirement System	82%	86%	80%	84%	83%	81%	140,164	$29,387,487,000	$4,995,944,000	8.00%	86%	90%
Missouri State Employees' Retirement System - MSEP	73%	79%	83%	87%	85%	91%	104,687	$8,022,481,000	$2,101,063,000	8.50%	100%	100%
Public Education Employees' Retirement System	83%	85%	81%	83%	83%	82%	97,257	$3,028,757,000	$520,591,000	8.00%	100%	96%
Local Government Employees Retirement System	84%	82%	80%	96%	95%	96%	49,230	$3,945,086,000	$892,337,000	7.25%	100%	100%
University of Missouri Retirement, Disability & Death Benefit Plan	84%	90%	101%	104%	94%	102%	29,459	$2,828,697,000	$309,493,000	8.00%	100%	100%
Missouri Department of Transportation & Highway Patrol Employees' Retirement System	46%	43%	47%	58%	54%	56%	17,869	$1,427,291,000	$1,870,299,000	8.25%	100%	100%
County Employees Retirement Fund Ⓐ	69%	70%	68%	83%	73%	67%	16,127	$318,320,000	$134,046,000	8.00%	114%	104%
St. Louis Employees Retirement System	75%	79%	84%	88%	79%	74%	11,797	$661,932,000	$179,831,000	8.00%	96%	95%
St. Louis Public School Retirement System	84%	85%	88%	88%	88%	84%	11,287	$925,390,000	$164,929,000	8.00%	114%	134%
Kansas City Public School Retirement System	80%	85%	99%	109%	101%	103%	9,682	$742,280,000	$132,007,000	8.00%	68%	171%
St. Louis County Employees Retirement Plan	67%	62%	74%	82%	76%	73%	7,537	$446,678,000	$272,262,000	8.00%	100%	100%
Kansas City Employees' Retirement System	79%	80%	73%	97%	83%	88%	5,639	$806,792,000	$204,204,000	7.50%	78%	65%
Missouri State Employees' Retirement System - Judicial Plan	25%	25%	22%	19%	15%	13%	930	$98,399,000	$295,086,000	8.50%	100%	100%
Sheriff's Retirement System	91%	90%	96%	109%	103%	101%	282	$31,010,000	$3,293,000	7.50%	93%	97%
Prosecuting Attorneys' & Circuit Attorneys' Retirement System	86%	99%	94%	94%	90%	80%	191	$28,650,000	$372,000	7.50%	144%	134%

See footnote descriptions on page 114

Plan Years Ended January 1, 2011 to December 31, 2011 (unless otherwise noted)

Retirement Plan	Funded Ratio 2012	2011	2009	2007	2005	2003	Covered Members	Actuarial Assets	Unfunded Actuarial Liabilities	Assumed Investment Rate of Return	Plan Year 2012 Percentage of ARC Paid	Plan Year 2010 Percentage of ARC Paid
74 Remaining Plans												
Affton Fire Protection District Retirement Plan	65%	53%	52%	64%	61%	64%	52	$4,931,000	$4,298,000	7.50%	296%	74%
Antonia Fire Protection District Pension Plan	66%	67%	57%	60%	95%	60%	21	$1,261,000	$617,000	6.25%	100%	100%
Arnold Police Pension Plan	98%	94%	81%	100%	100%	107%	50	$6,481,000	$448,000	6.50%	116%	118%
Berkeley Police & Fire Pension Fund	66%	64%	78%	103%	100%	100%	121	$10,862,000	$6,152,000	7.50%	18%	27%
Bi-State Development Agency Division 788, A.T.U.	52%	53%	61%	64%	65%	65%	2,341	$91,133,000	$79,305,000	7.25%	100%	100%
Bi-state Development Agency Local 2 I.B.E.W.	74%	71%	71%	63%	51%	73%	67	$1,897,000	$759,000	7.25%	100%	100%
Bi-state Division 788 Clerical Unit A.T.U.	46%	49%	60%	68%	71%	84%	117	$5,514,000	$5,688,000	7.25%	82%	100%
Bi-state Salaried Employees	76%	80%	102%	104%	101%	100%	948	$47,128,000	$11,446,000	7.50%	95%	100%
Black Jack Fire Protection District Retirement Plan	77%	66%	65%	77%	62%	54%	46	$7,509,000	$3,902,000	7.00%	173%	113%
Bothwell Regional Health Center Retirement Plan	89%	86%	83%	87%	86%	81%	972	$38,730,000	$6,427,000	8.00%	100%	115%
Brentwood Police & Firemen's Retirement Fund	79%	82%	85%	94%	100%	97%	77	$24,871,000	$5,449,000	7.50%	92%	120%
Bridgeton Employees Retirement Plan	62%	61%	71%	82%	79%	100%	262	$21,771,000	$13,838,000	7.50%	57%	64%
Carthage Policemen's & Firemen's Pension Plan	79%	83%	88%	96%	96%	101%	91	$6,380,000	$1,347,000	8.00%	91%	103%
Cedar Hill Fire Protection District Length of Service Awards Program	10%	76%	72%	65%	46%	Ⓑ	31	$120,000	$37,000	4.75%	153%	106%
Clayton Non-Uniformed Employee Pension Plan	79%	87%	92%	101%	102%	109%	149	$10,815,000	$1,617,000	7.00%	103%	46%

See footnote descriptions on page 114

Plan Years Ended January 1, 2011 to December 31, 2011 (unless otherwise noted)

Retirement Plan	Funded Ratio						Covered Members	Actuarial Assets	Unfunded Actuarial Liabilities	Assumed Investment Rate of Return	Plan Year 2012 Percentage of ARC Paid	Plan Year 2010 Percentage of ARC Paid
	2012	2011	2009	2007	2005	2003						
Clayton Uniformed Employees Pension Plan	85%	81%	77%	92%	83%	77%	152	$28,919,000	$6,602,000	7.00%	100%	100%
Columbia Firemens' Retirement Plan	54%	53%	61%	66%	64%	69%	255	$53,951,000	$47,388,000	7.50%	100%	100%
Columbia Police Retirement Plan	54%	53%	63%	67%	64%	64%	293	$36,776,000	$32,487,000	7.50%	100%	100%
Community Fire Protection District Retirement Plan	98%	92%	104%	©	©	©	61	$14,712,000	$1,343,000	7.00%	145%	178%
Creve Coeur Employees Retirement Plan	67%	63%	75%	90%	84%	80%	153	$15,103,000	$9,047,000	7.50%	104%	105%
Creve Coeur Fire Protection District Retirement Plan	85%	76%	72%	81%	57%	44%	85	$7,306,000	$2,277,000	7.50%	100%	100%
Eureka Fire Protection District Retirement Plan	79%	77%	83%	106%	98%	89%	53	$7,034,000	$2,111,000	7.00%	51%	50%
Fenton Fire Protection District Retirement Plan	83%	86%	85%	99%	100%	96%	81	$23,551,000	$3,859,000	7.50%	72%	90%
Ferguson Pension Plan	100%	101%	107%	120%	100%	100%	237	$20,798,000	$0	7.50%	100%	100%
Florissant Employees Pension Plan	73%	83%	78%	79%	71%	66%	74	$9,867,000	$2,044,000	7.50%	129%	126%
Florissant Valley Fire Protection District Retirement Plan	96%	90%	83%	84%	56%	41%	72	$16,247,000	$1,903,000	6.75%	404%	255%
Glendale Pension Plan	72%	73%	74%	86%	100%	100%	45	$4,792,000	$1,738,000	7.50%	43%	43%
Hannibal Police & Fire Retirement Plan	49%	48%	37%	53%	55%	60%	138	$10,829,000	$11,674,000	7.50%	125%	80%
Hazelwood City Council Members Retirement Plan	100%	100%	NR	NR	NR	NR	19	$96,000	$0	7.50%	0%	0%
Hazelwood Retirement Plan	85%	79%	92%	89%	86%	84%	273	$23,793,000	$6,452,000	7.50%	122%	105%
High Ridge Fire Protection District Pension Plan	87%	87%	81%	NR	NR	NR	41	$5,732,000	$877,000	7.50%	111%	108%

See footnote descriptions on page 114

Plan Years Ended January 1, 2011 to December 31, 2011 (unless otherwise noted)

Retirement Plan	Funded Ratio 2012	2011	2009	2007	2005	2003	Covered Members	Actuarial Assets	Unfunded Actuarial Liabilities	Assumed Investment Rate of Return	Plan Year 2012 Percentage of ARC Paid	Plan Year 2010 Percentage of ARC Paid
Jackson County Employees Pension Plan	84%	78%	81%	71%	69%	79%	3,421	$165,356,000	$45,349,000	7.00%	100.00%	108%
Jefferson City Firemen's Retirement System	101%	104%	57%	69%	64%	75%	61	$18,197,000	$0	6.00%	Ⓓ	100%
Jennings Police & Firemen's Retirement Fund	72%	74%	75%	76%	76%	77%	47	$5,984,000	$2,050,000	6.00%	97%	100%
Joplin Police & Fire Pension Plan	54%	53%	55%	58%	59%	59%	326	$27,464,000	$24,032,000	7.00%	112%	81%
Kansas City Area Transportation Authority Salaried Employees Pension Plan	82%	80%	77%	77%	72%	84%	154	$13,314,000	$3,250,000	7.50%	102%	101%
Kansas City Civilian Police Employees' Retirement System	76%	75%	69%	81%	75%	82%	763	$102,523,000	$34,518,000	7.75%	64%	83%
Kansas City Firefighter's Pension System	79%	82%	70%	92%	85%	82%	1,802	$432,541,000	$95,940,000	7.75%	91%	61%
Kansas City Police Retirement System	76%	76%	72%	86%	82%	90%	2,613	$715,764,000	$224,845,000	7.75%	52%	70%
Kansas City Transportation Authority Union Employees Pension Plan	69%	65%	59%	71%	71%	75%	806	$36,766,000	$19,977,000	7.50%	89%	87%
Ladue Non-Uniformed Employees Retirement System	82%	82%	88%	88%	100%	100%	43	$3,501,000	$763,000	7.50%	100%	162%
Ladue Police & Fire Pension Plan	64%	70%	72%	70%	67%	74%	112	$22,950,000	$9,909,000	7.50%	100%	155%
Little River Drainage District Retirement Plan	99%	94%	40%	42%	60%	65%	14	$872,000	$53,000	5.00%	733%	986%
Local Government Employees Retirement System Staff	87%	84%	73%	90%	80%	64%	30	$5,641,000	$1,075,000	7.25%	269%	100%
Maplewood Police & Fire Retirement Fund	164%	167%	65%	90%	93%	88%	24	$12,070,000	$0	7.00%	Ⓓ	86%
Mehlville Fire Protection District Retirement Plan	44%	58%	89%	86%	88%	89%	32	$7,787,000	$5,587,000	5.00%	0%	0%
Metro North Fire Protection District Retirement Plan	126%	136%	Ⓔ	Ⓔ	Ⓔ	Ⓔ	15	$559,000	$0	7.00%	122%	Ⓔ

See footnote descriptions on page 114

Plan Years Ended January 1, 2011 to December 31, 2011 (unless otherwise noted)

Retirement Plan	Funded Ratio 2012	2011	2009	2007	2005	2003	Covered Members	Actuarial Assets	Unfunded Actuarial Liabilities	Assumed Investment Rate of Return	Plan Year 2012 Percentage of ARC Paid	Plan Year 2010 Percentage of ARC Paid
Metro St. Louis Sewer District Employees Pension Plan	83%	81%	83%	95%	89%	84%	1,617	$205,792,000	$49,205,000	7.25%	100%	100%
Metro West Fire Protection District Retirement Plan	73%	70%	66%	79%	69%	66%	149	$33,453,000	$14,408,000	7.00%	109%	92%
Mid-County Fire Protection District Retirement Plan	91%	96%	88%	81%	72%	52%	23	$1,753,000	$78,000	7.00%	131%	277%
Missouri Higher Education Loan Authority Pension Plan	100%	110%	90%	98%	NR	NR	217	$26,964,000	$0	7.00%	100%	100%
North Kansas City Hospital Retirement Plan	103%	96%	95%	91%	100%	NR	3,726	$192,634,000	$7,736,000	7.50%	119%	58%
North Kansas City Policemen's & Firemen's Retirement Fund	86%	78%	83%	89%	97%	100%	164	$34,604,000	$9,837,000	6.50%	59%	73%
Olivette Salaried Employees' Retirement Plan	73%	69%	66%	104%	96%	100%	116	$15,737,000	$7,109,000	7.25%	72%	81%
Overland Non-Uniform Pension Fund	85%	88%	88%	100%	93%	92%	112	$9,634,000	$1,329,000	7.50%	130%	69%
Overland Police Retirement Fund	66%	78%	82%	100%	100%	100%	82	$14,264,000	$3,999,000	7.50%	39%	46%
Pattonville-Bridgeton Fire Protection District Retirement Plan	76%	73%	77%	84%	84%	72%	89	$21,436,000	$7,884,000	7.75%	64%	95%
Poplar Bluff Police & Fire Pension Plan	100%	100%	100%	100%	100%	100%	136	$11,021,000	$0	6.25%	57%	128%
Raytown Policemen's Retirement Fund	55%	54%	53%	69%	68%	81%	79	$8,765,000	$7,561,000	7.50%	101%	83%
Richmond Heights Police & Fire Retirement Plan	109%	98%	113%	107%	103%	108%	97	$32,328,000	$505,000	7.50%	96%	148%
Rock Community Fire Protection District Retirement Plan	82%	85%	73%	75%	71%	68%	85	$9,435,000	$1,727,000	7.50%	98%	81%
Rock Hill Police & Firemen's Pension Plan	48%	42%	42%	43%	72%	100%	30	$1,420,000	$1,999,000	6.00%	72%	48%
Saline Valley Fire Protection District Retirement Plan	79%	68%	55%	Ⓕ	Ⓕ	Ⓕ	40	$1,033,000	$490,000	7.00%	162%	148%

See footnote descriptions on page 114

Plan Years Ended January 1, 2011 to December 31, 2011 (unless otherwise noted)

Retirement Plan	Funded Ratio 2012	2011	2009	2007	2005	2003	Covered Members	Actuarial Assets	Unfunded Actuarial Liabilities	Assumed Investment Rate of Return	Plan Year 2012 Percentage of ARC Paid	Plan Year 2010 Percentage of ARC Paid
Sedalia Firemen's Retirement Fund	74%	75%	63%	83%	73%	71%	80	$6,436,000	$2,110,000	7.00%	111%	89%
Sedalia Police Retirement Fund	40%	45%	39%	67%	67%	66%	76	$3,448,000	$4,273,000	7.50%	64%	36%
Springfield Police & Fire Retirement Fund	59%	54%	46%	50%	52%	66%	891	$183,460,000	$156,703,000	7.50%	171%	243%
St. Joseph Policemen's Pension Fund	73%	67%	62%	71%	59%	49%	206	$27,093,000	$13,174,000	7.50%	104%	104%
St. Louis County Library District Employees Pension Plan	87%	89%	105%	100%	100%	100%	654	$33,529,000	$4,005,000	7.50%	100%	71%
St. Louis Firemen's Retirement System	94%	94%	92%	93%	91%	91%	1,686	$404,101,000	$26,654,000	7.62%	65%	100%
St. Louis Police Retirement System	78%	81%	91%	97%	100%	88%	3,267	$695,422,000	$160,196,000	7.75%	129%	116%
University City Non-Uniformed Retirement Plan	78%	77%	80%	87%	94%	101%	225	$17,115,000	$5,000,000	6.50%	84%	100%
University City Police & Fire Retirement Fund	80%	85%	92%	106%	111%	136%	214	$26,498,000	$4,729,000	6.50%	95%	134%
Valley Park Fire Protection District Retirement Plan	94%	85%	84%	99%	96%	93%	32	$3,166,000	$556,000	7.50%	26%	80%
Warrenton Fire Protection District Length of Service Awards Program	69%	69%	NR	NR	NR	©	33	$136,000	$62,000	4.50%	188%	100%
Statewide Totals							533,904	$56,850,125,000	$13,305,566,000			
Statewide Aggregate Funded Ratio	78%	81%	79%	85%	83%	83%						

See footnote descriptions on page 114

Plan Years Ended January 1, 2011 to December 31, 2011 (unless otherwise noted)

NR - Data was not reported to JCPER by the plan.

Ⓐ Plan changed actuarial valuation dates in 2007. Actuarial projections for 2003 through 2007 are based on valuations as of January 1 of the respective year. Actuarial projections for 2008 through 2012 are based on valuations as of July 1 of the preceding year.

Ⓑ Plan established in 2003.

Ⓒ Plan converted from a defined contribution to a defined benefit plan in 2009.

Ⓓ No ARC required.

Ⓔ Plan did not offer a defined benefit component until 2010. Actuarial valuation calculations are first available for plan year 2011.

Ⓕ Plan established in 2008.

Ⓖ Plan established in 2004.

Missouri Public Employee Defined Benefit Retirement Plans - Key Plan Data Reported to the JCPER
Plan Years Ended January 1, 2011 to December 31, 2011 (unless otherwise noted)

This appendix presents expanded key financial and actuarial data reported to the JCPER for all 89 Missouri public employee defined benefit plans, including general information, asset/liability information, key actuarial assumptions, and contribution information for certain plan years during the period 2002 through 2012. Plan year 2011 data was the most current data available for all plans at the time of our initial data collection, thus most data is presented as of that plan year. Once plan year 2012 data became available, certain limited data for that plan year was downloaded and included in this appendix.

The data presented in this appendix was reported to the JCPER by each of the plans. This data was not subjected to audit procedures, and could contain some inaccurate and/or incomplete data as some limitations with that data were identified in our survey. The appendix provides certain key elements of each plan. Complete financial information can be obtained from the plans.

GENERAL INFORMATION					
Plan Name	**Affton Fire Protection District Retirement Plan**	**Antonia Fire Protection District Pension Plan**	**Arnold Police Pension Plan**	**Berkeley Police & Fire Pension Fund**	**Bi-State Development Agency Division 788, A.T.U.**
Year Established	1987	1986	1978	1960	1976
Created by	Section 321.600, RSMo	Section 105.675, RSMo	Section 86.583, RSMo	Local Legislation	Section 70.370, RSMo
Member/Non-Member Trustees	2 / 3	2 / 3	Ⓐ	2 / 4	3 / 3
Covered Members	52	21	50	121	2,341
Annual Covered Payroll	$2,194,000	$696,000	$2,095,000	$3,130,000	$54,299,000
Social Security Coverage	Yes	Yes	Yes	Yes	Yes
Funded Ratio	53.43%	67.14%	93.53%	63.84%	53.47%
2002 Funded Ratio Ⓑ	58.95%	62.64%	105.80%	100.00%	70.33%
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$4,529,000	$1,340,000	$6,481,000	$11,971,000	$91,396,000
Actuarial Value of Assets	$4,931,000	$1,261,000	$6,481,000	$10,862,000	$91,133,000
Actuarial Value of Accrued Liabilities	$9,229,000	$1,878,000	$6,929,000	$17,014,000	$170,438,000
Unfunded Liabilities (UAAL)	$4,298,000	$617,000	$448,000	$6,152,000	$79,305,000
UAAL as a Percent of Covered Payroll	195.92%	88.67%	21.40%	196.57%	146.05%
2002 UAAL as a Percent of Covered Payroll Ⓑ	115.26%	56.49%	n/a - no UAAL	n/a - no UAAL	75.63%
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	7.50%	6.25%	6.50%	7.50%	7.25%
Wage Inflation	4.50%	Not reported	4.50%	4.00%	Not reported
Asset Valuation Method (smoothing policy)	5 Years	Market Value	Market Value	5 Years	Assumed Yield Method
Actuarial Cost Method	Entry Age Normal	Unit Credit	Aggregate	Aggregate	Entry Age Normal
Amortization Period (for liabilities)	30 Years	18 Years	0 Years	0 Years	22 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$438,000 / 296%	$58,000 / 100%	$376,000 / 116%	$1,245,000 / 18%	$6,905,000 / 100%
2012 ARC as a Percent of Covered Payroll	19.30%	9.16%	17.60%	38.42%	12.75%
2012 Employee Contributions	$177,000	$0	$211,000	$227,000	$2,345,000
2010 ARC / Percentage of ARC Paid	$385,000 / 74%	$63,000 / 100%	$426,000 / 118%	$855,000 / 27%	$4,954,000 / 100%
2010 ARC as a Percent of Covered Payroll	16.73%	7.17%	19.97%	29.19%	9.44%
2010 Employee Contributions	$148,000	$0	$214,000	$193,000	$1,888,000
2006 ARC / Percentage of ARC Paid	$462,000 / 80%	$160,000 / 44%	$394,000 / 84%	$431,000 / 49%	$4,775,000 / 100%
2006 ARC as a Percent of Covered Payroll	21.28%	21.87%	22.18%	14.94%	9.50%
2006 Employee Contributions	$0	$0	$189,000	$181,000	$1,794,000

See footnote descriptions on page 135.

GENERAL INFORMATION					
Plan Name	**Bi-state Development Agency Local 2 I.B.E.W.**	**Bi-state Division 788 Clerical Unit A.T.U.**	**Bi-state Salaried Employees**	**Black Jack Fire Protection District Retirement Plan**	**Bothwell Regional Health Center Retirement Plan**
Year Established	1976	1976	1964	1968	1974
Created by	Section 70.370, RSMo	Section 70.370, RSMo	Section 70.370, RSMo	Section 321.600, RSMo	Not reported
Member/Non-Member Trustees	3 / 3	3 / 3	0 / 7	0 / 3	0 / 7
Covered Members	67	117	948	46	972
Annual Covered Payroll	$3,035,000	$1,516,000	$26,579,000	$3,706,000	$23,491,000
Social Security Coverage	Yes	Yes	Yes	Yes	Yes
Funded Ratio	71.43%	49.22%	80.46%	65.80%	85.77%
2002 Funded Ratio Ⓑ	77.86%	88.43%	97.39%	44.55%	79.69%
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$1,949,000	$5,517,000	$45,889,000	$7,509,000	$39,093,000
Actuarial Value of Assets	$1,897,000	$5,514,000	$47,128,000	$7,509,000	$38,730,000
Actuarial Value of Accrued Liabilities	$2,656,000	$11,202,000	$58,574,000	$11,411,000	$45,157,000
Unfunded Liabilities (UAAL)	$759,000	$5,688,000	$11,446,000	$3,902,000	$6,427,000
UAAL as a Percent of Covered Payroll	25.01%	375.23%	43.06%	105.30%	27.36%
2002 UAAL as a Percent of Covered Payroll Ⓑ	15.59%	46.40%	4.09%	141.02%	22.83%
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	7.25%	7.25%	7.50%	7.00%	8.00%
Wage Inflation	Not reported	Not reported	4.50%	0.00%	5.50%
Asset Valuation Method (smoothing policy)	Assumed Yield Method	Assumed Yield Method	Assumed Yield Method	Market Value	Market Value
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Projected Unit Credit	Aggregate Entry Age	Projected Unit Credit
Amortization Period (for liabilities)	24 Years	23 Years	29 Years	30 Years	20 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$146,000 / 100%	$622,000 / 82%	$3,284,000 / 95%	$481,000 / 173%	$2,477,000 / 100%
2012 ARC as a Percent of Covered Payroll	4.66%	39.87%	12.48%	12.48%	11.68%
2012 Employee Contributions	$62,000	$107,000	$0	$0	$0
2010 ARC / Percentage of ARC Paid	$122,000 / 100%	$224,000 / 100%	$1,925,000 / 100%	$471,000 / 113%	$2,626,000 / 115%
2010 ARC as a Percent of Covered Payroll	4.17%	13.38%	7.56%	13.71%	9.63%
2010 Employee Contributions	$53,000	$99,000	$0	$0	$0
2006 ARC / Percentage of ARC Paid	$88,000 / 100%	$222,000 / 100%	$1,768,000 / 100%	$431,000 / 310%	$2,018,000 / 75%
2006 ARC as a Percent of Covered Payroll	5.70%	10.50%	6.70%	13.97%	7.00%
2006 Employee Contributions	$38,000	$75,000	$0	$0	$0

See footnote descriptions on page 135.

GENERAL INFORMATION					
Plan Name	**Brentwood Police & Firemen's Retirement Fund**	**Bridgeton Employees Retirement Plan**	**Carthage Policemen's & Firemen's Pension Plan**	**Cedar Hill Fire Protection District Length of Service Awards Program**	**Clayton Non-Uniformed Employee Pension Plan**
Year Established	1950	1971	1974	2003	1969
Created by	Sections 86.583 & 70.615, RSMo	Local Legislation	Section 86.583, RSMo	Section 321.600(16), RSMo	Local Legislation
Member/Non-Member Trustees	4 / 3	0 / 5	4 / 3	3 / 0	2 / 5
Covered Members	77	262	91	31	149
Annual Covered Payroll	$3,423,000	$7,708,000	$2,053,000	Not reported	$4,368,000
Social Security Coverage	No	Yes	Yes	Yes	Yes
Funded Ratio	82.03%	61.14%	82.57%	76.23%	86.99%
2002 Funded Ratio Ⓑ	91.05%	100.00%	112.29%	46.23% (2005)	102.46%
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$24,059,000	$20,076,000	$5,447,000	$120,000	$9,588,000
Actuarial Value of Assets	$24,871,000	$21,771,000	$6,380,000	$120,000	$10,815,000
Actuarial Value of Accrued Liabilities	$30,320,000	$35,609,000	$7,727,000	$157,000	$12,432,000
Unfunded Liabilities (UAAL)	$5,449,000	$13,838,000	$1,347,000	$37,000	$1,617,000
UAAL as a Percent of Covered Payroll	159.19%	179.51%	65.62%	Not reported	37.02%
2002 UAAL as a Percent of Covered Payroll Ⓑ	47.86%	n/a - no UAAL	n/a - no UAAL	Not reported (2005)	n/a - no UAAL
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	7.50%	7.50%	8.00%	4.75%	7.00%
Wage Inflation	5.50%	4.50%	4.00%	Not reported	4.50%
Asset Valuation Method (smoothing policy)	Market Value	3 Years	5 Years	Market Value	5 Years
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Modified Aggregate	Entry Age Normal
Amortization Period (for liabilities)	25 Years	30 Years	30 Years	0 Years	15 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$939,000 / 92%	$1,745,000 / 57%	$328,000 / 91%	$19,000 / 153%	$352,000 / 103%
2012 ARC as a Percent of Covered Payroll	26.05%	23.24%	16.72%	Not reported	8.13%
2012 Employee Contributions	$239,000	$0	$0	$0	$68,000
2010 ARC / Percentage of ARC Paid	$804,000 / 120%	$1,401,000 / 64%	$260,000 / 103%	$26,000 / 106%	$354,000 / 46%
2010 ARC as a Percent of Covered Payroll	29.77%	18.72%	14.15%	4.35%	7.50%
2010 Employee Contributions	$240,000	$0	$0	$0	$0
2006 ARC / Percentage of ARC Paid	$469,000 / 196%	$963,000 / 92%	$177,000 / 99%	$19,000 / 107%	$240,000 / 0%
2006 ARC as a Percent of Covered Payroll	17.60%	14.40%	10.70%	Not reported	6.14%
2006 Employee Contributions	$193,000	$0	$0	$0	$0

See footnote descriptions on page 135.

GENERAL INFORMATION					
Plan Name	**Clayton Uniformed Employees Pension Plan**	**Columbia Firemens' Retirement Plan**	**Columbia Police Retirement Plan**	**Community Fire Protection District Retirement Plan**	**County Employees Retirement Fund**
Year Established	1994	1947	1954	1987	1994
Created by	Not reported	Local Legislation	Local Legislation	Section 321.600, RSMo	Section 50.1000, RSMo
Member/Non-Member Trustees	3 / 4	2 / 3	2 / 3	2 / 3	9 / 2
Covered Members	152	255	293	61	16,127
Annual Covered Payroll	$5,512,000	$7,171,000	$8,476,000	$5,274,000	$353,991,000
Social Security Coverage	Yes	No	Yes	Yes	Yes
Funded Ratio	81.41%	53.24%	53.10%	91.63%	70.40%
2002 Funded Ratio Ⓑ	72.91%	71.99%	67.72%	104.16% (plan year 2009)	56.00%
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$27,669,000	$49,606,000	$34,256,000	$14,711,000	$301,869,000
Actuarial Value of Assets	$28,919,000	$53,951,000	$36,776,000	$14,712,000	$318,320,000
Actuarial Value of Accrued Liabilities	$35,521,000	$101,339,000	$69,263,000	$16,055,000	$452,366,000
Unfunded Liabilities (UAAL)	$6,602,000	$47,388,000	$32,487,000	$1,343,000	$134,046,000
UAAL as a Percent of Covered Payroll	119.78%	660.83%	383.28%	25.47%	37.87%
2002 UAAL as a Percent of Covered Payroll Ⓑ	163.25%	255.67%	188.45%	n/a - no UAAL (2009)	34.61%
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	7.00%	7.50%	7.50%	7.00%	8.00%
Wage Inflation	3.50%	3.50%	3.50%	4.00%	Ⓛ
Asset Valuation Method (smoothing policy)	Market Value	4 Years	4 Years	Market Value	5 Years
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Aggregate	Entry Age Normal
Amortization Period (for liabilities)	22 Years	28 Years	28 Years	30 Years	20 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$966,000 / 100%	$3,996,000 / 100%	$3,153,000 / 100%	$815,000 / 145%	$17,486,000 / 114% Ⓜ
2012 ARC as a Percent of Covered Payroll	19.67%	55.43%	38.08%	14.55%	4.94%
2012 Employee Contributions	$229,000	$1,207,000	$303,000	$0	$10,563,000
2010 ARC / Percentage of ARC Paid	$1,125,000 / 100%	$3,330,000 / 100%	$2,693,000 / 100%	$591,000 / 178%	$19,095,000 / 104%
2010 ARC as a Percent of Covered Payroll	20.70%	44.70%	31.75%	11.90%	5.41%
2010 Employee Contributions	$228,000	$1,216,000	$299,000	$0	$9,484,000
2006 ARC / Percentage of ARC Paid	$798,000 / 100%	$2,214,000 / 100%	$2,233,000 / 100%	Ⓗ / Ⓗ	$13,448,000 / 141%
2006 ARC as a Percent of Covered Payroll	15.20%	41.00%	30.56%	Ⓗ	4.46%
2006 Employee Contributions	$216,000	$1,042,000	$261,000	Ⓗ	$6,449,000

See footnote descriptions on page 135.

GENERAL INFORMATION					
Plan Name	**Creve Coeur Employees Retirement Plan**	**Creve Coeur Fire Protection District Retirement Plan**	**Eureka Fire Protection District Retirement Plan**	**Fenton Fire Protection District Retirement Plan**	**Ferguson Pension Plan**
Year Established	1967	1968	1982	1968	1969
Created by	Local Legislation	Section 321.240, RSMo	Section 321.240, RSMo	Section 321.600, RSMo	Local Legislation
Member/Non-Member Trustees	2 / 7	3 / 2	2 / 3	2 / 3	3 / 4
Covered Members	153	85	53	81	237
Annual Covered Payroll	$4,252,000	$5,089,000	$2,117,000	$5,082,000	$5,998,000
Social Security Coverage	Yes	Yes	Yes	Yes	Yes
Funded Ratio	62.54%	76.24%	76.91%	85.92%	100.58%
2002 Funded Ratio Ⓑ	88.19%	34.78%	100.00%	96.28%	100.00%
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$16,440,000	$7,729,000	$7,021,000	$21,156,000	$20,331,000
Actuarial Value of Assets	$15,103,000	$7,306,000	$7,034,000	$23,551,000	$20,798,000
Actuarial Value of Accrued Liabilities	$24,150,000	$9,583,000	$9,145,000	$27,410,000	$20,678,000
Unfunded Liabilities (UAAL)	$9,047,000	$2,277,000	$2,111,000	$3,859,000	$0
UAAL as a Percent of Covered Payroll	212.76%	44.74%	99.75%	75.94%	n/a - no UAAL
2002 UAAL as a Percent of Covered Payroll Ⓑ	33.21%	113.72%	n/a - no UAAL	16.47%	n/a - no UAAL
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	7.50%	7.50%	7.00%	7.50%	7.50%
Wage Inflation	5.00%	4.25%	2.30%	3.00%	3.25%
Asset Valuation Method (smoothing policy)	3 Years	3 Years	4 Years	5 Years	5 Years
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Entry Age Normal	Frozen Initial Liability	Entry Age Normal
Amortization Period (for liabilities)	15 Years	15 Years	20 Years	15 Years	0 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$1,339,000 / 104%	$593,000 / 100%	$564,000 / 51%	$1,307,000 / 72%	$480,000 / 100%
2012 ARC as a Percent of Covered Payroll	32.88%	11.36%	27.49%	26.18%	7.76%
2012 Employee Contributions	$41,000	$0	$0	$0	$0
2010 ARC / Percentage of ARC Paid	$1,005,000 / 105%	$572,000 / 100%	$496,000 / 50%	$1,320,000 / 90%	$108,000 / 100%
2010 ARC as a Percent of Covered Payroll	20.72%	10.40%	22.82%	26.63%	1.81%
2010 Employee Contributions	$0	$0	$0	$0	$0
2006 ARC / Percentage of ARC Paid	$655,000 / 100%	$615,000 / 100%	$304,000 / 77%	$962,000 / 103%	Ⓓ / Ⓓ
2006 ARC as a Percent of Covered Payroll	13.94%	11.60%	15.57%	21.00%	Ⓓ
2006 Employee Contributions	$0	$0	$0	$0	$0

See footnote descriptions on page 135.

GENERAL INFORMATION					
Plan Name	**Florissant Employees Pension Plan**	**Florissant Valley Fire Protection District Retirement Plan**	**Glendale Pension Plan**	**Hannibal Police & Fire Retirement Plan**	**Hazelwood City Council Members Retirement Plan**
Year Established	2001	1970	1971	1952	1984
Created by	Local Legislation	Section 321.600, RSMo	Sections 86.583 & 87.010, RSMo	Local Legislation	Section 70.615, RSMo
Member/Non-Member Trustees	Ⓐ	2 / 3	2 / 3	4 / 5	2 / 3
Covered Members	74	72	45	138	19
Annual Covered Payroll	$656,000	$5,147,000	$1,669,000	$3,253,000	$22,000
Social Security Coverage	Yes	Yes	Yes	No	Yes
Funded Ratio	82.84%	89.52%	73.38%	48.12%	100.00%
2002 Funded Ratio Ⓑ	65.56%	43.06%	100.00%	61.23%	100.00% (plan year 2010)
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$9,867,000	$17,039,000	$4,829,000	$10,829,000	$96,000
Actuarial Value of Assets	$9,867,000	$16,247,000	$4,792,000	$10,829,000	$96,000
Actuarial Value of Accrued Liabilities	$11,911,000	$18,150,000	$6,530,000	$22,503,000	$96,000
Unfunded Liabilities (UAAL)	$2,044,000	$1,903,000	$1,738,000	$11,674,000	$0
UAAL as a Percent of Covered Payroll	311.61%	36.97%	104.17%	358.81%	n/a - no UAAL
2002 UAAL as a Percent of Covered Payroll Ⓑ	184.85%	159.80%	n/a - no UAAL	220.26%	n/a - no UAAL (2010)
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	7.50%	6.75%	7.50%	7.50%	7.50%
Wage Inflation	5.00%	2.00%	3.75%	4.00%	Not reported
Asset Valuation Method (smoothing policy)	Market Value	Market Value	5 Years	Market Value	Market Value
Actuarial Cost Method	Frozen Entry Age	Entry Age Normal	Aggregate	Entry Age Normal	Aggregate
Amortization Period (for liabilities)	26 Years	30 Years	0 Years	20 Years	0 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$806,000 / 129%	$268,000 / 404%	$305,000 / 43%	$921,000 / 125%	$12,000 / 0%
2012 ARC as a Percent of Covered Payroll	167.39%	5.19%	18.38%	27.55%	53.91%
2012 Employee Contributions	$0	$52,000	$53,000	$412,000	$0
2010 ARC / Percentage of ARC Paid	$1,033,000 / 126%	$453,000 / 255%	$305,000 / 43%	$1,169,000 / 80%	Insufficient data
2010 ARC as a Percent of Covered Payroll	111.00%	9.49%	19.34%	34.54%	Insufficient data
2010 Employee Contributions	$0	$50,000	$53,000	$325,000	$0
2006 ARC / Percentage of ARC Paid	$665,000 / 147%	$962,000 / 111%	$160,000 / 97%	$726,000 / 95%	Not reported / Not reported
2006 ARC as a Percent of Covered Payroll	36.74%	23.59%	13.10%	24.10%	Not reported
2006 Employee Contributions	$0	$44,000	$46,000	$228,000	Not reported

See footnote descriptions on page 135.

GENERAL INFORMATION					
Plan Name	**Hazelwood Retirement Plan**	**High Ridge Fire Protection District Pension Plan**	**Jackson County Employees Pension Plan**	**Jefferson City Firemen's Retirement System**	**Jennings Police & Firemen's Retirement Fund**
Year Established	1985	1982	1967	1947	1962
Created by	Section 70.615, RSMo	Section 321.220, RSMo	Section 50.337, RSMo	Section 70.615, RSMo	Section 86.583, RSMo
Member/Non-Member Trustees	2 / 5	2 / 3	4 / 7	3 / 6	3 / 7
Covered Members	273	41	3,421	61	47
Annual Covered Payroll	$9,908,000	$2,359,000	$62,081,000	$0	$255,000
Social Security Coverage	Yes	Yes	Yes	No	Yes
Funded Ratio	78.67%	86.74%	78.48%	103.66%	74.48%
2002 Funded Ratio Ⓑ	88.12%	66.56% (plan year 2008)	88.26%	77.66%	83.08%
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$25,917,000	$5,314,000	$180,779,000	$18,170,000	$5,892,000
Actuarial Value of Assets	$23,793,000	$5,732,000	$165,356,000	$18,197,000	$5,984,000
Actuarial Value of Accrued Liabilities	$30,245,000	$6,609,000	$210,705,000	$17,554,000	$8,034,000
Unfunded Liabilities (UAAL)	$6,452,000	$877,000	$45,349,000	$0	$2,050,000
UAAL as a Percent of Covered Payroll	65.12%	37.16%	73.05%	n/a - no UAAL	804.34%
2002 UAAL as a Percent of Covered Payroll Ⓑ	27.96%	92.19% (2008)	28.88%	146.13%	158.96%
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	7.50%	7.50%	7.00%	6.00%	6.00%
Wage Inflation	4.50%	Not reported	4.00%	0.00%	4.00%
Asset Valuation Method (smoothing policy)	3 Years	Market Value	5 Years	Market Value	Market Value
Actuarial Cost Method	Entry Age	Aggregate	Individual Entry Age	Entry Age Normal	Entry Age Normal
Amortization Period (for liabilities)	15 Years	0 Years	30 Years	23 Years	17 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$1,225,000 / 122%	$287,000 / 111%	$7,748,000 / 100%	Ⓓ / Ⓓ	$209,000 / 97%
2012 ARC as a Percent of Covered Payroll	11.96%	12.22%	11.91%	Ⓓ	74.41%
2012 Employee Contributions	$0	$0	$24,000	$0	$10,000
2010 ARC / Percentage of ARC Paid	$1,057,000 / 105%	$299,000 / 108%	$7,345,000 / 108%	$1,361,000 / 100%	$218,000 / 100%
2010 ARC as a Percent of Covered Payroll	10.70%	14.09%	11.15%	29.25%	40.20%
2010 Employee Contributions	$0	$0	$21,000	$133,000	$19,000
2006 ARC / Percentage of ARC Paid	$1,006,000 / 104%	Not reported / Not reported	$8,494,000 / 78%	$1,001,000 / 100%	$210,000 / 77%
2006 ARC as a Percent of Covered Payroll	11.96%	Not reported	13.20%	29.97%	26.35%
2006 Employee Contributions	$0	Not reported	$43,000	$134,000	$23,000

See footnote descriptions on page 135.

GENERAL INFORMATION					
Plan Name	**Joplin Police & Fire Pension Plan**	**Kansas City Civilian Police Employees' Retirement System**	**Kansas City Police Retirement System**	**Kansas City Employees' Retirement System**	**Kansas City Firefighter's Pension System**
Year Established	1947	1965	1946	1962	1953
Created by	Local Legislation	Sections 86.1310 to 86.1640, RSMo	Sections 86.900 to 86.1280, RSMo	Local Legislation	Section 87.010, RSMo
Member/Non-Member Trustees	4 / 3	5 / 4	5 / 4	2 / 8	3 / 4
Covered Members	326	763	2,613	5,639	1,802
Annual Covered Payroll	$8,201,000	$25,239,000	$93,480,000	$163,114,000	$51,983,000
Social Security Coverage	No	Yes	No	Yes	No
Funded Ratio	53.33%	74.81%	76.10%	79.80%	81.85%
2002 Funded Ratio Ⓑ	58.81%	97.92%	95.73%	100.53%	87.44%
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$27,053,000	$102,336,000	$714,542,000	$915,790,000	$413,496,000
Actuarial Value of Assets	$27,464,000	$102,523,000	$715,764,000	$806,792,000	$432,541,000
Actuarial Value of Accrued Liabilities	$51,496,000	$137,041,000	$940,609,000	$1,010,996,000	$528,481,000
Unfunded Liabilities (UAAL)	$24,032,000	$34,518,000	$224,845,000	$204,204,000	$95,940,000
UAAL as a Percent of Covered Payroll	293.03%	136.77%	240.53%	125.19%	184.56%
2002 UAAL as a Percent of Covered Payroll Ⓑ	189.57%	6.51%	48.84%	n/a - no UAAL	108.08%
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	7.00%	7.75%	7.75%	7.50%	7.75%
Wage Inflation	2.50%	4.00%	4.00%	4.00%	3.00%
Asset Valuation Method (smoothing policy)	5 Years	5 Years	5 Years	4 Years	5 Years
Actuarial Cost Method	Entry Age Normal	Individual Entry Age	Individual Entry Age	Entry Age Normal	Entry Age Normal
Amortization Period (for liabilities)	25 Years	24 Years	24 Years	20 Years	30 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$2,214,000 / 112%	$4,944,000 / 64%	$31,757,000 / 52%	$26,327,000 / 78%	$14,046,000 / 91%
2012 ARC as a Percent of Covered Payroll	26.23%	19.58%	36.14%	16.14%	23.39%
2012 Employee Contributions	$1,462,000	$1,225,000	$8,894,000	$6,612,000	$5,649,000
2010 ARC / Percentage of ARC Paid	$2,207,000 / 81%	$4,014,000 / 83%	$23,642,000 / 70%	$29,589,000 / 65%	$17,124,000 / 61%
2010 ARC as a Percent of Covered Payroll	28.65%	14.27%	26.30%	18.47%	31.94%
2010 Employee Contributions	$1,334,000	$1,312,000	$8,935,000	$6,332,000	$5,622,000
2006 ARC / Percentage of ARC Paid	$1,374,000 / 102%	$3,481,000 / 62%	$18,993,000 / 72%	$25,771,000 / 68%	$9,808,000 / 93%
2006 ARC as a Percent of Covered Payroll	22.22%	15.87%	29.06%	18.20%	19.60%
2006 Employee Contributions	$1,099,000	$1,262,000	$7,473,000	$5,532,000	$4,661,000

See footnote descriptions on page 135.

GENERAL INFORMATION				
Plan Name	**Kansas City Public School Retirement System**	**Kansas City Transportation Authority Union Employees Pension Plan**	**Kansas City Area Transportation Authority Salaried Employees Pension Plan**	**Ladue Non-Uniformed Employees Retirement System**
Year Established	1944	1971	1979	1968
Created by	Section 169.280, RSMo	Section 238.100, RSMo	Not reported	Section 70.615, RSMo
Member/Non-Member Trustees	6 / 6	3 / 13	0 / 4	3 / 3
Covered Members	9,682	806	154	43
Annual Covered Payroll	$155,893,000	$28,259,000	$6,345,000	$1,638,000
Social Security Coverage	Yes	Yes	Yes	Yes
Funded Ratio	84.90%	64.79%	80.38%	82.11%
2002 Funded Ratio Ⓑ	102.36%	83.75%	82.49%	100.00%
ASSET/LIABILITY INFORMATION				
Market Value of Investments	$667,766,000	$35,254,000	$12,528,000	$3,289,000
Actuarial Value of Assets	$742,280,000	$36,766,000	$13,314,000	$3,501,000
Actuarial Value of Accrued Liabilities	$874,287,000	$56,743,000	$16,564,000	$4,264,000
Unfunded Liabilities (UAAL)	$132,007,000	$19,977,000	$3,250,000	$763,000
UAAL as a Percent of Covered Payroll	84.68%	70.69%	51.23%	46.57%
2002 UAAL as a Percent of Covered Payroll Ⓑ	n/a - no UAAL	31.09%	35.93%	n/a - no UAAL
KEY ACTUARIAL ASSUMPTIONS				
Assumed Investment Rate of Return	8.00%	7.50%	7.50%	7.50%
Wage Inflation	5.00%	4.25%	4.00%	5.00%
Asset Valuation Method (smoothing policy)	5 Years	5 Years	5 Years	5 Years
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Frozen Entry Age	Aggregate
Amortization Period (for liabilities)	30 Years	30 Years	5 Years	0 Years
CONTRIBUTION INFORMATION				
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$16,836,000 / 68% Ⓝ	$2,349,000 / 89%	$882,000 / 102%	$201,000 / 100%
2012 ARC as a Percent of Covered Payroll	10.80%	8.73%	14.68%	13.46%
2012 Employee Contributions	$11,578,000	$1,068,000	$0	$0
2010 ARC / Percentage of ARC Paid	$7,779,000 / 171%	$2,371,000 / 87%	$854,000 / 101%	$161,000 / 162%
2010 ARC as a Percent of Covered Payroll	4.00%	7.50%	13.90%	8.94%
2010 Employee Contributions	$13,282,000	$1,060,000	$117,000	$0
2006 ARC / Percentage of ARC Paid	$11,774,000 / 123%	$1,926,000 / 85%	$736,000 / 100%	$121,000 / 100%
2006 ARC as a Percent of Covered Payroll	6.28%	7.80%	14.06%	7.69%
2006 Employee Contributions	$14,925,000	$787,000	$0	$0

See footnote descriptions on page 135.

GENERAL INFORMATION					
Plan Name	**Ladue Police & Fire Pension Plan**	**Little River Drainage District Retirement Plan**	**Local Government Employees Retirement System**	**Local Government Employees Retirement System Staff**	**Maplewood Police & Fire Retirement Fund**
Year Established	1947	1968	1967	1974	1948
Created by	Sections 70.615 & 87.010, RSMo	Section 70.615, RSMo	Sections 70.600 to 70.755, RSMo	Not reported	Local Legislation
Member/Non-Member Trustees	2 / 5	0 / 5	3 / 4	3 / 4	2 / 3
Covered Members	112	14	49,230	30	24
Annual Covered Payroll	$4,107,000	$369,000	$1,350,647,000	$1,454,000	$0
Social Security Coverage	No	Yes	Yes	Yes	No
Funded Ratio	69.84%	94.27%	81.60%	83.99%	166.61%
2002 Funded Ratio Ⓑ	88.14%	61.68%	100.40%	64.52%	89.50%
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$21,433,000	$872,000	$4,512,773,000	$5,643,000	$12,893,000
Actuarial Value of Assets	$22,950,000	$872,000	$3,945,086,000	$5,641,000	$12,070,000
Actuarial Value of Accrued Liabilities	$32,859,000	$925,000	$4,837,423,000	$6,716,000	$7,245,000
Unfunded Liabilities (UAAL)	$9,909,000	$53,000	$892,337,000	$1,075,000	$0
UAAL as a Percent of Covered Payroll	241.26%	14.35%	66.07%	73.97%	n/a - no UAAL
2002 UAAL as a Percent of Covered Payroll Ⓑ	66.72%	38.80%	n/a - no UAAL	140.30%	52.93%
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	7.50%	5.00%	7.25%	7.25%	7.00%
Wage Inflation	4.75%	3.50%	3.50%	3.50%	0.00%
Asset Valuation Method (smoothing policy)	5 Years	Market Value	5 Years	5 Years	Market Value
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Period (for liabilities)	20 Years	15 Years	Ⓙ	15 Years	18 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$1,183,000 / 100%	$19,000 / 733%	$166,947,000 / 100%	$348,000 / 269%	Ⓓ / Ⓓ
2012 ARC as a Percent of Covered Payroll	30.02%	4.26%	Ⓚ	20.84%	Ⓓ
2012 Employee Contributions	$141,000	$13,000	$12,158,000	$0	$66,000
2010 ARC / Percentage of ARC Paid	$1,093,000 / 155%	$56,000 / 986%	$137,850,000 / 100%	$222,000 / 100%	$1,014,000 / 86%
2010 ARC as a Percent of Covered Payroll	24.57%	13.66%	Ⓚ	16.03%	25.43%
2010 Employee Contributions	$130,000	$31,000	$10,563,000	$0	$218,000
2006 ARC / Percentage of ARC Paid	$1,130,000 / 100%	$56,000 / 0%	$115,550,000 / 100%	$151,000 / 298%	$577,000 / 81%
2006 ARC as a Percent of Covered Payroll	29.86%	14.88%	Ⓚ	14.28%	16.71%
2006 Employee Contributions	$117,000	$16,000	$7,190,000	$0	$157,000

See footnote descriptions on page 135.

GENERAL INFORMATION					
Plan Name	**Mehlville Fire Protection District Retirement Plan**	**Metro North Fire Protection District Retirement Plan**	**Metro St. Louis Sewer District Employees Pension Plan**	**Metro West Fire Protection District Retirement Plan**	**Mid-County Fire Protection District Retirement Plan**
Year Established	1968	2010	1967	1969	1967
Created by	Section 321.600, RSMo	Not reported	Section 70.615, RSMo	Section 321.240, RSMo	Section 321.600, RSMo
Member/Non-Member Trustees	0 / 3	Not reported	0 / 6	0 / 3	2 / 4
Covered Members	32	15	1,617	149	23
Annual Covered Payroll	$0	$1,411,000	$49,432,000	$8,400,000	$1,741,000
Social Security Coverage	Yes	Yes	Yes	Yes	Yes
Funded Ratio	58.22%	136.47%	80.70%	69.90%	95.72%
2002 Funded Ratio Ⓑ	90.85%	Ⓒ	86.29%	62.84%	42.61%
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$6,645,000	$559,000	$200,040,000	$30,557,000	$1,726,000
Actuarial Value of Assets	$7,787,000	$559,000	$205,792,000	$33,453,000	$1,753,000
Actuarial Value of Accrued Liabilities	$13,374,000	$410,000	$254,997,000	$47,861,000	$1,831,000
Unfunded Liabilities (UAAL)	$5,587,000	$0	$49,205,000	$14,408,000	$78,000
UAAL as a Percent of Covered Payroll	n/a - no covered payroll	n/a - no UAAL	99.54%	171.51%	4.50%
2002 UAAL as a Percent of Covered Payroll Ⓑ	38.80%	Ⓒ	53.06%	162.91%	48.12%
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	5.00%	7.00%	7.25%	7.00%	7.00%
Wage Inflation	0.00%	0.00%	4.00%	3.00%	Not reported
Asset Valuation Method (smoothing policy)	5 Years	Market Value	3 Years	Market Value	Market Value
Actuarial Cost Method	Entry Age Normal	Unit Credit	Entry Age Normal	Entry Age Normal Frozen Initial Liability	Aggregate
Amortization Period (for liabilities)	20 Years	0 Years	20 Years	30 Years	30 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$427,000 / 0%	$212,000 / 122%	$11,737,000 / 100%	$1,960,000 / 109%	$42,000 / 131%
2012 ARC as a Percent of Covered Payroll	n/a - no covered payroll	14.86%	24.28%	22.98%	2.46%
2012 Employee Contributions	$0	$0	$0	$244,000	$0
2010 ARC / Percentage of ARC Paid	$35,000 / 0%	Ⓒ / Ⓒ	$10,307,000 / 100%	$2,295,000 / 92%	$72,000 / 277%
2010 ARC as a Percent of Covered Payroll	n/a - no covered payroll	Ⓒ	19.72%	26.20%	4.10%
2010 Employee Contributions	$0	Ⓒ	$0	$243,000	$0
2006 ARC / Percentage of ARC Paid	$1,758,000 / 0%	Ⓒ / Ⓒ	$6,847,000 / 100%	$2,413,000 / 71%	$89,000 / 159%
2006 ARC as a Percent of Covered Payroll	18.61%	Ⓒ	17.06%	34.88%	11.82%
2006 Employee Contributions	$0	Ⓒ	$0	$0	$0

See footnote descriptions on page 135.

GENERAL INFORMATION				
Plan Name	**Missouri Department of Transportation & Highway Patrol Employees' Retirement System**	**Missouri Higher Education Loan Authority Pension Plan**	**Missouri State Employees' Retirement System - Judicial Plan**	**Missouri State Employees' Retirement System - MSEP**
Year Established	1955	2000	1951	1957
Created by	Section 104.020, RSMo	Section 173.415, RSMo	Sections 476.445 to 476.690, RSMo	Section 104.320, RSMo
Member/Non-Member Trustees	6 / 5	Ⓐ	11 / 0	11 / 0
Covered Members	17,869	217	930	104,687
Annual Covered Payroll	$362,654,000	$10,158,000	$45,888,000	$1,875,570,000
Social Security Coverage	Yes	Yes	Yes	Yes
Funded Ratio	43.28%	110.35%	25.00%	79.20%
2002 Funded Ratio Ⓑ	61.50%	100.00% (plan year 2006)	11.58%	95.85%
ASSET/LIABILITY INFORMATION				
Market Value of Investments	$1,548,230,000	$26,964,000	$97,371,000	$7,783,373,000
Actuarial Value of Assets	$1,427,291,000	$26,964,000	$98,399,000	$8,022,481,000
Actuarial Value of Accrued Liabilities	$3,297,590,000	$24,434,000	$393,485,000	$10,123,544,000
Unfunded Liabilities (UAAL)	$1,870,299,000	$0	$295,086,000	$2,101,063,000
UAAL as a Percent of Covered Payroll	515.72%	n/a - no UAAL	643.06%	112.02%
2002 UAAL as a Percent of Covered Payroll Ⓑ	280.12%	n/a - no UAAL (2006)	565.19%	14.73%
KEY ACTUARIAL ASSUMPTIONS				
Assumed Investment Rate of Return	8.25%	7.00%	8.50%	8.50%
Wage Inflation	3.75%	5.00%	4.00%	4.00%
Asset Valuation Method (smoothing policy)	3 Years	Market Value	5 Years	5 Years
Actuarial Cost Method	Entry Age Normal	Aggregate	Entry Age Normal	Entry Age Normal
Amortization Period (for liabilities)	21 Years	10 Years	30 Years	30 Years
CONTRIBUTION INFORMATION				
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$164,880,000 / 100%	$1,394,000 / 100%	$26,325,000 / 100%	$263,374,000 / 100%
2012 ARC as a Percent of Covered Payroll	45.45% civilian / 58.63% uniformed	7.87%	57.30%	13.97%
2012 Employee Contributions	$203,000	$0	$150,000	$4,955,000
2010 ARC / Percentage of ARC Paid	$124,477,000 / 100%	$2,016,000 / 100%	$27,029,000 / 100%	$251,226,000 / 100%
2010 ARC as a Percent of Covered Payroll	31.40% civilian / 39.95% uniformed	19.29%	58.48%	12.75%
2010 Employee Contributions	$0	$0	$0	$0
2006 ARC / Percentage of ARC Paid	$111,543,000 / 100%	$1,867,000 / 100%	$22,402,000 / 100%	$226,338,000 / 100%
2006 ARC as a Percent of Covered Payroll	30.49% civilian / 44.27% uniformed	16.93%	55.76%	12.59%
2006 Employee Contributions	$0	$0	$0	$0

See footnote descriptions on page 135.

GENERAL INFORMATION					
Plan Name	**North Kansas City Hospital Retirement Plan**	**North Kansas City Policemen's & Firemen's Retirement Fund**	**Olivette Salaried Employees' Retirement Plan**	**Overland Non-Uniform Pension Fund**	**Overland Police Retirement Fund**
Year Established	1971	1956	1964	1968	1956
Created by	Sections 96.150 to 96.228, RSMo	Sections 70.615 & 87.010, RSMo	Local Legislation	Section 70.600, RSMo	Section 86.583, RSMo
Member/Non-Member Trustees	0 / 3	2 / 5	1 / 6	2 / 3	2 / 5
Covered Members	3,726	164	116	112	82
Annual Covered Payroll	$133,345,000	$5,571,000	$2,656,000	$1,905,000	$2,320,000
Social Security Coverage	Yes	Yes	Yes	Yes	Yes
Funded Ratio	96.14%	77.87%	68.88%	87.88%	78.10%
2002 Funded Ratio Ⓑ	100.00% (plan year 2005)	100.00%	100.00%	94.90%	100.00%
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$192,634,000	$34,526,000	$15,737,000	$8,980,000	$13,356,000
Actuarial Value of Assets	$192,634,000	$34,604,000	$15,737,000	$9,634,000	$14,264,000
Actuarial Value of Accrued Liabilities	$200,370,000	$44,441,000	$22,846,000	$10,963,000	$18,263,000
Unfunded Liabilities (UAAL)	$7,736,000	$9,837,000	$7,109,000	$1,329,000	$3,999,000
UAAL as a Percent of Covered Payroll	5.80%	176.58%	267.69%	69.75%	172.38%
2002 UAAL as a Percent of Covered Payroll Ⓑ	n/a - no UAAL (2005)	n/a - no UAAL	n/a - no UAAL	22.88%	n/a - no UAAL
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	7.50%	6.50%	7.25%	7.50%	7.50%
Wage Inflation	5.00%	5.00%	4.50%	4.00%	4.00%
Asset Valuation Method (smoothing policy)	Market Value	5 Years	Market Value	4 Years	4 Years
Actuarial Cost Method	Aggregate	Entry Age	Entry Age Normal	Aggregate	Aggregate
Amortization Period (for liabilities)	0 Years	20 Years	30 Years	0 Years	0 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$6,719,000 / 119%	$1,546,000 / 59%	$762,000 / 72%	$318,000 / 130%	$694,000 / 39%
2012 ARC as a Percent of Covered Payroll	5.13%	30.63%	29.83%	16.28%	29.51%
2012 Employee Contributions	$0	$51,000	$148,000	$130,000	$131,000
2010 ARC / Percentage of ARC Paid	$8,695,000 / 58%	$1,433,000 / 73%	$842,000 / 81%	$355,000 / 69%	$569,000 / 46%
2010 ARC as a Percent of Covered Payroll	6.34%	24.80%	29.57%	17.00%	24.82%
2010 Employee Contributions	$0	$59,000	$149,000	$116,000	$119,000
2006 ARC / Percentage of ARC Paid	$9,163,000 / 117%	$1,155,000 / 80%	$344,000 / 140%	$406,000 / 98%	$346,000 / 84%
2006 ARC as a Percent of Covered Payroll	8.81%	25.11%	12.02%	20.92%	17.08%
2006 Employee Contributions	$0	$54,000	$180,000	$112,000	$109,000

See footnote descriptions on page 135.

GENERAL INFORMATION					
Plan Name	**Pattonville-Bridgeton Fire Protection District Retirement Plan**	**Poplar Bluff Police & Fire Pension Plan**	**Prosecuting Attorneys' & Circuit Attorneys' Retirement System**	**Public Education Employees' Retirement System**	**Public School Retirement System**
Year Established	2002	1978	1989	1965	1946
Created by	Section 321.600, RSMo	Not reported	Section 56.800, RSMo	Section 169.610, RSMo	Section 169.010, RSMo
Member/Non-Member Trustees	2 / 3	4 / 4	5 / 0	5 / 2	5 / 2
Covered Members	89	136	191	97,257	140,164
Annual Covered Payroll	$5,898,000	$3,442,000	$7,428,000	$1,414,442,000	$4,338,976,000
Social Security Coverage	Yes	No	Yes	Yes	No
Funded Ratio	73.11%	100.00%	98.72%	85.30%	85.50%
2002 Funded Ratio Ⓑ	52.56%	100.00%	89.48%	97.56%	95.30%
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$20,044,000	$11,129,000	$28,305,000	$2,902,398,000	$27,929,148,000
Actuarial Value of Assets	$21,436,000	$11,021,000	$28,650,000	$3,028,757,000	$29,387,487,000
Actuarial Value of Accrued Liabilities	$29,320,000	$11,021,000	$29,022,000	$3,549,348,000	$34,383,431,000
Unfunded Liabilities (UAAL)	$7,884,000	$0	$372,000	$520,591,000	$4,995,944,000
UAAL as a Percent of Covered Payroll	133.68%	n/a - no UAAL	5.00%	36.81%	115.14%
2002 UAAL as a Percent of Covered Payroll Ⓑ	159.88%	n/a - no UAAL	20.05%	5.07%	34.16%
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	7.75%	6.25%	7.50%	8.00%	8.00%
Wage Inflation	2.50%	3.50%	4.00%	3.75%	3.50%
Asset Valuation Method (smoothing policy)	5 Years	4 Years	5 Years	5 Years	5 Years
Actuarial Cost Method	Aggregate	Aggregate	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Period (for liabilities)	0 Years	0 Years	20 Years	30 Years	30 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$1,865,000 / 64%	$334,000 / 57%	$1,083,000 / 144% Ⓔ	$95,095,000 / 100% Ⓕ	$720,304,000 / 86% Ⓕ
2012 ARC as a Percent of Covered Payroll	31.87%	9.37%	12.77%	6.86%	14.50%
2012 Employee Contributions	$0	$209,000	$0	$101,931,000	$658,936,000
2010 ARC / Percentage of ARC Paid	$1,435,000 / 95%	$121,000 / 128%	$1,158,000 / 134% Ⓔ	$95,560,000 / 96% Ⓕ	$658,161,000 / 90% Ⓕ
2010 ARC as a Percent of Covered Payroll	24.95%	3.75%	15.83%	6.50%	13.50%
2010 Employee Contributions	$0	$200,000	$0	$95,924,000	$636,633,000
2006 ARC / Percentage of ARC Paid	$1,137,000 / 87%	$171,000 / 113%	$893,000 / 185% Ⓔ	$79,708,000 / 77% Ⓕ	$608,134,000 / 71% Ⓕ
2006 ARC as a Percent of Covered Payroll	21.49%	5.98%	12.38%	5.50%	11.50%
2006 Employee Contributions	$0	$160,000	$0	$68,018,000	$502,980,000

See footnote descriptions on page 135.

GENERAL INFORMATION					
Plan Name	**Raytown Policemen's Retirement Fund**	**Richmond Heights Police & Fire Retirement Plan**	**Rock Community Fire Protection District Retirement Plan**	**Rock Hill Police & Firemen's Pension Plan**	**Saline Valley Fire Protection District Retirement Plan**
Year Established	1966	1952	1977	1966	2008
Created by	Section 70.615, RSMo	Sections 70.615 & 87.010, RSMo	Section 321.600, RSMo	Section 70.655, RSMo	Section 321.220, RSMo
Member/Non-Member Trustees	0 / 5	2 / 5	2 / 3	2 / 3	2 / 3
Covered Members	79	97	85	30	40
Annual Covered Payroll	$3,065,000	$4,012,000	$4,496,000	$978,000	$1,595,000
Social Security Coverage	Yes	Yes	Yes	Yes	Yes
Funded Ratio	53.69%	98.46%	84.52%	41.54%	67.84%
2002 Funded Ratio Ⓑ	82.17%	103.80%	80.71%	100.00%	71.67% (plan year 2008)
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$8,765,000	$34,811,000	$8,765,000	$1,660,000	$1,033,000
Actuarial Value of Assets	$8,765,000	$32,328,000	$9,435,000	$1,420,000	$1,033,000
Actuarial Value of Accrued Liabilities	$16,326,000	$32,833,000	$11,162,000	$3,419,000	$1,523,000
Unfunded Liabilities (UAAL)	$7,561,000	$505,000	$1,727,000	$1,999,000	$490,000
UAAL as a Percent of Covered Payroll	246.70%	12.59%	38.42%	204.33%	30.70%
2002 UAAL as a Percent of Covered Payroll Ⓑ	70.27%	n/a - no UAAL	32.26%	n/a - no UAAL	32.61% (2008)
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	7.50%	7.50%	7.50%	6.00%	7.00%
Wage Inflation	4.00%	5.00%	3.00%	2.50%	0.00%
Asset Valuation Method (smoothing policy)	Market Value	Assured Yield	5 Years	Market Value	Market Value
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Projected Unit Method	Aggregate	Aggregate
Amortization Period (for liabilities)	30 Years	30 Years	30 Years	0 Years	0 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$679,000 / 101%	$1,006,000 / 96%	$662,000 / 98%	$294,000 / 72%	$124,000 / 162%
2012 ARC as a Percent of Covered Payroll	21.74%	23.67%	14.65%	49.76%	7.28%
2012 Employee Contributions	$0	$120,000	$0	$0	$0
2010 ARC / Percentage of ARC Paid	$866,000 / 83%	$614,000 / 148%	$801,000 / 81%	$294,000 / 48%	$139,000 / 148%
2010 ARC as a Percent of Covered Payroll	24.83%	16.15%	18.13%	54.01%	9.93%
2010 Employee Contributions	$0	$111,000	$0	$0	$0
2006 ARC / Percentage of ARC Paid	$420,000 / 67%	$659,000 / 146%	$478,000 / 139%	$237,000 / 0%	Ⓘ / Ⓘ
2006 ARC as a Percent of Covered Payroll	17.80%	19.30%	25.47%	41.57%	Ⓘ
2006 Employee Contributions	$0	$110,000	$0	$0	Ⓘ

See footnote descriptions on page 135.

GENERAL INFORMATION					
Plan Name	**Sedalia Firemen's Retirement Fund**	**Sedalia Police Retirement Fund**	**Sheriff's Retirement System**	**Springfield Police & Fire Retirement Fund**	**St. Joseph Policemen's Pension Fund**
Year Established	1946	1970	1983	1946	1921
Created by	Section 86.583, RSMo	Section 70.615, RSMo	Section 57.949, RSMo	Local Legislation	Section 86.513, RSMo
Member/Non-Member Trustees	5 / 5	3 / 7	5 / 0	5 / 6	4 / 5
Covered Members	80	76	282	891	206
Annual Covered Payroll	$1,871,000	Not reported	$5,850,000	$20,498,000	$5,200,000
Social Security Coverage	No	Yes	Yes	No	No
Funded Ratio	75.31%	44.66%	90.40%	53.93%	67.28%
2002 Funded Ratio Ⓑ	62.39%	72.06%	92.76%	72.49%	52.54%
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$6,302,000	$3,448,000	$28,811,000	$180,268,000	$27,796,000
Actuarial Value of Assets	$6,436,000	$3,448,000	$31,010,000	$183,460,000	$27,093,000
Actuarial Value of Accrued Liabilities	$8,546,000	$7,721,000	$34,303,000	$340,163,000	$40,267,000
Unfunded Liabilities (UAAL)	$2,110,000	$4,273,000	$3,293,000	$156,703,000	$13,174,000
UAAL as a Percent of Covered Payroll	112.79%	Not reported	56.28%	764.47%	253.35%
2002 UAAL as a Percent of Covered Payroll Ⓑ	174.09%	86.46%	30.09%	222.52%	289.40%
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	7.00%	7.50%	7.50%	7.50%	7.50%
Wage Inflation	3.00%	Not reported	1.50%	Varies	4.00%
Asset Valuation Method (smoothing policy)	Market Value	Market Value	5 Years	4 Years	Market Value
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Entry Age Normal	Entry Age Normal	Entry Age
Amortization Period (for liabilities)	30 Years	28 Years	30 Years	20 Years	20 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$332,000 / 111%	$365,000 / 64%	$1,798,000 / 93% Ⓖ	$20,882,000 / 171%	$1,654,000 / 104%
2012 ARC as a Percent of Covered Payroll	17.67%	Not reported	30.70%	104.53%	33.97%
2012 Employee Contributions	$102,000	$0	$0	$2,997,000	$221,000
2010 ARC / Percentage of ARC Paid	$379,000 / 89%	$598,000 / 36%	$1,754,000 / 97% Ⓖ	$13,137,000 / 243%	$1,898,000 / 104%
2010 ARC as a Percent of Covered Payroll	21.00%	32.33%	19.92%	52.36%	35.95%
2010 Employee Contributions	$91,000	$5,000	$0	$2,772,000	$218,000
2006 ARC / Percentage of ARC Paid	$315,000 / 97%	$337,000 / 58%	$1,628,000 / 105% Ⓖ	$9,835,000 / 69%	$1,473,000 / 113%
2006 ARC as a Percent of Covered Payroll	20.61%	24.69%	30.08%	40.02%	28.68%
2006 Employee Contributions	$77,000	$8,000	$0	$2,907,000	$213,000

See footnote descriptions on page 135.

GENERAL INFORMATION				
Plan Name	**St. Louis County Employees Retirement Plan**	**St. Louis County Library District Employees Pension Plan**	**St. Louis Employees Retirement System**	**St. Louis Firemen's Retirement System**
Year Established	1967	1967	1960	1960
Created by	Section 50.337, RSMo	Section 70.615, RSMo	Section 95.540, RSMo	Sections 87.125 to 87.370, RSMo
Member/Non-Member Trustees	3 / 4	2 / 3	3 / 3	4 / 4
Covered Members	7,537	654	11,797	1,686
Annual Covered Payroll	$180,827,000	$13,522,000	$223,061,000	$37,157,000
Social Security Coverage	Yes	Yes	Yes	No
Funded Ratio	62.13%	89.33%	78.64%	93.81%
2002 Funded Ratio Ⓑ	77.73%	100.00%	75.26%	91.61%
ASSET/LIABILITY INFORMATION				
Market Value of Investments	$441,265,000	$32,750,000	$583,118,000	$368,148,000
Actuarial Value of Assets	$446,678,000	$33,529,000	$661,932,000	$404,101,000
Actuarial Value of Accrued Liabilities	$718,940,000	$37,534,000	$841,763,000	$430,755,000
Unfunded Liabilities (UAAL)	$272,262,000	$4,005,000	$179,831,000	$26,654,000
UAAL as a Percent of Covered Payroll	150.57%	29.62%	80.62%	71.73%
2002 UAAL as a Percent of Covered Payroll Ⓑ	54.14%	n/a - no UAAL	61.79%	113.30%
KEY ACTUARIAL ASSUMPTIONS				
Assumed Investment Rate of Return	8.00%	7.50%	8.00%	7.625%
Wage Inflation	4.50%	4.50%	Varies	3.35%
Asset Valuation Method (smoothing policy)	4 Years	4 Years	5 Years	3 Years
Actuarial Cost Method	Projected Unit Credit	Aggregate	Projected Unit Credit	Entry Age Frozen Initial Liability
Amortization Period (for liabilities)	30 Years	0 Years	30 Years	30 Years
CONTRIBUTION INFORMATION				
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$38,960,000 / 100%	$1,404,000 / 100%	$31,840,000 / 96%	$22,598,000 / 65%
2012 ARC as a Percent of Covered Payroll	21.14% Civilian / 22.75% Police	10.05%	14.27%	62.75%
2012 Employee Contributions	$0	$0	$0	$2,570,000
2010 ARC / Percentage of ARC Paid	$29,106,000 / 100%	$1,089,000 / 71%	$28,499,000 / 95%	$17,855,000 / 100%
2010 ARC as a Percent of Covered Payroll	15.82% Civilian / 16.49% Police	7.10%	11.85%	43.80%
2010 Employee Contributions	$0	$0	$0	$2,942,000
2006 ARC / Percentage of ARC Paid	$28,527,000 / 100%	$570,000 / 88%	$29,478,000 / 54%	$18,180,000 / 23%
2006 ARC as a Percent of Covered Payroll	17.47% Civilian / 18.09% Police	4.48%	13.21%	39.99%
2006 Employee Contributions	$0	$0	$0	$2,853,000

See footnote descriptions on page 135.

GENERAL INFORMATION					
Plan Name	**St. Louis Police Retirement System**	**St. Louis Public School Retirement System**	**University City Non-Uniformed Retirement Plan**	**University City Police & Fire Retirement Fund**	**University of Missouri Retirement, Disability & Death Benefit Plan**
Year Established	1957	1944	1966	1963	1958
Created by	Section 86.200, RSMo	Sections 169.410 to 169.540, RSMo	Local Legislation	Local Legislation	Section 172.300, RSMo
Member/Non-Member Trustees	5 / 5	7 / 4	2 / 9	2 / 9	Ⓐ
Covered Members	3,267	11,287	225	214	29,459
Annual Covered Payroll	$67,594,000	$234,760,000	$6,340,000	$7,976,000	$1,031,891,000
Social Security Coverage	No	Yes	Yes	No	Yes
Funded Ratio	81.28%	84.90%	77.39%	84.85%	90.10%
2002 Funded Ratio Ⓑ	89.49%	82.13%	111.08%	133.87%	100.63%
ASSET/LIABILITY INFORMATION					
Market Value of Investments	$589,082,000	$854,075,000	$16,283,000	$23,402,000	$2,826,285,000
Actuarial Value of Assets	$695,422,000	$925,390,000	$17,115,000	$26,498,000	$2,828,697,000
Actuarial Value of Accrued Liabilities	$855,618,000	$1,090,319,000	$22,115,000	$31,227,000	$3,138,190,000
Unfunded Liabilities (UAAL)	$160,196,000	$164,929,000	$5,000,000	$4,729,000	$309,493,000
UAAL as a Percent of Covered Payroll	237.00%	70.25%	78.87%	59.29%	29.99%
2002 UAAL as a Percent of Covered Payroll Ⓑ	125.47%	66.90%	n/a - no UAAL	n/a - no UAAL	n/a - no UAAL
KEY ACTUARIAL ASSUMPTIONS					
Assumed Investment Rate of Return	7.75%	8.00%	6.50%	6.50%	8.00%
Wage Inflation	5.00%	4.50%	3.00%	3.00%	5.00%
Asset Valuation Method (smoothing policy)	5 Years	Assumed Yield	5 Years	5 Years	5 Years
Actuarial Cost Method	Aggregate	Frozen Entry Age	Entry Age	Entry Age Normal	Entry Age Normal
Amortization Period (for liabilities)	0 Years	30 Years	30 Years	30 Years	20 Years
CONTRIBUTION INFORMATION					
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$22,146,000 / 129%	$25,929,000 / 114%	$646,000 / 84%	$1,009,000 / 95%	$74,618,000 / 100%
2012 ARC as a Percent of Covered Payroll	31.60%	11.88%	9.85%	12.63%	7.07%
2012 Employee Contributions	$4,155,000	$12,148,000	$195,000	$0	$13,379,000
2010 ARC / Percentage of ARC Paid	$15,108,000 / 116%	$19,408,000 / 134%	$591,000 / 100%	$700,000 / 134%	$48,040,000 / 100%
2010 ARC as a Percent of Covered Payroll	22.03%	8.27%	8.65%	10.30%	4.88%
2010 Employee Contributions	$4,463,000	$11,189,000	$185,000	$0	$11,459,000
2006 ARC / Percentage of ARC Paid	$15,525,000 / 52%	$15,490,000 / 128%	$189,000 / 114%	Ⓓ / Ⓓ	$64,399,000 / 100%
2006 ARC as a Percent of Covered Payroll	23.09%	6.45%	4.60%	Ⓓ	7.80%
2006 Employee Contributions	$4,102,000	$10,511,000	$145,000	$3,000	$0

See footnote descriptions on page 135.

GENERAL INFORMATION		
Plan Name	**Valley Park Fire Protection District Retirement Plan**	**Warrenton Fire Protection District Length of Service Awards Program**
Year Established	1993	2004
Created by	Not reported	Section 321.600(16), RSMo
Member/Non-Member Trustees	2 / 3	Ⓐ
Covered Members	32	33
Annual Covered Payroll	$1,578,000	Not reported
Social Security Coverage	Yes	Yes
Funded Ratio	85.05%	68.80%
2002 Funded Ratio Ⓑ	90.05%	67.22% (2010)
ASSET/LIABILITY INFORMATION		
Market Value of Investments	$3,166,000	$136,000
Actuarial Value of Assets	$3,166,000	$136,000
Actuarial Value of Accrued Liabilities	$3,722,000	$198,000
Unfunded Liabilities (UAAL)	$556,000	$62,000
UAAL as a Percent of Covered Payroll	35.26%	Not reported
2002 UAAL as a Percent of Covered Payroll Ⓑ	13.26%	Not reported (2010)
KEY ACTUARIAL ASSUMPTIONS		
Assumed Investment Rate of Return	7.50%	4.50%
Wage Inflation	4.00%	Not reported
Asset Valuation Method (smoothing policy)	Market Value	Market Value
Actuarial Cost Method	Projected Unit Credit	Modified Aggregate
Amortization Period (for liabilities)	10 Years	0 Years
CONTRIBUTION INFORMATION		
2012 Actuarially Required Contribution (ARC) / Percentage of ARC paid	$951,000 / 26%	$18,000 / 188%
2012 ARC as a Percent of Covered Payroll	59.61%	Not reported
2012 Employee Contributions	$0	$0
2010 ARC / Percentage of ARC Paid	$239,000 / 80%	$36,000 / 100%
2010 ARC as a Percent of Covered Payroll	13.80%	Not reported
2010 Employee Contributions	$0	$0
2006 ARC / Percentage of ARC Paid	$154,000 / 114%	$17,000 / 100%
2006 ARC as a Percent of Covered Payroll	12.00%	Not reported
2006 Employee Contributions	$0	Not reported

See footnote descriptions on page 135.

Ⓐ N/A, the plan is administered by the sponsoring government or others.

Ⓑ Plan year 2002 data, except as noted.

Ⓒ Plan did not offer a defined benefit component until 2010. Actuarial valuation calculations are first available for plan year 2011.

Ⓓ No ARC required.

Ⓔ Contributions are determined by state statute and are partially fee based.

Ⓕ Contributions are subject to statutory maximums.

Ⓖ Contributions are determined by state statute and are entirely fee based.

Ⓗ Plan converted from a defined contribution plan to a defined benefit plan in 2009.

Ⓘ Plan established in 2008.

Ⓙ Liability amortization periods vary between 15 and 30 years by participating employer. Closed amortization is required for all periods in excess of 15 years and open amortization is used for periods of 15 years or less.

Ⓚ Varies for each participating employer.

Ⓛ 3.0% plus an allowance for merit, seniority, and promotional wage increases based on age and service.

Ⓜ Actual contributions include payroll-based amounts from employers and employee payroll deductions, late filing fees from county property assessments, 3/7 of penalty and interest for delinquent and back property tax payments, a $6 fee for recording or filing official documents, an additional $1 fee on each document recorded, a $20 fee for county merchant licenses, and any interest earned on investment of these collections prior to remitting to the plan.

Ⓝ Actual contribution amounts are set by legislation at 7.5% of covered payroll.

Government Finance Officers Association (GFOA) Resources

Our research identified valuable best practices resources and other guidance published by the GFOA. A full listing of GFOA best practices guidance, other advisories, and publications is available at http://www.gfoa.org/products-and-services/resources. Other organizations and authors publish similar resources and technical papers, which are generally available for download or purchase by sponsoring governments and retirement plans. Several of the available GFOA retirement system management resources most applicable to issues discussed in this survey are listed below.

BEST PRACTICES

- Actuarial Audits (May 2014)
- Core Elements of a Funding Policy (March 2013)
- The Role of the Actuarial Valuation Report in Plan Funding (February 2013)
- Procuring Actuarial Services (October 2012)
- Disclosures of Pension Funding Obligations in Official Statements (October 2012)
- Funding Defined Benefit Pensions (June 2012)
- Sustainable Pension Benefit Tiers (May 2011)
- Governance of Public Employee Postretirement Benefits Systems (March 2010)
- Public Employee Retirement System Investments (October 2009)
- Sustainable Funding Practices of Defined Benefit Pension Plans (October 2009)
- Asset Allocation for Defined Benefit Plans (October 2009)
- Design Elements of Defined Benefit Retirement Plans (February 2008)
- Developing a Policy for Retirement Plan Design Options (March 2007)

ADVISORIES

- Responsible Management and Design Practices for Defined Benefit Pension Plans (October 2010)
- Using Alternative Investments for Public Employee Retirement Systems and OPEB Established Trusts (October 2008)

In addition to the above resources, GFOA best practices and advisories cover other topics related to DB plans including communicating the plan design, educating members, developing retirement incentives, understanding pension fund risk, investing plan assets, and using pension obligation bonds to fund pensions. The available GFOA resources also cover other types of retirement plans including defined contribution and hybrid plans.

Thomas A. Schweich

Missouri State Auditor

Dent County

October 2014

Report No. 2014-093

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Dent County

Sheriff Controls and Procedures	The Sheriff has not adequately segregated accounting duties and does not perform supervisory reviews. The Jail Administrator does not perform monthly bank reconciliations for bank accounts and does not timely deposit monies in some accounts. The Sheriff does not adequately follow up on billings for boarding prisoners and has not turned over commissary profits to the county treasury since February 2010. The Sheriff does not have statutory authority to collect a $10 bond processing fee.
Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney does not routinely follow up on outstanding checks, and 19 checks (totaling $1,018) had been outstanding for over a year. The Prosecuting Attorney was still maintaining an inactive restitution and bad check account used by a former official that included 51 outstanding checks (totaling $4,401) from 2004 to 2010 and another $11,159 in unidentified funds. The Prosecuting Attorney's office does not account for and monitor the disposition of all bad checks.
Property Tax System and County Collector Liabilities	As noted in our two prior audit reports, neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector. The County Collector does not prepare a monthly list of liabilities and reconcile the list to the available cash balance.
County Sales Tax	The county did not properly report property tax levy reductions to the State Auditor's office for several years, used incorrect data in sales tax reduction calculations, did not properly consider prior year levy reductions results, and could not locate the 2010 calculation worksheets.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Good**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Dent County
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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Dent County

We have audited certain operations of Dent County in fulfillment of our duties under Section 29.230, RSMo. In addition, Nichols, Stopp & VanHoy, LLC, Certified Public Accountants, was engaged to audit the financial statements of Dent County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Dent County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Dennis Lockwood, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Meghan Dowell
	Shannon Spicer

1. Sheriff Controls and Procedures

Weaknesses exist in controls and procedures in the Sheriff's office. The Sheriff's office processed monies for civil fees, concealed carry permits, bonds, inmate receipts, commissary commissions, and other miscellaneous receipts totaling approximately $180,000 for the year ended December 31, 2013.

1.1 Segregation of duties

The Sheriff has not established adequate segregation of accounting duties and does not perform supervisory reviews. The Sheriff's former bookkeeper handled the fee and bond bank accounts and the Jail Administrator handled the commissary bank account. Each employee was responsible for receiving, recording, depositing, and disbursing monies for the accounts assigned to them. In August 2013, the Jail Administrator became responsible for all 3 accounts.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, the Sheriff should implement a documented independent or supervisory review to ensure bank records are in agreement with accounting records.

1.2 Bank reconciliations and liabilities

The Jail Administrator does not perform monthly bank reconciliations for the fee, bond, and commissary bank accounts. In addition, the Jail Administrator does not maintain a running cash balance or prepare a monthly list of liabilities to reconcile to the balance of the commissary account. The reconciled bank balance should agree to the total of the individual inmate balances plus commissary profits; however, a reconciliation is not performed to check for agreement between records. As of December 31, 2013, the commissary account balance was $7,174, and identified liabilities totaled $1,352, resulting in an unidentified balance of $5,822.

Maintaining running book balances in check registers and performing monthly bank reconciliations helps ensure accurate records are kept and increases the likelihood errors will be identified. Regular identification and comparison of liabilities to the reconciled cash balance, is necessary to ensure records are in balance and monies are available to satisfy all liabilities. Further, various statutory provisions provide for the disposition of unidentified monies.

1.3 Deposits

The Jail Administrator is not depositing monies received in the Sheriff's fee, bond, and commissary accounts timely. For example, $713 received from November 24 through December 7, 2013, was not deposited in the commissary account until December 9, 2013. In another example, separate deposits were made for fee, bond, and commissary accounts on October 16, 2013. These deposits included 15 receipts from September 26 through September 30 totaling $260 for the fee account, 3 receipts from September

27 through September 30 totaling $1,201 for the bond account, 20 receipts from September 25 through September 28 totaling $425 for the commissary account, and did not include any receipts after September 30. The Jail Administrator indicated the delay in making the deposits occurred because she was on vacation and deposits could not be made until she returned from vacation.

Failure to implement adequate depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected. Proper depositing procedures are necessary to ensure all receipts are handled and accounted for properly.

1.4 Board of prisoners

The Sheriff bills other entities for boarding prisoners, but does not adequately follow up on billings to ensure all payments are received. The Jail Administrator indicated the office does not maintain a list of amounts billed, collected, or owed, or otherwise monitor billed amounts to ensure payment is received. The county reported board of prisoners receipts totaling nearly $159,000 in its 2014 budget for the year ended December 31, 2013.

Adequate procedures to bill and collect board of prisoner costs are necessary to ensure amounts owed are collected. Proper records and follow up procedures are also necessary to safeguard against possible loss, theft, or misuse of funds going undetected.

1.5 Bond fees

State law does not include provisions for the Sheriff to collect a $10 bond processing fee. Bond processing fees of approximately $3,600 collected during the year ended December 31, 2013, were deposited into the Law Enforcement Sales Tax Fund. The Sheriff does not have statutory authority to collect this fee and should cease this practice.

1.6 Commissary profits

The Sheriff has not turned over any of the commissary profits to the county treasury since February 2010 when the County Commission authorized the office to provide commissary services for inmates. As noted in section 2.2, Sheriff's office personnel do not prepare bank reconciliations or a list of liabilities for the commissary account. As a result, the amount of profit retained in the account cannot be determined. However, the bank balance less known liabilities at December 31, 2013, was $5,822.

Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund.

Similar conditions previously reported

We noted similar conditions to sections 1.1, 1.3, and 1.4 in our prior audit report.

Recommendations

The Sheriff:

1.1 Adequately segregate accounting duties to the extent possible and ensure supervisory reviews of accounting records are performed and documented.

1.2 Ensure running balances in the check register are maintained, monthly bank reconciliations are performed, and reconciled to lists of liabilities. Any differences between accounting records and reconciliations should be investigated and resolved. After sufficient efforts are made to resolve differences, any remaining unidentified monies should be disposed of in accordance with state law.

1.3 Ensure deposits are made timely.

1.4 Establish adequate procedures to routinely follow up and pursue collection of unpaid board bills.

1.5 Discontinue collecting the bond fee.

1.6 Ensure existing and future commissary profits not necessary to meet cash flow needs or current operating expenses are turned over to the County Treasurer to be deposited into the Inmate Prisoner Detainee Security Fund.

Auditee's Response

The Sheriff provided the following written responses:

1.1 The Sheriff has implemented segregation of duties by assigning personnel to collect funds separately. All incoming commissary money is received by Dispatch and Sheriff's Office employees. The Jail staff add money to inmate accounts on BankersWeb, verifying that all money and pertinent information is present for the money drop. After the money has been dropped, all money is secured in the lock box and the Jail Administrator checks for the proper balance and deposits the money. Dispatch receives all bond money and other fees and secures in the lock box. The Administrative Assistant then collects the money from lock box, balances, and deposits the money.

1.2 The Jail Administrator is responsible for the commissary account only. Each time a deposit is made at the bank that deposit is properly recorded. At the end of the month a total is given to the Sheriff. The Administrative Assistant is responsible for fee and bond

deposits. Each time a deposit is made it is documented and a total is added at the end of the month. On all accounts, bank reconciliations and liabilities will be addressed and checked by administrative staff and the Sheriff. We will maintain a running balance for all accounts.

1.3 To ensure that deposits are made timely, the Jail Administrator and the Administrative Assistant will make weekly deposits to the bank. This task will be performed every Friday.

1.4 When checks from other counties are received, dispatch will pass on to the Jail Administrator to be recorded and then the money will be placed in lock box for the Administrative Assistant to deposit into the proper account. The Jail Administrator will be making copies of checks that are sent for inmate board bills. Copies will be secured in inmate's jail jacket. We will also identify in the case tracking and accounts receivable system that payment has been made.

1.5 As of April 2014, the Dent County Sheriff's Office no longer collects a bond fee.

1.6 Funds totaling $5,000 were deposited into the Inmate Prisoner Detainee Security Fund in July 2014. All profits will be documented.

2. Prosecuting Attorney Controls and Procedures

Procedures over outstanding checks and tracking of bad checks need improvements. The Prosecuting Attorney's office processed approximately $91,000 in bad check and court ordered restitution and fees during the year ended December 31, 2013.

2.1 Outstanding checks

The Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks. At December 31, 2013, 19 checks, totaling $1,018, had been outstanding for over a year in the restitution and bad check account. In addition, the Prosecuting Attorney was still maintaining an inactive restitution and bad check account that had been used by a former official. As of December 31, 2013, this inactive account had 51 outstanding checks, totaling $4,401, with issue dates ranging from 2004 to 2010, and the remaining $11,159 held was unidentified. Various statutory provisions provide for the disposition of unidentified monies.

Proper follow up procedures are necessary to prevent the accumulation of old outstanding checks and ensure monies are appropriately disbursed to the payee or as otherwise allowed by state law.

2.2 Tracking procedures

The Prosecuting Attorney's office does not have adequate procedures in place to account for and monitor the disposition of all bad checks submitted

to the office for collection. The legal assistant receives the bad check complaint forms, records them in the computer system, sends out 10 day notice letters, and accepts payments. Bad check complaint forms submitted by merchants when bad checks are turned over to the Prosecuting Attorney for collection are not assigned a sequential tracking number. Information from the complaint form is entered into the computer system and the complaint form is filed in the defendant's case file. Without a tracking procedure, there is less assurance all bad check complaints are entered into the computer system for processing.

To ensure bad checks are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received. This number should be used to track the status and disposition of the corresponding bad check.

Similar conditions previously reported

We noted similar conditions in our prior audit report.

Recommendations

The Prosecuting Attorney:

2.1 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payees cannot be located, those amounts and any remaining unidentified monies should be disposed of in accordance with state law and the inactive restitution and bad check account should be closed.

2.2 Develop procedures and records that provide sufficient information to track the receipt and disposition of all bad check complaints.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

2.1 At this time, we have identified all known victims for purposes of the restitution account in question. We will be sending the remaining funds to the State Treasurer's office in the very near future. On September 15, 2014, this office wrote a check from the current account in the amount of $1,854.31 to the State Treasurer's office, along with the necessary forms required by that office. This amount accounted for identifiable victims that we have been unable to locate in our current restitution account. Effective immediately, we are closing all additional past restitution accounts and will be utilizing a centralized account. It is my belief that our follow-up procedure correctly identified the issue, but our due diligence involved making every effort possible to locate victims that are entitled to restitution. We have exhausted all avenues at this point

and will be submitting all remaining funds to the State Treasurer's office as abandoned property.

2.2 Our current restitution program does not create a sequential number at the moment the 10 day letter is provided. The program is commonly referred to as Dennis Jones. I have spoken with the software designer and he has indicated that the program includes functionality to address this issue. This should resolve the matter as the sequential number can be tracked from creation of the account through its finality. We will continue to only accept money orders and online payments to ensure that a record is created for each transaction.

3. Property Tax System and County Collector Liabilities

Procedures related to property taxes and the County Collector's monthly list of liabilities need improvement. For the year ended February 28, 2014, property taxes and other monies collected by the County Collector totaled approximately $7.2 million.

3.1 Review of property taxes

As similarly noted in our prior two audit reports, neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector. The County Clerk does not include yearly totals in the account book summarizing property tax transactions each month. In addition, the County Clerk and the County Commission do not perform procedures to verify the accuracy and completeness of the County Collector's annual settlements. As a result, there is an increased risk of loss, theft, and misuse of property tax monies going undetected, and less assurance the annual settlements are complete and accurate.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable to the county treasury. An account book or other records that summarize all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector are accounted for properly and could also be used by the County Clerk and County Commission to verify the County Collector's annual settlements. These procedures are intended to establish checks and balances related to the collection of property taxes.

3.2 Liabilities

The County Collector does not prepare a monthly list of liabilities and reconcile the list to the available cash balance. As similarly discussed in the prior audit report, throughout the audit period there was no procedure in place to reconcile the bank account balance to existing liabilities monthly. At our request, the County Collector prepared a liabilities list, performed a

reconciliation as of December 31, 2013, and determined the reconciled cash balance of $5.1 million agreed with total liabilities.

Without a regular comparison of liabilities to the reconciled cash balance, there is less likelihood errors will be identified and the ability to resolve errors is diminished. Differences must be adequately investigated and explained.

Recommendations

3.1 The County Clerk should determine yearly totals in her account book and the County Commission and the County Clerk should use the account book to review the accuracy and completeness of the County Collector's annual settlements.

3.2 The County Collector prepare monthly lists of liabilities, reconcile the lists to the available cash balance, and promptly investigate any differences.

Auditee's Response

The County Commission and the County Clerk provided the following written response:

3.1 The County Clerk will determine the yearly totals in her account book and the County Commission and the County Clerk will ensure the accuracy and completeness of the County Collector's annual settlements.

The County Collector provided the following response:

3.2 The County Collector has implemented this recommendation.

4. County Sales Tax

The county did not properly report property tax levy reductions to the State Auditor's office for several years. In addition, the County Clerk used incorrect data in her sales tax reduction calculations, did not properly consider prior year levy reduction results, and could not locate her 2010 calculation worksheets.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Dent County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levy to meet the 50 percent reduction requirement and provides for an adjustment for actual sales tax collections of the preceding year that are more or less than the estimate for the preceding year.

The county is required to certify to the State Auditor's office the annual property tax levy including the amount the levy is reduced for sales tax collections, as well as voluntary reductions, if any. For many years the

county has chosen to set the general revenue tax levy at .0350, and has either incorrectly reported the reduction as voluntary instead of as a sales tax reduction or combination of sales tax and voluntary reductions or has not designated the reduction classification on its tax rate forms. The county certified a voluntary reduction for 2008 and the State Auditor's office followed Section 137.073.5(4), RSMo (amended in 2008), which provides a voluntary reduction taken in a non-assessment year (even year) results in a reduced tax rate ceiling during the subsequent reassessment year (odd year), causing a significantly lowered tax rate ceiling for the county in 2009.

County officials were apparently unaware of the lowered tax rate ceiling and the County Clerk used incorrect tax rate ceilings in her sales tax reduction calculations for 2009 through 2013. The County Clerk also did not properly consider the results of prior year property tax reductions when performing her annual calculations. For some years no adjustment was made and for other years the adjustment was computed using incorrect information. Documentation supporting the county's 2010 tax levy reduction calculations could not be located.

After we brought these concerns to the county's attention, the County Commission took the necessary steps to reinstate the county's tax rate ceiling for 2014. The county held a public hearing and adopted a resolution to increase its previously reduced tax rate ceiling as allowed by Section 137.073.5(4), RSMo, and submitted amended tax rate forms to the State Auditor's office as allowed by Section 137.073.6(3), RSMo (effective September 11, 2013). County officials used the reinstated ceiling in performing 2014 sales tax reduction calculations and when setting the county's property tax levy.

To ensure property tax levies are properly set and property tax rate ceilings are maintained, the County Commission and County Clerk should ensure property tax levy reductions are accurately calculated, reported and certified. Documentation of calculations and tax rate setting decisions is important to demonstrate compliance with statutory provisions and serve as a reference tool should questions arise.

Recommendation

The County Commission and County Clerk properly calculate and report property tax rate reductions (sales tax or voluntary). During the tax rate setting process, the County Commission and County Clerk should ensure tax rate information reported back to the county in the State Auditor's office certification letter is consistent with expectations and, if not, promptly follow up on any discrepancies.

Auditee's Response

The County Commission and the County Clerk provided the following written response:

The County Commission and County Clerk will ensure the tax rate information on the pro forma tax rate summary sheet is consistent with state statutes and our expectations. We will ensure the totals are properly reported.

Dent County
Organization and Statistical Information

Dent County is a county-organized, third-class county. The county seat is Salem.

Dent County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 39 full-time employees and 15 part-time employees on December 31, 2013.

In addition, county operations include a Senate Bill 40 Board and Senior Citizens Services Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Darrell Skiles, Presiding Commissioner	$	28,400
Dennis Purcell, Associate Commissioner		26,400
Gary Larson, Associate Commissioner		26,400
Cindy Ard, Recorder of Deeds		40,000
Angie Curley, County Clerk		40,000
Andrew M. Curley, Prosecuting Attorney		116,858
Rick Stallings, Sheriff		44,000
Denita Williams, County Treasurer		40,000
Gina White, County Coroner		12,000
James Kotschedoff, Public Administrator		40,000
Dennis O. Medlock, County Collector, year ended February 28,	40,000	
Tina Whitaker, County Assessor, (1) year ended August 31,		3,846
Brenda Bell, County Assessor, (1) year ended August 31,		30,085
Craig Ruble, County Surveyor (2)		

(1) Due to a vacancy in this office, Tina Whitaker, the Assessor-elect, was appointed in July 2013.
(2) Compensation on a fee basis.

Financing Arrangements

The county entered into capital leases for 8 pieces of road and bridge equipment and 1 patrol vehicle. The total remaining principal outstanding at December 31, 2013, was $508,537. Interest remaining to be paid over the life of the agreements totals $40,694.

Thomas A. Schweich

Missouri State Auditor

Texas County

October 2014

Report No. 2014-094

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Texas County

Tax Maintenance Fund	Due to a disagreement with the County Commission, the County Collector-Treasurer opened a separate Tax Maintenance bank account and used this account for some deposits and disbursements instead of using the county's Tax Maintenance Fund. This activity was not recorded in the county's accounting system or reflected in the county's financial statements resulting in the county not issuing some required 1099-MISC forms. The County Collector-Treasurer made more than $10,000 in disbursements that were not in compliance with state law and/or did not appear reasonable. Purchases included security equipment and installation; a 47-inch flat screen television; cooking supplies, food, and catering services for "customer appreciation" events; a gaming system and video games; a tablet computer; a laptop; office decorations; and cable television service. Under state law the Tax Maintenance Fund is to be used for administration and operation costs of the office of the County Collector-Treasurer.
County Collector-Treasurer Controls and Procedures	The County Collector-Treasurer and her deputies improperly waived and adjusted as much as $7,830 in penalties and interest on delinquent taxes for some taxpayers and needs to improve procedures and records related to the collection of partial payments. The County Collector-Treasurer did not ensure complete and accurate bank reconciliations or lists of liabilities were performed and did not document her reviews. The County Collector-Treasurer has not ensured overpayments received are documented or refunded properly. The County Collector-Treasurer does not have procedures to reverse recorded payments for insufficient fund checks and the County Clerk incorrectly entered the effective date on which penalties would begin being charged on delinquent taxes.
Public Administrator Controls and Procedures	The former Public Administrator did not timely file annual settlements for active wards, did not timely file settlements following the death of a ward for at least 17 cases, and did not assess and collect fees from the accounts of some wards and estates. Similar weaknesses had been discussed in one or more prior audit reports. The former Public Administrator also did not make payments timely, maintain adequate supporting documentation for some disbursements, and did not prepare monthly bank reconciliations for any bank accounts.
Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney has not adequately segregated accounting duties or performed a supervisory review of accounting records. The Bad Check Clerk does not prepare a monthly list of liabilities and reconcile the list to the cash balance. The Prosecuting Attorney's office does not adequately monitor the collection of court-ordered restitution, account for and monitor the disposition of all bad checks submitted to the office, ensure information recorded in the computerized accounting system is accurate and reliable, or routinely follow up on outstanding checks.

Sheriff Controls and Procedures	As noted in our prior 3 audits reports, the Sheriff has not adequately segregated accounting duties and has not established a supervisory review of accounting records. The Jail Administrator had not performed a bank reconciliation since October 2010, and the bank reconciliations prepared at our request identified 397 checks that had been outstanding for more than one year. The Sheriff has not established adequate controls over seized property.
Minutes and County Procedures	The County Commission did not approve 8 of 49 open meeting minutes during 2012, the County Commission and the County Clerk do not always agree on the accuracy of the minutes and do not resolve their differences, topics discussed in closed meetings were not always cited in open meetings, and roll call votes to enter the closed meeting were not always documented. The county did not solicit requests for proposals or enter into written agreements for several professional service purchases. Some county officials do not require their staff to change computer passwords periodically, while others allowed staff to share passwords. The county lacks procedures to ensure 1099-MISC forms are prepared and filed as required.
County Assessor Receipts	The County Assessor does not always issue receipt slips for monies received, record all receipts on a log when received, or account for the numerical sequence of receipt slips issued.
Wri-Tex 911 Operations Fund	The Wri-Tex 911 Executive Board has not developed a plan to address the declining financial condition of the Wri-Tex 911 Operations Fund. The cash balance has fallen from $157,062 in 2011 to a budgeted $28,610 in 2014. Texas County did not have the authority to transfer an administrative fee from the Wri-Tex 911 Operations Fund to the county's General Revenue Fund.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Poor**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Texas County

We have audited certain operations of Texas County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, was engaged to audit the financial statements of Texas County for the 2 years ended December 31, 2012. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

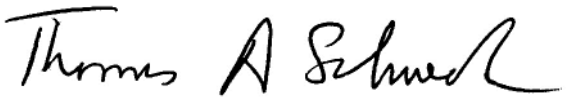
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Texas County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Dennis Lockwood, CPA
In-Charge Auditor:	Natalie B. McNish, CGAP
Audit Staff:	Michelle Crawford, M.Acct, CIA
	Terese Summers, MSAS, CPA
	Shannon Spicer
	Katelyn Crosson

1. Tax Maintenance Fund

We identified significant problems with the management and use of Tax Maintenance Fund monies.

The County Collector-Treasurer is required to collect a penalty of 7 percent of the total charged on delinquent taxes, and two-sevenths of this penalty is required to be paid into the Tax Maintenance Fund of the county to be used for additional administration and operation costs related to the office of the County Collector-Treasurer. During the year ended December 31, 2012, the County Collector-Treasurer authorized disbursements of $10,418 from the county's Tax Maintenance Fund and $8,057 from her Tax Maintenance bank account.

1.1 Bank account

In February 2012, due to disagreements between the County Commission and the County Collector-Treasurer regarding the appropriate use of funds, the County Collector-Treasurer opened a separate Tax Maintenance bank account and during the year ended December 31, 2012, she deposited $8,186 of $15,144 in fees collected into this bank account instead of the county's Tax Maintenance Fund. The County Collector-Treasurer also disbursed $8,057 from this bank account instead of disbursing the monies from the county's Tax Maintenance Fund. As a result, the activity in the separate bank account was not recorded in the county's accounting system, the county's 2012 financial statements did not present this activity, and in at least 3 instances, required vendor 1099-MISC forms were not issued.

In order to avoid future problems, the County Collector-Treasurer should close the separate bank account and record all activity of the Tax Maintenance Fund in the county's accounting system.

1.2 Disbursements

The County Collector-Treasurer made more than $10,000 in disbursements from both the county's Tax Maintenance Fund and the separate bank account that were not in compliance with uses allowed by state law and/or did not appear reasonable. Many purchases appeared to be for personal use and not essential to the administration or operation of the County Collector-Treasurer's office. In addition, some purchases were not adequately supported, and some property items purchased were not tagged as county property. Also, personal use of some items was identified.

- In July 2012, the County Collector-Treasurer purchased security equipment including professional installation for $4,000, including a wireless clock with camera, 2 wireless exit signs with cameras, a digital wireless camera, and a digital video recorder with DVD burner. The wireless exit signs were installed at the courthouse entrances without the knowledge of any other official. The remaining items were installed in the County Collector-Treasurer's office. This property was not tagged as county property or added to the county's capital asset listing.

- In November 2010, the County Collector-Treasurer purchased a 47 inch flat screen television costing $1,148. The television was placed in a meeting room to be used by the County Collector-Treasurer and her staff to exercise after work. According to the receipt, the County Collector-Treasurer received a $250 gift card with this purchase; however, no documentation supporting the use of this gift card was retained by the County Collector-Treasurer. At our request, the County Collector-Treasurer contacted the retailer and obtained the documentation. It showed the $250 gift card was used to purchase four yoga mats, four DVDs, exercise weights, office supplies, and donuts. The television was not tagged as county property or added to the county's capital asset listing.

- In February 2011, the County Collector-Treasurer purchased cooking supplies including a 10 piece cookware set ($89), two skillets ($50), muffin pans ($10), and other small kitchen gadgets. Also, various grocery items totaling more than $1,300 in 2012 and $700 in 2011, including coffee, bottled water, soda, chips, candy, cookies, meat, bread, and fresh produce, were purchased. The County Collector-Treasurer indicated she hosts a customer appreciation event each Friday at her office, and the food is for those events. Catering services totaling $115 in January 2011 and $300 in December 2011 were also identified as customer appreciation items. Review of the bank account register for 2013 transactions between January and May 2013, identified similar purchases of grocery items.

- In March 2011, the County Collector-Treasurer purchased a gaming system ($399) and two video games ($50 each). The County Collector-Treasurer indicated these items are used by herself and her staff to exercise after work. We observed the County Collector-Treasurer's grandson using the gaming system. The gaming system was not tagged as county property or added to the county's capital asset listing.

- In November 2011, the County Collector-Treasurer purchased a 10 inch tablet computer ($398), protective case ($40), and screen protectors ($15). When the County Collector-Treasurer prepared the disbursement information for the County Clerk to process, she identified the item as a computer monitor; however, this description is inaccurate. Also, in September 2013, the County Collector-Treasurer purchased a laptop computer ($399). According to the County Collector-Treasurer, the tablet and laptop are kept at her home and are used to access her e-mail account when she is away from the office. Neither the tablet nor the laptop was tagged as county property or added to the county's capital asset listing.

- The County Collector-Treasurer purchased various office decorations and miscellaneous items including flowers and flower boxes, clocks, bird feeders and bird seed, bales of hay, pumpkins, a Christmas tree and Christmas decorations totaling approximately $600 for the 2 years ended December 31, 2012. Review of the bank account register for 2013 transactions between January and May 2013, identified similar purchases of office decorations and miscellaneous items.

- The County Collector-Treasurer pays for cable television service in her office totaling approximately $200 per year.

Section 54.325, RSMo, indicates the Tax Maintenance Fund is to be used for administration and operation costs of the office of the County Collector-Treasurer. It is unclear how the above items benefited the operation or administration of the office of the County Collector-Treasurer and therefore, the disbursements are not an appropriate use of Tax Maintenance Fund monies. In addition, several of the items appear to be for personal rather than office use. Adequate capital asset records and procedures are necessary to ensure effective internal controls over county property.

Recommendations

The County Collector-Treasurer:

1.1 Should close the separate bank account and record all Tax Maintenance Fund activity in the county's accounting system.

1.2 Ensure disbursements from the Tax Maintenance Fund are adequately documented and in compliance with statutory provisions. In addition, the County Collector-Treasurer should ensure equipment purchased is tagged as county property, and recorded in the county property records.

Auditee's Response

The County Collector-Treasurer provided the following written responses:

1.1 The County Collector-Treasurer has closed her separate account.

1.2 The County Collector-Treasurer disagrees with the auditor's finding. The County Collector-Treasurer believes that every expense made was essential to the administration and operation of the County Collector-Treasurer's office. The County Collector-Treasurer does not believe items purchased and valued under $1,000 are required to be tagged [49.093 RSMo].

- *The purchase of a security system was needed for the operation of the office. Other officials including members of the County Commission had knowledge of the system.*
- *The purchase of the television and the placement in the meeting room has been used by most of the offices in the Administrative Center including the County Commission.*
- *The purchase of supplies and equipment has been used by most of the offices in the Administrative Center including the County Commission.*
- *The County Commission approved the meeting room use as an exercise room for after work hours.*
- *A tablet computer is a needed piece of equipment.*
- *The decorations cost of the office is reasonable.*
- *The cost of cable services is a reasonable expenditure.*

The County Collector-Treasurer will discuss this fund with any resident needing additional information.

Auditor's Comments

1.2 We could not determine how any of the questionable items were "essential" to the operation or administration of the office of the County Collector-Treasurer. The County Collector-Treasurer's response only mentions one purchase that was "needed for the operation of the office." Many of the purchases seemed only for personal use with no intent to be used in the business operations of the office.

The County Collector-Treasurer's response does not address the need to tag as county property items purchased that exceeded $1,000 (television and security system). Under Texas County capital assets policies, officials may report items costing less than $1,000 and if reported the items are tagged as county property. It appears the County Collector-Treasurer's past practice has been to add computers or computer related items costing under $1,000 to her office's capital asset listing because the current listing included about 20 such items.

2. County Collector-Treasurer Controls and Procedures

Significant control weaknesses were noted in the processing of transactions. The County Collector-Treasurer's office processed tax collections of more than $8.5 million during the year ended February 28, 2013.

2.1 Waivers and adjustments

The County Collector-Treasurer and her deputies improperly waived and adjusted penalties and interest on delinquent taxes for some taxpayers. Under Section 139.100, RSMo, collectors are required to collect penalties and interest on delinquent taxes. That section allows the penalties and interest to be waived or adjusted for the purpose of processing certain transactions such as items postmarked prior to the due date or for taxes due from persons absent from the home and serving in the military. The County Collector-Treasurer and her deputies waived or adjusted penalties and interest in the property tax system by either manually deleting penalties and interest or by changing the date used by the system to calculate penalties and interest due. Our review of delinquent tax transactions processed between January 3 and December 12, 2012, identified 2,444 transactions where penalties and/or interest totaling $7,830 were likely waived or adjusted by the County Collector-Treasurer or her staff for other than allowable reasons. We selected 61 of these transactions for further review and identified approximately $320 in penalties and approximately $1,100 in interest not collected when required.

The County Collector-Treasurer did not maintain separate records of these waivers and adjustments or review waivers and adjustments made by her staff. The County Collector-Treasurer was unable to provide any justification for some waivers and adjustments and some reasons provided, such as taxpayers not receiving a tax bill, incorrect addresses, or land parcels not being correctly combined for billing purposes, are not sufficient to warrant adjustment of penalties and interest due.

The County Collector-Treasurer should collect penalties and interest on delinquent taxes as required by law. In addition, the County Collector-Treasurer should ensure any waivers or adjustments are supported by adequate documentation and reviewed and approved by the County Commission.

2.2 Partial payments

The County Collector-Treasurer has not established adequate procedures and records related to the collection of partial payments. The County Collector-Treasurer accepts partial payments from taxpayers who are unable to pay their tax bills in full. Partial payments are held in escrow in the County Collector-Treasurer's bank account until the tax bill is fully paid, whereupon the County Collector-Treasurer records the taxes as paid in the property tax system. During the year ended December 31, 2012, the County

Collector-Treasurer handled partial payments totaling approximately $21,000 for 40 taxpayers.

Manual receipt slips were not always issued for partial payments received, did not always document method of payment, were not always issued in numerical sequence, and voided manual receipts slips were not always retained. In addition, some partial payments were not recorded on partial payment ledgers, some partial payment ledgers were destroyed, some partial payments received were not deposited timely, and balances due were not always updated for current interest charges.

For example, the County Collector-Treasurer accepted a $600 money order as partial payment on March 20, 2012, for a taxpayer who owed a total of $1,182 at March 30, 2012. No manual receipt slip was issued, the money was not timely deposited, and no partial payment ledger was established. A second payment was receipted on June 19, 2012, totaling $291. These two payments, totaling $891, were held and not deposited until July 31, 2012. On October 23, 2012, the taxpayer made a final payment totaling $291. All payments, totaling $1,182, were recorded in the property tax system on October 23, 2012. However, $102 in interest accumulated between March and October 2012 was not collected.

Without accurate and detailed records for all partial payments collected and balances due, there is little assurance partial payments are properly handled and recorded. A properly maintained partial payment account ledger is crucial in the process of identifying liabilities of the County Collector-Treasurer.

2.3 Bank reconciliations and liabilities

The County Collector-Treasurer did not ensure her staff prepared complete and accurate bank reconciliations or a list of liabilities, and did not document her review of bank reconciliations prepared.

Bank reconciliations do not indicate all deposits in transit and a periodic list of liabilities was not prepared and agreed to the reconciled cash balance. We prepared a list of liabilities totaling $170,915 at April 30, 2013, which included taxes to be distributed, bank interest, and partial payments; however, the reconciled cash balance at that date was $190,448, resulting in a difference of $19,533. The County Collector-Treasurer believes approximately $7,000 of this amount is additional partial payments held; however, she was unable to provide documentation to support this amount.

Adequate and accurate bank reconciliations are necessary to ensure all receipts and disbursements are accounted for properly and the cash balance in the bank account can be properly identified. Without regular comparison of liabilities to the available cash balance and documented supervisory review, there is less likelihood errors will be identified and the ability to

resolve errors is diminished. Differences must be adequately investigated and explained to provide assurance that bank and book balances have been properly reconciled, and that book balances are accurately stated.

2.4 Refunds

The County Collector-Treasurer has not established procedures to ensure overpayments received are documented or refunded properly. When an individual overpays his/her taxes by check, the amount due is recorded, instead of the check amount, in the property tax system. Then, when preparing the deposit slip, only the amount due is recorded on the deposit slip instead of the check amount and a "note" is prepared requesting the bank issue a cashier's check(s) payable to the taxpayer for the overpayment amount. The bank issues the cashier's checks at no cost to the County Collector-Treasurer and the County Collector-Treasurer mails the refund to the individual.

For example, on May 11, 2012, $124 in cash and $636 in checks ($760 total) was recorded in the tax accounting system as payment received. The deposit slip prepared agrees to the recorded information in composition and total; however, the bank actually received cash totaling $124 and checks totaling $650, for a total of $774. The bank deposited $760 and issued two cashier checks for refund of over payments in the amount of $9 and $5 to specified taxpayers. The County Collector-Treasurer did not maintain records of all refunds issued by cashier's check and failed to properly receipt or document actual amounts received in accounting records. To fully understand refund transactions required obtaining bank data since the County Collector-Treasurer's records did not provide sufficient detail.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, overpayments should be properly receipted, recorded and deposited and refunds should be made by check from the County Collector-Treasurer's bank account. Refunded amounts should be supported by adequate documentation.

2.5 Insufficient fund checks

The County Collector-Treasurer does not have procedures in place to reverse payments previously recorded in the property tax system for insufficient fund (NSF) checks. When tax receipts are collected by the County Collector-Treasurer's office, the payments are posted to the tax accounting system. However, when subsequent notices of NSF checks are received, adjustments are not made to the property tax system.

Restitution for NSF checks may not be received until several months after the tax receipt was initially collected and in some instances, restitution may not be received. However, the County Collector-Treasurer disburses all monies recorded in the property tax system as receipts to the various political subdivisions on a monthly basis. As a result, the County Collector-Treasurer disbursed approximately $4,400 during the year ended February 28, 2013, even though these amounts were not actually received.

2.6 Penalty date

The County Clerk's office incorrectly entered the effective date on which penalties would begin being charged on delinquent taxes in the property tax system for 2011 real estate and personal property taxes.

The County Clerk's office is responsible for entering the date on which penalties are to be assessed on delinquent taxes owed. When this information was entered into the property tax system, the County Clerk's office mistakenly entered March 1, 2012, instead of January 1, 2012, causing the system to not charge the 7 percent penalty on delinquent 2011 property taxes paid between January 1 and February 28, 2012. The County Collector-Treasurer stated her office did not identify the error until late February 2012, and opted not to correct the error at that time. As a result, taxpayers delinquent in paying taxes were not charged the statutory 7 percent penalty required by law until March 1, 2012, and we estimate approximately $25,200 in penalties were not collected. In addition, the failure to assess and collect the 7 percent penalty resulted in less monies being disbursed to the General Revenue Fund, Tax Maintenance Fund, and County Employee's Retirement Fund as outlined by state law.

To ensure penalties are properly and consistently charged to county taxpayers, the County Clerk should review the penalty dates entered into the property tax system and the County Collector-Treasurer should ensure penalties charged are accurate.

Recommendations

The County Collector-Treasurer:

2.1 Collect penalties and interest on delinquent taxes as required by law. In addition, the County Collector-Treasurer should ensure any waivers or adjustments are supported by adequate documentation and reviewed and approved by the County Commission.

2.2 Ensure partial payments are receipted immediately upon receipt, record partial payments on payment ledgers and ensure ledgers are maintained to support payment activity, and ensure balances are updated to reflect interest accrual.

2.3 Prepare complete bank reconciliations including lists of liabilities and reconcile the list of liabilities to the reconciled bank balance monthly. Any differences should be investigated and promptly resolved and supervisory review of the bank reconciliations should be documented.

2.4 Receipt, record, and deposit overpayments received, pay refunds by check, and maintain a complete record of all refunds issued.

2.5 Establish procedures to reverse NSF check payments from the property tax system timely.

2.6 Work with the County Clerk to review the penalty dates entered into the property tax system to ensure penalties are properly assessed and collected.

Auditee's Response

The County Collector-Treasurer provided the following written responses:

2.1 The County Collector-Treasurer agrees and has established adequate procedures and will follow the statutory requirements.

2.2 The County Collector-Treasurer has established adequate procedures to collect partial payments.

2.3 The County Collector-Treasurer believes she has proper procedures pertaining to bank reconciliations. Each month is approved and signed off by said County Collector-Treasurer. In addition, office staff will prepare a list of liabilities monthly and reconcile the list to the reconciled bank balance.

2.4 The County Collector-Treasurer believes she has proper procedures implemented to ensure adequate refunds and overpayment.

2.5 The County Collector-Treasurer has implemented procedures to adequately deal with payments related to NSF checks.

2.6 The County Collector-Treasurer has reviewed with the County Clerk and questions the amount of the audit finding.

The County Commission provided the following written response:

2.1 The County Commission agrees with the recommendation.

The County Clerk provided the following written response:

2.6 The County Clerk's office did incorrectly enter the wrong date on which penalties would begin being charged on delinquent taxes in the property tax system for 2011. The County Clerk's office will strive to enter the correct penalty dates so that the correct penalties will be charged on future delinquent taxes in the property tax system. The County Clerk's office questions the auditor's estimate of penalties not collected.

Auditor's Comment

2.4 The current method for handling refunds and overpayments used by the County Collector-Treasurer results in several control weaknesses including the failure to (1) deposit receipts intact, (2) make all disbursements by check, and (3) record all receipts and disbursements in the County Collector-Treasurer's accounting system, and increases the risk that loss or theft of monies could occur and not be detected.

2.6 The County Clerk indicated there was no attempt by county officials to calculate the amount of penalties that were not collected. Our methodology produced a reasonable estimate of the amount of penalties not collected.

3. Public Administrator Controls and Procedures

Procedures in the Public Administrator's office need improvement. During the year ended December 31, 2012, the Public Administrator was the court appointed personal representative for 59 individuals comprised of 36 active wards requiring annual settlements, 17 decedent estates, and 6 guardianships.

Unless otherwise specified, references to Public Administrator relate to the former Public Administrator whose term ended December 31, 2012. The current Public Administrator took office in January 2013. Recommendations are directed to the current Public Administrator since she is in a position to work with the Associate Circuit Court, Probate Division and implement changes.

3.1 Annual settlements

As noted in our previous two audit reports, the Public Administrator did not file annual settlements timely in compliance with state law. In addition, the Associate Circuit Court, Probate Division does not have procedures to notify the Public Administrator prior to the deadline for the annual settlement or to follow up on annual settlements not filed by the required date.

We reviewed the beginning and ending settlement dates for 32 active ward's case files with an annual settlement due for 2012 or 2013. We found annual settlements had not been filed in at least 3 years for 29 of the 32 cases reviewed, including 2 cases with no settlements filed since 2004 and 13 cases with no settlements filed since 2005. In addition, no annual settlement had been filed for 3 of the 32 cases as of October 1, 2013.

Further, with a newly elected official taking office in January 2013, the prior Public Administrator was required by Section 473.767.2 and .3, RSMo, to submit final settlements for each active ward in order to turn over assets to the newly elected official. In our review of these same 32 cases, we found 3 cases where final settlements were not filed until July 2013 and 3 cases in which no final settlement had been filed as of October 1, 2013.

Also, the settlements filed did not always include all needed information and the court did not have a system in place to monitor and ensure timely filing of settlements, and did not always timely follow up with the Public Administrator regarding settlement omissions or other problems. The Public Administrator filed an annual settlement on July 25, 2012, without including beginning inventory or signing the document to attest to its accuracy. The Probate Clerk failed to contact the Public Administrator to request the needed information and signature until December 29, 2012. The Public Administrator filed an amended settlement including the needed information and signature on January 15, 2013, and the settlement was approved by the Judge on January 22, 2013.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate. Section 473.767, RSMo, requires the Public Administrator to deliver property and file necessary settlements prior to leaving his/her term of office. In addition, Sections 473.557 and 475.280, RSMo, require the clerk of the court to notify the conservator or guardian (Public Administrator) of the deadline for the annual settlement. Timely, complete, and accurate settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that loss, theft, or misuse of funds will go undetected.

3.2 Case disposition

The Public Administrator did not timely file final settlements following the death of a ward for at least 17 cases. Fourteen of these wards died from 3 to 10 years prior to the final settlement filing date, and one ward died in the same year as the final settlement filing date. As of October 1, 2013, final settlements for 2 cases for wards who died in 2006 and 2009 were still not filed, and assets, including bank account balances, had not been distributed to the wards' heirs. The Public Administrator provided no explanation for the delays. Further, the Public Administrator held bank accounts open for these deceased wards and several banks charged monthly service fees to the accounts, slowly depleting the amount available for payment of fees or disbursement to heirs.

To reduce the risk of loss, theft, or misuse of assets, the Public Administrator should ensure final settlements are filed timely and assets are promptly distributed to heirs.

3.3 Estate fees

As noted in our prior audit report, the Public Administrator did not assess and collect fees from the accounts of some wards and estates. As noted in sections 3.1 and 3.2, the Public Administrator continued to fail to file annual or final settlements throughout the remainder of her term. Due to the untimely filing of settlements, the Public Administrator did not always petition the court to approve fees from the accounts of some wards and estates, and did not always document the criteria used to determine the fees charged. Section 473.742, RSMo, provides all fees collected by a Public

Administrator who elects to be salaried are to be deposited into the county treasury.

The Public Administrator requested fees totaling $46,307 upon filing of settlements between January 1 and October 1, 2013, from 17 of 35 wards and estates. The Public Administrator did not request fees from the other 18 wards and estates. As of October 31, 2013, $27,344 has not been disbursed from the accounts of wards and estates and remains due to the county. The current Public Administrator stated she had no knowledge of fees owed by wards under her authority and had not established an accounts receivable listing to ensure the collection of these fees. The current Public Administrator indicated many cases currently held do not have sufficient assets or resources to pay the fees of the former Public Administrator.

In addition, the Public Administrator was not always consistent in the method used to calculate the fees. During our review of fees charged for services rendered during 2012, we noted some wards were charged $40 per hour for some services in addition to the $25 per month fee allowed by the Judge.

The Public Administrator issued checks for payment of fees prior to the Judge's approval of the request to pay fees incurred. For example, we noted a check for fees issued to the county in the amount of $6,169 and a check for mileage reimbursement issued to the Public Administrator in the amount of $615 in the Associate Circuit Court, Probate Division case file. These checks had been prepared and signed on July 15, 2013, however the fees and mileage reimbursement were not approved by the Judge until October 22, 2013, and the check for fees was not transmitted to the County Collector-Treasurer until October 25, 2013.

To ensure fees are properly assessed against the accounts of the wards and estates, the Public Administrator should work with the Associate Circuit Judge to establish a fee schedule. The Public Administrator should request fees when filing each annual and final settlement and remit all approved fees to the county treasury timely. In addition, the Public Administrator should consult with the Associate Circuit Judge regarding the unpaid fees of the former Public Administrator.

3.4 Disbursements and checks

The Public Administrator did not make payments timely and did not maintain adequate supporting documentation for some disbursements.

- Disbursements were not always paid timely. According to court documents found in several ward case files, several care facilities were not paid monthly for housing wards but instead were paid periodically for several months at one time during 2012 and 2013. The Public Administrator did not retain copies of the care facility invoices and we

were unable to determine if wards incurred penalties due to the untimely payments.

- Attorneys are not required to submit invoices or other documentation supporting the services provided for fees approved by the court on behalf of wards and estates.

To ensure payments are valid and proper, the Public Administrator should maintain adequate supporting documentation for disbursements paid and ensure all disbursements are paid timely.

3.5 Bank reconciliations

The Public Administrator did not prepare monthly bank reconciliations for any bank accounts. Timely preparation of monthly bank reconciliations is necessary to ensure bank accounts are in agreement with accounting records and to detect and correct errors.

Recommendations

The Public Administrator:

3.1 Ensure annual settlements are filed timely and contain all required information. In addition, the Associate Circuit Court, Probate Division should notify the Public Administrator of annual settlement deadlines timely, follow up on settlements not filed by the required date, and ensure settlements are processed timely.

3.2 File final settlements for deceased wards and petition the court for orders of distribution timely.

3.3 Work with the Associate Circuit Judge to establish a fee schedule, request fees when filing annual and final settlements and remit approved fees to the county treasury timely. In addition, the Public Administrator should consult with the Associate Circuit Judge regarding the unpaid fees of the former Public Administrator.

3.4 Ensure disbursements are paid timely and supported by adequate documentation.

3.5 Prepare and document monthly bank reconciliations for all wards bank accounts.

Auditee's Response

The Public Administrator provided the following written responses:

3.1 Annual settlements will be filed timely and will contain all required information. I have implemented a computerized system which notifies me when a filing is due to ensure timeliness.

3.2 All final settlements and petitions for distribution will be completed in a timely manner.

3.3 The Associate Circuit Judge and I have established a new fee schedule. I will request fees when filing settlements and will remit fees to the county upon approval of the Judge. I will consult with the Associate Circuit Judge regarding the unpaid fees and if necessary will establish procedures to track and remit fees as reasonable.

3.4 All disbursements will be paid timely and all supporting documentation, such as invoices and copies of checks, will be retained.

3.5 I have hired a part-time clerk who completes the bank reconciliations monthly for all wards bank accounts. I then review all reconciliations for completeness and accuracy. In the future, I will also initial these reconciliations to document my review.

The Associate Circuit Judge provided the following responses:

3.1 I have directed the Probate Clerk to comply with the provisions of Sections 473.557 and 475.280, RSMo, and to process settlements timely.

3.3 I approved the new fee schedule submitted by the Public Administrator.

4. Prosecuting Attorney Controls and Procedures

Accounting duties are not adequately segregated and supervisory reviews are not performed. Procedures to prepare lists of liabilities and reconcile the list to the cash balance have not been established, and monitoring procedures for court-ordered restitution are not adequate. Also, procedures have not been established to follow up on outstanding checks. The Prosecuting Attorney's office processed bad check restitution and fees and court-ordered restitution totaling approximately $86,500 during the year ended December 31, 2012. In addition, the Prosecuting Attorney's office began collecting delinquent taxes in 2013.

4.1 Segregation of duties

The Prosecuting Attorney has not adequately segregated accounting duties or performed a supervisory review of accounting records. The Bad Check Clerk is responsible for receipting, recording, depositing, disbursing and reconciling all bad check and court-ordered restitution monies received. The Office Manager does not document a review of any accounting records other than the bank reconciliation. In addition, the Office Manager is primarily responsible for receipting, recording, and transmitting monies received for delinquent tax collections to the Missouri Department of Revenue.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, the Prosecuting Attorney should implement and document an independent or supervisory review of accounting records.

4.2 Liabilities

The Bad Check Clerk does not prepare a monthly list of liabilities and reconcile the list to the cash balance. At our request, the Bad Check Clerk prepared a list of liabilities as of December 31, 2012, which totaled $673, while the reconciled cash balance was $6,923, indicating $6,250 in unknown liabilities. All monies in the bad check account are either accountable fees or are due to victims for reimbursement for bad checks or court-ordered restitution.

A complete and accurate list of liabilities should be prepared monthly and reconciled to the book balance to ensure records are in balance and sufficient funds are available for payment of all liabilities. Any differences between monthly lists of liabilities and reconciliations should be investigated and resolved.

4.3 Tracking procedures

The Prosecuting Attorney does not adequately monitor the collection of court-ordered restitution and does not account for and monitor the disposition of all bad checks submitted to the office. In addition, information recorded in the computerized accounting system is not always accurate and reliable.

Office personnel do not utilize the computerized court-ordered restitution accounting system. This system could be used to record court-ordered restitution receipts and disbursements, track amounts due, and notify clerks when payments are due or a defendant's probationary period is nearing completion. Defendant's manual case files do not clearly document the amount of restitution ordered or the balance due. In addition, the clerks entered "test" information into the computerized accounting system that was not deleted.

Office personnel do not fully utilize either of the two computerized bad check accounting systems. One system is not utilized at all and one system is only used to generate letters notifying the bad check writers they have 10 days to pay before charges are filed. Manual logs maintained to track bad check complaint forms submitted by merchants when bad checks are turned over to the Prosecuting Attorney for collection do not allow for compilation of amounts collected by date and therefore, amounts due cannot be readily determined; however, these computerized bad-check accounting systems would track the collection and disposition of each bad check complaint. Further, we noted some information recorded in one of the bad check accounting systems was related to a court-ordered restitution case, and therefore, was recorded in the incorrect system.

Adequate procedures for recording and tracking court-ordered restitution and bad-check complaints received and processed is necessary to ensure collection and disposition of each bad check, facilitate monitoring amounts due, provide information to the court, and improve accountability.

4.4 Outstanding checks

The Bad Check Clerk has not established procedures to routinely follow up on outstanding checks. As of December 31, 2012, 46 checks totaling $1,226 had been outstanding for over a year with 4 checks dating back to 2003. Procedures to routinely follow up on outstanding checks are necessary to prevent the accumulation of old outstanding checks and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law.

Similar conditions previously reported

Similar conditions to sections 4.2 and 4.4 were noted in our two prior audit reports.

Recommendations

The Prosecuting Attorney:

4.1 Adequately segregate accounting duties or ensure an independent or supervisory review of accounting records is performed and documented.

4.2 Prepare a list of liabilities and reconcile the list to the available cash balance monthly for the bad check bank account. Any differences should be investigated and resolved.

4.3 Develop procedures and records to adequately record and track court-ordered restitution and the receipt and disposition of all bad check complaints.

4.4 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payee cannot be located, the amount should be disbursed in accordance with state law.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

4.1 I already have implemented and currently have the Office Manager review all accounting records for the Prosecutor's Office and I will continue to ensure that the Office Manager will review and sign and date when she approves all accounting records.

4.2 I have already implemented the monthly procedure for the Bad Check Clerk to do upon receipt of the bank statement, she is to match all transactions with the bad check account ledger, and then prepare a monthly list of any outstanding liabilities for the month. The Office Manager reviews all statements to ensure that there are

no errors and then she will sign and date each document that she has reviewed and approved.

4.3 I am in the process of changing our bad check program. We currently use the program called Bounce Back bad check and restitution collection program and we will begin to utilize the Karpel Solutions Program instead. When this change is completed then all cases will be entered into the Karpel program along with any restitution to be collected and all monies paid to victims by our office for all cases. We began utilizing Karpel for restitution payments for criminal cases on June 1, 2014. This does not include the Bad Check cases and Child Support Enforcement Restitution Cases. I am in the process of getting the Karpel program prepared to handle all cases received. When the program issues are fixed, we will begin documenting all cases received in this office into one program (Karpel Program) so that we can monitor all cases for collection of restitution and the reimbursement of payments to victims through one program (Karpel) instead of two.

4.4 We previously implemented the procedure for the Bad Check Clerk to do each month after balancing the bank statements. First, she makes a list of outstanding checks. Then each month she will monitor the outstanding check ledger and add or remove checks that have or have not been cashed by the victim and she will maintain a list to see if any of the outstanding checks have been cleared by the bank each month. If we have not received the check or money order back in the mail we will attempt to contact the victims that received the restitution payment to determine why they have not cashed the check or money order. If we are unable to locate the victim who hasn't cashed the check we will contact the bank to put a stop payment on the check(s) and then that money will be forwarded to the County Collector-Treasurer to dispose of at the end of each year. If we receive the check or money order back by mail with no forwarding address, and we are unable to locate the victim, we will void that check and issue a check for the same amount to the County Collector-Treasurer for disposal of the monies. We will prepare a check to the County Collector-Treasurer for any outstanding checks for the previous year in January of the next year. This process is also reviewed and approved by the Office Manager and she will sign and date the approved transactions.

5. Sheriff Controls and Procedures

Controls and procedures in the Sheriff's office are in need of improvement. The Sheriff's office collected monies related to civil services fees, mileage, concealed carry weapon (CCW) fees, all-terrain vehicle permits, and other miscellaneous receipts totaling more than $122,000 during the year ended

December 31, 2012. The Sheriff's office also collects bonds; however, the total amount collected was not available.

5.1 Segregation of duties

As similarly noted in our prior 3 audit reports, the Sheriff has not adequately segregated accounting duties and has not established adequate supervisory reviews. The Jail Administrator is responsible for receiving, recording, depositing, and disbursing inmate monies collected in the jail, and no supervisory review of the records is completed. The Sheriff's secretary is responsible for receiving, recording, depositing, disbursing or transmitting all monies collected in the Sheriff's office (civil fees), or transmitted from the jail, including CCW fees and bonds. The Lieutenant does not document his review of monthly bank reconciliations completed by the Sheriff's secretary, and no periodic review or comparison of receipt and deposit records is completed.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, the Sheriff should implement and document an independent or supervisory review of accounting records.

5.2 Bank reconciliations

The Jail Administrator had not performed a bank reconciliation for the commissary account since October 2010. At our request, the Jail Administrator performed bank reconciliations for the months of November 2010 through October 2013. The October 2013 reconciliation identified 397 checks totaling $1,138 that had been outstanding for more than one year. Twenty-three of these checks dated back to 2009. The Jail Administrator printed a report of detainee balances as of October 31, 2013, showing $898 held as liabilities; however, the reconciled cash balance at the same date was only $779, resulting in a $119 shortage.

To ensure records are in balance and sufficient funds are available for payment of all liabilities, bank reconciliations should be prepared monthly and the balance compared to identified liabilities. Any differences should be promptly investigated and resolved. Procedures to routinely follow up on outstanding checks are necessary to prevent the accumulation of old outstanding checks and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law.

5.3 Seized property

The Sheriff has not established adequate controls over seized property. Upon taking office on January 1, 2013, the Sheriff completed an inventory listing of all seized property that included over 440 containers and items. The Sheriff did not establish procedures for updating the listing as items were added or removed from the seized property storage area. Also, several items in the seized property storage area have been held since 2003, and the Sheriff should determine if disposal is appropriate and obtain the necessary approvals from the Prosecuting Attorney and/or the court.

Considering the often sensitive nature of seized property, adequate internal controls are essential to reduce the risk of loss, theft, or misuse of the items. Accurate and complete inventory records of all seized property items are necessary to ensure all items are accounted for properly. Section 542.301, RSMo, provides guidance for the disposition of unclaimed seized property.

Recommendations

The Sheriff:

5.1 Adequately segregate accounting duties or ensure an independent or supervisory review of accounting records is performed and documented.

5.2 Prepare monthly bank reconciliations and list of liabilities and reconcile the list to the book balance monthly for the commissary bank account. Any differences should be investigated and resolved. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payee cannot be located, the amount should be disbursed in accordance with state law.

5.3 Maintain complete and accurate seized property inventory records and make timely and appropriate dispositions of seized property.

Auditee's Response

The Sheriff provided the following written responses:

5.1 The Sheriff's office believes that duties are properly segregated, and this is the preferred method to ensure accuracy at this time, with the resources that are available. Since the audit, the Sheriff has implemented supervisory review by the Lieutenant and Sheriff of the monthly bank statements and reconciliations (which are initialed) and the monthly receipts and disbursement of fees to the Texas County Collector-Treasurer.

5.2 Regarding commissary, bank reconciliations and lists of liabilities are prepared monthly and turned into the Sheriff for review. Any differences are investigated and resolved. We are in the process of reissuing old outstanding checks or turning amounts over to the County Collector-Treasurer as unclaimed fees. Most monies are now disbursed to the payee upon release from the Texas County jail.

5.3 Upon taking office, the Sheriff completed an inventory of seized evidence/property room and has also created a log which details the date logged in, case number, quantity, rack and shelf location, release date, and miscellaneous section for additional information as needed. Since taking office numerous requests were sent to the

Prosecutor's Office of which many were returned to release or destroy evidence, which has been completed.

6. Minutes and County Procedures

Improvement is needed with regard to County Commission minutes and county procedures.

6.1 Commission minutes

The County Commission and County Clerk procedures related to the documentation and approval of County Commission meeting minutes are not adequate and do not always comply with the Sunshine Law.

- The County Commission did not approve 8 of 49 open meeting minutes during the year ended December 31, 2012. The County Commission and the County Clerk do not always agree on the accuracy of the minutes and do not resolve their differences. As a result, the value of the minutes, which are the only official record of actions taken by the County Commission, is diminished.

- Neither the County Commission nor the County Clerk ensures procedures related to closed meetings are documented in compliance with the Sunshine Law. Topics discussed in closed meetings, including litigation and personnel matters, were not always cited in open meetings and roll call votes to enter the closed meeting were not always documented in open meeting minutes. We identified these issues for 7 of 9 closed meetings held during the year ended December 31, 2012.

The County Commission minutes are the only record of the discussions held and decisions made by the County Commission and should be complete, accurate, and properly approved. In addition, the Sunshine Law, Chapter 610, RSMo, requires minutes to include the reason for the closed meeting be voted on in an open meeting. In addition, this law provides the County Commission shall not discuss any other business in a closed meeting that does not directly relate to the specific reason announced and documented to justify the closed meeting.

6.2 Professional services

The county did not solicit requests for proposals or enter into written agreements for several professional service purchases including property and liability insurance through an insurance brokerage service ($69,392), information technology services ($26,229), and jail medical services ($14,853) during the year ended December 31, 2012.

Soliciting proposals for services is a good business practice, helps provide a range of possible choices, and allows the county to make better-informed decisions to ensure necessary services are obtained from the best qualified provider after taking expertise, experience, and cost into consideration. Written contracts are necessary to ensure all parties are aware of their duties

and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions be in writing.

6.3 Computer controls

Various county officials have not established adequate password controls to reduce the risk of unauthorized access to computer systems and data. Passwords are required to authenticate access to computer systems.

The County Clerk, Prosecuting Attorney, County Assessor, and Sheriff do not require employees to change passwords periodically, and employees in the County Clerk and County Assessor offices share passwords within their office. In addition, the Recorder of Deeds failed to promptly delete user access for an employee who resigned in August 2013.

The security of a password system is dependent upon keeping passwords confidential. Since some passwords do not have to be periodically changed and some users access was not promptly deleted, there is less assurance passwords are effectively limiting access to computer systems and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential and changed periodically to reduce the risk of unauthorized access to and use of systems and data.

6.4 1099-MISC forms

The county has not established procedures to ensure 1099-MISC forms are prepared and filed as required. During the year ended December 31, 2012, the county paid a special prosecuting attorney $11,897, a security system salesman/installer $4,000, a handyman $1,356, and a law firm $709 without issuing 1099-MISC forms to any of these identified vendors.

Sections 6041 to 6050 of the Internal Revenue Code require non-wage payments of at least $600 in one year to an individual or to an attorney for legal services be reported to the federal government on 1099-MISC forms. To ensure compliance with IRS requirements, the county should establish procedures to ensure 1099-MISC forms are issued in all applicable instances.

Recommendations

The County Commission:

6.1 Work with the County Clerk to ensure minutes are accurate and approved by the appropriate parties and properly cite reasons for and roll call votes approving closed meetings.

6.2 Periodically solicit proposals for professional services, and enter into written agreements as required by law.

6.3 Require unique passwords for each employee that are confidential and periodically changed and promptly delete user access following

termination of employment to prevent unauthorized access to computer systems and data.

6.4 Ensure non-wage payments and payments to attorneys are reported on 1099-MISC forms.

Auditee's Response

The County Commission provided the following written responses.

6.1 The County Commission requested that some minutes be changed to reflect what actually happened in our meeting before we would approve them, we kept waiting for a corrected copy but we never saw some.

In the future if requested corrections are not made, the County Commission will make the corrections, then approve those minutes and instruct the County Clerk to record our approved minutes.

We have always had a roll call vote to go into a closed meeting in our open meetings and the reason was stated why we are going into a closed meeting at that time. It is unfortunate these votes were not correctly recorded in the open meeting minutes.

In the future the County Commission will make sure these votes and the reason for going into a closed meeting are included in the open meeting minutes.

6.2 The County Commission was unaware it needed to solicit bids for the insurance booker since this is for an agent of record to allow the broker to solicit costs for insurance coverage from different insurance companies.

The County Commission believes some of the amount paid to the information technology service was for the purchase of computers and software which we did compare prices of companies before buying from this company. Some of this company's technology service was performed because of an emergency situation on January 1, 2012, due to the newly elected Recorder of Deeds being locked out of all computers in her office.

The County Commission believes at the time these jail medical services were provided there was only one doctor in this area willing to provide these services.

In the future, the County Commission will improve its attempts to solicit bids and will enter into written agreements as required.

6.3 Although the county employees have been instructed to randomly change their passwords, the County Commission will remind them and also warn the elected officials of the importance of removing passwords of any employee that is no longer employed with the county.

6.4 The County Commission does not see any W-2 or 1099-MISC forms, these forms are produced by the County Clerk's office. The County Commission was unaware of the $4,000 for a camera system, $1,356 for a handy man or the $709 to a law firm. This was due to the County Collector-Treasurer paying these through a separate bank account not authorized by the County Commission and did not go through the county's accounts payable. These items were paid from the separate bank account established by the County Collector-Treasurer unbeknownst to the County Commission.

In the future the County Commission will request the County Clerk at the end of each year to give the County Commission a list of names of non-wage payments and payments to attorneys of $600 or more and that his office send each of them a 1099-MISC form.

The County Clerk provided the following written responses.

6.1 The County Clerk has fully complied with Section 51.120, RSMo, for the past thirty-five years and will continue to comply with state law. Discussions had by County Commissioners outside of the official meeting dates of the commission and outside of the official meeting location are not the responsibility of the County Clerk. The County Clerk disagrees with the audit report statement that the Commission meeting minutes are not adequate. The County Clerk disagrees with the audit report statement that the official record of actions taken by the County Commission are diminished. The County Clerk disagrees with the audit report statement that procedures related to closed meetings are not in compliance.

6.2 The County Clerk disagrees with the audit report statement that the County did not solicit request for proposals. The County Clerk believes the county acted in the best interest of its citizens for certain professional services.

6.3 The County Clerk agrees that elected officials and department heads should continue to work to see that county records and information are secure at all times.

6.4 The County Clerk's office will do its part to follow established procedures to ensure 1099-MISC forms are prepared and filed as required.

Auditor's Comment

6.1-6.2 The County Clerk provided no documentation to dispute the facts presented or to demonstrate that minutes complied with the Sunshine Law and bidding requirements were met.

7. County Assessor Receipts

The County Assessor does not always issue receipt slips for monies received, record all receipts on a log when received, or account for the numerical sequence of receipt slips issued. The County Assessor writes a receipt slip if requested and documents cash receipts on a log. At the end of the month, the County Assessor records checks processed on the log and prepares a transmittal for the County Collector-Treasurer for monies transmitted. The County Assessor does not have a procedure to account for the numerical sequence of receipt slips and since all monies are not recorded on the log at the time of receipt, there is no way to ensure all monies received are properly recorded and transmitted to the County Collector-Treasurer. During the year ended December 31, 2012, the County Assessor collected and turned over to the County Collector-Treasurer approximately $8,300.

To adequately account for receipts and reduce the risk of loss, theft, or misuse of funds, official prenumbered receipt slips should be issued for all monies immediately upon receipt, receipts should be recorded on the log when received, and the numerical sequence of those receipt slips accounted for.

Recommendation

The County Assessor ensure prenumbered receipt slips are issued for all monies received, record all receipts on the log when received, and account for the numerical sequence of receipt slips.

Auditee's Response

The County Assessor provided the following written response:

We have implemented this recommendation. We now issue prenumbered receipt slips and record monies on the log when received. We account for the sequence of receipt slips each month when preparing our monthly transmittal.

8. Wri-Tex 911 Operations Fund

The Wri-Tex 911 Executive Board (Board) has not developed a plan to address the declining financial condition of the Wri-Tex 911 Operations Fund. Texas County collects an administrative fee from this fund that is not authorized by the intergovernmental cooperative agreement.

8.1 Financial condition

The Board has not developed a plan to address the declining financial condition of the Wri-Tex 911 Operations Fund. The County Commissioners

of Texas and Wright Counties serve as the members of the Board. In 1992, Texas and Wright counties entered into an intergovernmental cooperative agreement to establish the Wri-Tex 911 Emergency Telephone System and Board. This service is funded by a tax levied under Section 190.305, RSMo, which allows up to 15 percent of the tariff local service rate or 75 cents per access line per month, whichever is greater, to be charged on all land telephone lines within the geographical confines of the counties.

The following table reflects the cash balances, receipts and disbursements for the Wri-Tex 911 Operations Fund.

	2014 Budget	2013 Actual	2012 Actual	2011 Actual
Cash Balance, January 1	$ 50,912	83,833	157,062	198,739
Telephone tax	335,500	348,516	360,393	360,507
Other receipts	2,500	18,377	6,469	8,686
Disbursements	(360,302)	(399,814)	(440,091)	(410,870)
Cash Balance, December 31	$ 28,610	50,912	83,833	157,062

Disbursements made between 2010 and 2013 have exceeded telephone tax receipts by more than $50,000 annually. In addition, telephone tax receipts show a slow, but steady, decline over the years presented above. The Board needs to develop a plan to reduce costs or increase receipts to improve the financial condition of the Wri-Tex 911 Operations Fund. By not considering alternative revenue sources and properly managing costs by reducing unnecessary disbursements, this trend will likely continue.

8.2 Administrative fees

Texas County did not have the authority to transfer administrative fees of approximately $20,000 annually from the Wri-Tex 911 Operations Fund to the Texas County General Revenue Fund. Under the intergovernmental cooperative agreement between Texas and Wright counties, Texas County provides administrative services for the 911 operation. However, the cooperative agreement does not specifically authorize a fee for the administrative services. The Texas County Clerk indicated Section 50.515, RSMo, allowed the county to impose an administrative service fee on this fund; however, this statute does not provide for an administrative service fee from this revenue source. In addition, while actual expenses incurred by Texas County for administration would constitute a reasonable use of these monies, Texas County has not determined the actual cost of providing those services. Due to the financial condition of the Wri-Tex Operations Fund, it is imperative the Board ensure transfers are authorized and appropriate.

Recommendations

The Wri-Tex Executive Board:

8.1 Develop plans to adequately fund operations and monitor the financial condition of the Wri-Tex 911 Operations Fund.

8.2 Require Texas County to determine the actual cost of providing administrative services for 911 operations. In addition, the Wri-Tex Executive Board should include provisions related to reimbursement of administrative costs in the cooperative agreement.

Auditee's Response

The Texas County Commission provided the following written responses:

8.1 The reason for the decrease in Wri-Tex E911 revenue was because people were going to cell phones and dropping their landlines. Commissioners all over the state of Missouri were working with state legislators to find avenues to increase funding for all 911 systems. We had been working for the past 8 years trying to get a bill passed to identify a cell phone as a telephone so we could collect the same fee we collect for land lines. The only other way the Wri-Tex E-911 Board could increase its revenue was to pass a sales tax.

In April 2014, the voters of Texas County passed a 3/8 cent sales tax to create and fund a Texas County Emergency Service (911) for Texas County. Wri-Tex E-911 will dissolve at the end of 2014 and Wright County will be responsible for its own 911 services.

8.2 The present Wri-Tex E-911 Board was under the understanding that the initial intergovernmental cooperative agreement authorized these administrative fees. In January each year the Wri-Tex E-911 Board votes to approve its budget, which includes a percentage for the administrative fees.

The Texas County Clerk provided the following written responses:

8.1 Voters of Texas County in April 2014 approved a 3/8 cent sales tax to replace landline fees. Beginning in 2015, Texas County and Wright County will operate their 911 centers separately.

8.2 Texas County has collected an administrative fee for the past 15 years without a question being raised by auditors. Texas County believes they have a right to collect said fees. This will not be an issue beginning in 2015 as the new Texas County Emergency Service Board will have control and management of the county's 911 operations.

Texas County
Organization and Statistical Information

Texas County is a township-organized, third-class county. The county seat is Houston.

Texas County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county bridges, and performing miscellaneous duties not handled by other county officials. The townships maintain county roads. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 61 full-time employees and 15 part-time employees on December 31, 2012.

In addition, county operations include a Senate Bill 40 Board, and a 911 Emergency Board, which operates jointly with Wright County.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2013	2012
Fred W. Stenger, Presiding Commissioner	$	29,390
John Casey, Associate Commissioner		27,390
Linda Garrett, Associate Commissioner		27,390
Susan Warkentin, Recorder of Deeds		41,500
Donald R. Troutman, County Clerk		41,500
Mike Anderson, Prosecuting Attorney		112,824
Carl Watson, Sheriff		46,000
Thomas Whittaker, County Coroner		14,000
Theresa Campbell, Public Administrator		41,500
Tammy Cantrell, County Collector-Treasurer, year ended March 31,	41,500	
Debbie James, County Assessor, year ended August 31,		41,378
Louie Carmack, County Surveyor (1)		N/A

(1) Compensation on a fee basis.

Financing Arrangements

In 2006, the county contracted with an underwriter to finance the building of a new county justice center and jail. Also included in the project was the remodeling of the current courthouse. The financing arrangement required the underwriter to issue $15 million in certificates of participation (COPs) and for the county to lease the new facility over the 20-year period the debt would be paid off. The county's lease payments equal the amount of debt principal and interest, and the county will take ownership of the justice

center when the debt is extinguished, which is scheduled for 2025. The remaining principal balance at December 31, 2012, was $12,220,000.

Thomas A. Schweich

Missouri State Auditor

Webster County

October 2014

Report No. 2014-095

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Webster County

Fuel Usage and Monitoring	The county spent over $700,000 on fuel for vehicles and equipment but does not effectively monitor fuel use. The county terminated an employee in 2009 for stealing county fuel, but did not sufficiently correct the weaknesses, and in 2011 another employee was terminated for stealing $5,200 in county fuel. County officials did not perform adequate reviews of fuel records and made over $40,000 in duplicate payments during 2012 and 2013 and paid $2,225 in late fees during 2012. The fuel card user list included former employees, and the road and bridge department does not reconcile fuel dispensed or fuel purchased with fuel cards to mileage and equipment logs. Sheriff's office employees share PIN numbers, do not always enter vehicle odometer readings into the fuel system, and prepared incomplete manual fuel logs. The Sheriff does not adequately review monthly fuel card billing statements, and does not adequately account for all fuel cards. County officials could not explain why they had not noticed during their reviews of fuel billing statements that the County Clerk's former Administrative Assistant was listed as a purchaser of fuel after his termination. While the County Clerk and County Commission responded they had improved fuel procedures, it is evident by the numerous problems identified during the audit, continued improvement is needed.
County Procedures	Several county officials did not solicit bids for the purchase of new software and equipment during 2012. The county did not always enter into written agreements, and the Emergency Management Director and one Assistant Prosecuting Attorney do not prepare timesheets. The Sheriff purchased jail management software with Sheriff's Revolving Fund monies, which is not in compliance with state law, and did not solicit proposals for its purchase.
Property Tax System Controls and Procedures	County officials still have not implemented adequate controls and procedures over the property tax system despite indicating they would implement the recommendations from our 3 previous audit reports. The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books. Neither the County Commission nor the County Clerk adequately reviews the financial activities of the County Collector. The County Commission and County Clerk do not review and approve property tax additions and abatements, or ensure changes were made to the property tax system.
County Collector Controls and Procedures	As noted in our prior audit reports, the County Collector has not adequately segregated accounting duties and independent or supervisory reviews of accounting records are not performed, and procedures for receipting, recording, and depositing monies need improvement. The County Collector also does not prepare a monthly list of liabilities and compare it to cash balances.

Public Administrator Controls and Procedures	The former Public Administrator did not always timely file annual settlements and inventories of assets and did not timely notify the court of the death of a ward. The former Public Administrator did not retain adequate supporting documentation for some disbursements and has poor controls and procedures for the sale of property. The former Public Administrator did not solicit bids for auctioneer services. The former Public Administrator was negligent in her handling of one ward's funds incurring additional costs related to interest and penalties for not paying bills timely, and failing to timely deposit dividend checks.
Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney has not adequately segregated accounting duties and does not perform an independent or supervisory review. The office needs to improve its procedures for receipting, recording, and transmitting monies and does not generate a monthly list of unpaid bad checks and restitution.
Recorder of Deeds Controls and Procedures	The Recorder of Deeds has not adequately segregated accounting duties and does not perform an independent or supervisory review. The Deputy Clerk does not perform bank reconciliations or maintain a running check register balance, and the Recorder of Deeds does not account for the numerical sequence of transaction numbers assigned by the computerized accounting system.
Sheriff Controls and Procedures	Jailers do not issue receipt slips for bond monies collected for other political subdivisions and do not maintain documentation to support transmittal of bond monies. Bond forms are not prenumbered. The Sheriff's seized property building was disorganized, many items were difficult to locate, and the records need improvement.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Poor**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Webster County
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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Webster County

We have audited certain operations of Webster County in fulfillment of our duties under Section 29.230, RSMo. In addition, Davis, Lynn & Moots, P.C., Certified Public Accountants, was engaged to audit the financial statements of Webster County for the 2 years ended December 31, 2012. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Webster County.

An additional report, No. 2014-045, *Webster County Procurement Procedures and County Clerk*, was issued in June 2014.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Roberta Bledsoe
Audit Staff:	Michelle Crawford, M.Acct., CIA
	Katelyn Crosson
	Terese Summers, MSAS, CPA

1. Fuel Usage and Monitoring

County officials have not established effective monitoring procedures for vehicle and equipment fuel use, and did not perform effective reviews of fuel billings.

The county maintains bulk fuel tanks at 2 county road and bridge buildings, and also allows employees to use fuel cards and credit cards at local gas stations to purchase fuel for vehicles and equipment. The road and bridge department and Sheriff's office can dispense fuel from the bulk tanks; however, Sheriff's office personnel typically use fuel and credit cards. The county purchased bulk fuel totaling approximately $454,000 and made fuel card payments totaling approximately $251,000 during the 2 years ended December 31, 2013. In addition, fuel purchases using various county credit cards are listed on billing statements along with other types of purchases, and we did not determine those fuel amounts.

Similar weaknesses were noted in our prior county audit report (Report No. 2010-27), in which we reported the county terminated a county employee in 2009 who admitted to stealing county fuel, but did not sufficiently correct these weaknesses after the theft occurred. More recently, the County Commission terminated a road and bridge department employee in February 2011, who admitted to stealing an estimated $5,200 of county fuel. The County Commission required restitution and it was paid in full. However, a review of procedures during this audit shows the County Commission still did not sufficiently correct weaknesses related to monitoring of fuel use and reviewing fuel billings.

In our Report No. 2014-045, *Webster County Procurement Procedures and County Clerk*, we reported improper credit card purchases by the former Administrative Assistant to the County Clerk. We identified the former Administrative Assistant's name listed as a buyer on fuel card statements for periods several months after his termination date. As a result, we expanded our review of fuel procedures to include the period January 2012 through November 2013, and identified the following concerns.

County review and payments

The County Clerk and County Commission did not perform adequate reviews of fuel records prior to payments being made. As a result, the county made duplicate payments totaling at least $10,932 in 2013 and $29,396 in 2012. The vendor credited the county's account for the overpayments. In addition, the county did not always pay fuel card billings timely, resulting in late fees totaling $2,225 during the year ended December 31, 2012.

The County Clerk and County Commission do not periodically review the fuel card user list to ensure only authorized users are included. We reviewed the fuel card user list as of November 2013, and identified 8 former county employees still included on the fuel card user list, including the former

Assistant Administrator, who was terminated on July 26, 2013. The former Assistant Administrator had issued himself a fuel card without approval of the County Clerk and County Commission. His job duties did not require him to use a county vehicle or purchase fuel using the county's fuel cards.

Sheriff's fuel cards and records

The Sheriff's office maintains 23 vehicles, and fuel is obtained from bulk fuel tanks and also purchased using fuel cards and credit cards. We identified various concerns as follows.

- A fuel card (exclusively used to purchase fuel) is assigned to each Sheriff's vehicle and requires entry of a unique PIN number and odometer reading at the time fuel is purchased; however, employees sometimes share PIN numbers. Additionally, Sheriff's office employees do not always accurately enter the vehicle odometer reading and, as a result, fuel card statements do not reflect accurate vehicle mileage. Also, manual fuel logs maintained by the Sheriff's office do not include all fuel purchases from local gas stations and these logs are not reviewed or used to reconcile fuel used to fuel purchased. For example, we noted a fuel card statement showed 4 purchases made on August 11, 2013, while only 2 purchases were recorded on the related fuel log for that day. Some fuel logs could not be located at the time of our review.

- The Sheriff does not adequately review monthly fuel card billing statements. For example, the County Clerk's former Administrative Assistant was listed as a purchaser of fuel on billing statements for the Sheriff's office for September and October 2013 after his termination in July 2013. The Sheriff had documented his review and approval of these statements. We brought these discrepancies to the attention of the Sheriff, County Clerk, and County Commission in November 2013, and none of them could explain why the former Administrative Assistant's name was listed as a fuel purchaser on the fuel card statements and had not noticed this during their reviews. Additional review determined these fuel purchases were proper and the discrepancies were caused by the use of a badge number instead of an employee number as the PIN number in the fueling system. While these purchases were explained, some other purchases noted on the fuel card statements appear questionable. For example, according to a fuel card statement, on November 30, 2012, an officer purchased 13 gallons of fuel and 1 minute later the same officer purchased an additional 14 gallons. However, the officer's manual fuel log showed only 1 fuel purchase on that day.

- The Sheriff's office does not adequately account for all fuel cards. The Sheriff assigned the responsibility of tracking fuel cards to the Chief Deputy. At our request, the Chief Deputy identified each fuel card on hand and the cards assigned to specific vehicles. The fuel card online

system showed 31 fuel cards assigned to the Sheriff's office; however, the Chief Deputy could only account for 17 of those cards. Two of the 14 unaccounted for fuel cards were assigned to vehicles that had been sold. In addition, the Sheriff has not adequately evaluated the number of fuel cards needed for his office. Of the 31 fuel cards, 12 had no activity in 2013 (9 of which are among the 14 unaccounted for cards).

Road and bridge mileage and fuel records

The road and bridge department maintains 48 vehicles and motorized pieces of equipment. The county uses a computerized fuel control system to dispense fuel from the bulk tanks. Reports of fuel dispensed from the bulk fuel tanks are not reconciled to fuel purchases or to mileage and equipment logs maintained.

In addition, 17 fuel cards are used by 29 road and bridge department employees to complete work related to a grant project being administered by the City of Springfield. These fuel cards are used to purchase fuel at local gas stations. Fuel card purchases are not reconciled to mileage and equipment logs maintained by the road and bridge department. The county is subsequently reimbursed for fuel costs by the city.

Conclusion

Procedures for maintaining and reviewing fuel usage logs, reconciling this information to purchases and related records, and a careful review of fuel and credit card billings to individual receipts are necessary to ensure vehicles and equipment are properly utilized, and payments for fuel billings are appropriate. Also, such procedures decrease the risk of theft or misuse of fuel occurring without detection. Logs should provide sufficient details to enable the county to effectively monitor vehicle and equipment fuel costs. In addition, periodic reviews of fuel card users are necessary to ensure fuel purchases are only made by authorized county employees.

Recommendation

The County Commission and County Clerk should work with the road and bridge department and Sheriff's office to establish adequate procedures and records to effectively monitor fuel use for completeness and reasonableness. In addition, fuel use should be reconciled to fuel purchases, and any significant discrepancies should be investigated. Also, the County Commission and County Clerk should implement procedures to ensure bills are paid accurately and timely to avoid late fees, and periodically review the fuel card user list to ensure only authorized users are included.

Auditee's Response

The County Clerk and County Commission provided the following written response:

The narrative above contains a number of criticisms: a) that the county did not take effective action after previous thefts of fuel; b) that not de-activating PIN numbers of former employees immediately is a serious security issue; c) that in prior years, invoices were either paid late or paid

twice; and d) that the County Clerk and County Commission should ensure other departments reconcile their fuel logs to fuel invoices.

We disagree on the first two points. We have gone to great lengths to improve our procedures for the purchase of fuel, and for its proper use. In fact, the new fuel system was already underway in late 2010, but was not yet complete at the time of the employee theft in February 2011. Currently, each fuel station is under constant video surveillance. Also, the system requires both a fuel card (tied to a specific county vehicle) and a unique employee PIN number for access (the existence of one without the other is of no consequence). And we are continuing to make improvements. The issue of incorrect/late payment of fuel invoices was tied to one employee, who actively worked to defeat and/or circumvent existing policies and procedures. That employee was fired, and we are currently pressing felony charges. Policy and procedures are now being followed, and have also been refined.

As for the last point, we concede that we should place more responsibility on the Sheriff's office and the road and bridge department to encourage them to review lists of PIN numbers and reconcile fuel logs to fuel purchases.

Auditor's Comment

The County Commission and County Clerk did not disagree with the factual accuracy of the details contained in the finding. Due to the numerous problems identified during our review, it is clear continued improvement is needed.

2. County Procedures

Procedures relating to procurement, written agreements, and timesheets need improvement.

2.1 Procurement procedures

Several county officials did not solicit bids for the purchase of new software and equipment during 2012.

The County Assessor did not solicit bids for a new property tax system (real and personal property assessment, internet filing, imaging, and photo and sketching modules). The County Assessor implemented this property tax system in January 2012, and the county has paid this vendor $52,575 during 2012 through 2014, and plans to pay the vendor another $10,315 in 2015 for a total of $62,890 for the system. In addition, in March 2012, the County Assessor purchased new equipment (3 printers and 7 monitors) totaling $8,411 without soliciting bids. These purchases were paid out of the Assessment Fund.

The County Collector did not solicit bids for a new property tax system (tax billing and collection modules). The County Collector implemented the

property tax system in June 2012, and the county has paid this vendor $34,940 during 2012 through 2014, and plans to pay the vendor another $5,980 in 2015 for a total of $40,920 for the system. In addition, the County Collector did not solicit bids for the purchase of digital check processing software and a check scanner totaling $12,175 in March 2012. These purchases were paid out of the County Collector's Tax Maintenance bank account.

Section 50.660, RSMo, provides bidding requirements. Routine use of a competitive procurement process for major purchases ensures the county has made every effort to receive the best and lowest prices and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, the selection process, and criteria should be retained to demonstrate compliance with applicable laws or regulations and support decisions made.

2.2 Written agreements

The county did not always enter into written agreements.

- The County Commission did not obtain written agreements for the distribution of county aid road trust (CART) monies and capital improvement sales tax (CIST) monies to the Seymour Special Road District. During the year ended December 31, 2012, the county distributed approximately $127,000 of CART monies and $184,000 of CIST monies to the special road district based on the district's share of miles within the county.

- The Sheriff has not entered into written agreements with surrounding counties and cities for the boarding of prisoners. Such agreements should detail housing rate to be paid, the services to be provided, or any required notification for emergency or non-routine situations.

Section 432.070, RSMo, requires all agreements of political subdivisions to be writing. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

2.3 Sheriff's jail management software

The Sheriff paid for jail management software costing $22,187 during the year ended December 31, 2012, from the Sheriff's Revolving Fund, which is not in compliance with the uses allowed by state law. The Sheriff's office uses the jail management software to process officer reports and inmate records and does not use the software to process concealed carry endorsements. In addition, the Sheriff did not solicit proposals for the purchase of the jail management software, and did not enter into a written agreement with the software vendor.

Per Section 50.535, RSMo, Sheriff's Revolving Fund monies are to be used for the purchase of equipment, to provide training, and to make necessary

expenditures to process applications for concealed carry endorsements or renewals, including but not limited to the purchase of equipment, training, fingerprinting and background checks, and employment of additional personnel. In addition, as cited in sections 2.1. and 2.2, Section 50.660, RSMo, provides bidding requirements and Section 432.070, RSMo, requires all agreements of political subdivisions to be writing.

2.4 Timesheets

The Emergency Management Director and 1 of 2 assistant prosecuting attorneys do not prepare timesheets. Both are full-time salaried employees and are not required to submit documentation of hours worked and/or tasks performed. According to the County Clerk's Administrative Assistant, the Assistant Prosecuting Attorney's annual salary is $30,000 regardless of the number of hours worked and the Emergency Management Director's annual salary is $31,288 based upon 40 work hours per week.

Timesheets are necessary to document and monitor hours actually worked to substantiate payroll disbursements and to ensure compliance with the Fair Labor Standards Act of 1938 (FLSA) requirements. Additionally, the county personnel manual requires the county to keep accurate time records for every employee.

Similar conditions previously reported

Conditions similar to points 2.1, 2.2, and 2.4 were noted in our prior audit report.

Recommendations

2.1 The County Assessor and County Collector perform a competitive procurement process for all major purchases and maintain documentation of decisions made.

2.2 The County Commission and Sheriff enter into written agreements with other political subdivisions as appropriate, and ensure the agreements are signed by all parties and specify the services to be rendered and the manner and amount of compensation to be paid.

2.3 The Sheriff ensure all disbursements from the Sheriff's Revolving Fund are allowable by law, reimburse the Sheriff's Revolving Fund from other funds, and perform a competitive procurement process as required. The Sheriff should also ensure written agreements are entered into as appropriate.

2.4 The County Commission and Prosecuting Attorney require all employees to submit timesheets.

Auditee's Response

The County Assessor provided the following written response:

2.1 I did not solicit a bid since we have used the same software provider since 1997. I went to a quicker and time saving cost system. Using a

different software vendor and cost system would take time, over 2 years to implement a new cost system for personal and real estate. It would be costly and time consuming to change. I was able to cut 2 employees by upgrading and using the current provider. However, in the future I will follow the recommendation.

The County Collector provided the following written response:

2.1 The software and equipment upgrade was with our existing software provider and was mandatory to stay in compliance with the state Department of Revenue, Division of Motor Vehicle and Driver Licensing office. There are only a few state certified software providers in the state, and the one we use is the only one in Southwest Missouri. To change to a new software provider would mean a complete new program and would cost more to set up, it would also require retraining everyone in both the County Collector and County Assessor's office. In the future, I will obtain bids.

The County Clerk and County Commission provided the following written responses:

2.2 The Seymour Special Road District is an independent body with its own elected Board. The district maintains 15 percent of the roads used by our citizens, and we share 15 percent of our revenue with it. We do not intend to interfere in the district's affairs.

2.4 The Assistant Prosecuting Attorney does not work for the County Clerk or County Commission. Instructions for record keeping should be directed to the Prosecuting Attorney to whom that individual reports. As for the Emergency Management Director, the County Commission will require documentation of hours worked.

The Sheriff provided the following written responses:

2.2 I *appreciate the finding of this due to its importance, but at one of the Missouri Sheriff's Association meetings it was agreed upon by the Missouri Sheriffs to allow a 3 day pickup time for inmates with out of county warrants at zero charge. We do invoice counties in which we house inmates, just as they invoice us. At that time the Jail Supervisor sent out letters to surrounding counties and cities relating the fees, procedures and services for Webster County to house inmates. However, copies of those letters were boxed and stored away due to our lack of storage space and at this time they cannot be located. We will be sending out new letters with this information and asking for their acknowledging signature.*

2.3 I thank you for pointing this issue out because we believed that we were well within compliance allowed by state law due to the fact that the software was agreed upon with the intent that the conceal and carry permits would be entered using this new software. Due to software problems this did not occur. We did not solicit proposals for this software due to the fact that Webster County 911 chose and paid for the software up front. In order to best serve the citizens of Webster County we wanted to streamline and be included in this integrated system. The Webster County Sheriff's office paid Webster County 911 a portion of the fees to be able to be connected to the dispatch center. Information from Webster County 911 was to be entered in the software system for report writing, inmate book-ins, conceal and carry permits, etc. and combine all facets of the Sheriff's office. Webster County 911 has since decided to end the use of this software because of their own reasons. We also had to end the use of that program as well, because of the many software issues and due to the fact the software was not providing the services we needed. I will transfer a portion of the cost of this jail management system from funds available in 2014 and will budget to transfer the remaining portion in 2015 as finances allow to reimburse the Sheriff's Revolving Fund for the purchase. We have since obtained a new software program and have entered into a written agreement with the vendor.

The Prosecuting Attorney provided the following written response:

2.4 I will consider implementing this recommendation.

Auditor's Comment

2.2 As the County Clerk and County Commission response indicates the 15 percent of CIST and CART monies that the county shares with the special road district (a separate political subdivision) are county monies. They, as county officials, have a fiduciary responsibility to ensure the use of these monies is proper and allowable.

2.4 Without timesheets, the County Clerk, County Commission, and Prosecuting Attorney have no assurance the amount paid and time worked is reasonable and appropriate, and cannot ensure compliance with the FLSA.

3. Property Tax System Controls and Procedures

County officials have not implemented adequate controls and procedures over the property tax system. Although some of these problems were noted in our previous 3 audit reports, and the County Clerk and County Commission indicated they would implement the recommendations, little progress has been made. The County Collector was charged with collecting

approximately $19 million in property taxes for the year ended February 28, 2013.

3.1 Tax books

The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books prepared by the property tax system vendor. A review of the tax books should include verification of individual entries in the tax books and recalculating tax book totals and charges. Failure to prepare and review the tax books and test individual tax statement computations may result in errors, irregularities, or misuse going undetected.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and delinquent tax books and charge the County Collector with the amount of taxes to be collected.

3.2 Review of activity

Neither the County Commission nor the County Clerk adequately review the financial activities of the County Collector. The County Clerk maintains a spreadsheet summarizing property tax collections each month; however, the spreadsheet does not include charges, additions and abatements, protested amounts, and city collections. In addition, the County Clerk and County Commission do not adequately review and approve the County Collector's annual settlement. The County Clerk indicated he discusses the annual settlement with the County Commission; however, there are no procedures in place for the commission's review and approval.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An accurate account book or other records that summarizes all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records should be used by the County Clerk and County Commission to verify the County Collector's annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

3.3 Additions and abatements

The County Commission and County Clerk do not review and approve property tax additions and abatements. Additions and abatements totaling $245,656 and $61,324, respectively, were reported on the County Collector's annual settlement for the year ended February 28, 2013. The County Assessor makes changes to the property tax system for additions and abatements, and manual court orders or other records are not prepared and compared to actual changes made to the property tax system. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly monitored and errors or irregularities could go undetected.

Sections 137.260 and 137.270, RSMo, assigns responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. If it is not feasible for the County Clerk to make corrections to the tax books, an independent reconciliation of approved additions and abatements to actual changes made to the property tax system would help to ensure changes are proper.

Similar conditions previously reported

Conditions similar to points 3.2 and 3.3 were noted in our prior audit report.

Recommendations

3.1 The County Clerk prepare the current and delinquent tax books, or verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts.

3.2 The County Clerk maintain an accurate and complete account book with the County Collector. In addition, the County Clerk and the County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.

3.3 The County Commission and County Clerk review and approve additions and abatements and compare court orders or other supporting records to actual changes made to the property tax system.

Auditee's Response

The County Clerk and County Commission provided the following written response:

3.1-3.3 Statutory language stating that the County Clerk prepares tax books is antiquated and completely out of phase with current practice, not only in Webster County, but statewide. Tax books are prepared by the County Assessor and County Collector on a common computerized database. Likewise, additions and abatements are now the purview of the County Assessor and County Collector. Their work is reviewed by the State Tax Commission and the State Auditor's office on a periodic basis. Neither the County Clerk nor the County Commission are involved in this process in any meaningful way. The statutory language should be updated to reflect this new reality.

Auditor's Comment

3.1-3.3 These sections of law establish the required duties of various elected county officials and provide for a segregation of duties or checks and balances in the property tax system area. As stated in the finding, the County Collector is responsible for collecting approximately $19 million in property taxes for most taxing authorities in the county. Because the County Commission and

County Clerk charge the County Collector with the amount of taxes to collect, it is imperative they monitor any changes to amounts charged and ensure accountability by the County Collector. Lack of such monitoring can create a situation where theft and manipulation of records can occur without detection. County officials should implement procedures to satisfy the intent of the statutory provisions.

4. County Collector Controls and Procedures

As similarly noted in our prior audit reports, improvement is needed in accounting controls and procedures of the County Collector's office.

4.1 Segregation of duties

The County Collector has not adequately segregated accounting duties and independent or supervisory reviews of accounting records are not performed. The Deputy Collector performs the duties of receiving, recording, depositing, and disbursing property taxes, and reconciles the bank accounts. The County Collector does not perform a documented review of accounting records or a comparison of monies received to those deposited.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, and disbursing monies. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential and include comparing daily receipt activity to deposits.

4.2 Receipting, recording, and depositing

Procedures for receipting, recording, and depositing need improvement.

- County Collector's office personnel do not always record the method of payment accurately in the property tax system, and the composition of receipts (cash, check, money order, or credit card) recorded in the property tax system is not reconciled to the composition of deposits.

  We identified numerous instances where the composition of receipts in the property tax system differed from the composition of the deposit. We reviewed supporting documentation for selected deposits and determined some differences were due to data entry errors, and some were due to office personnel generally recording an entire transaction as one method of payment (using the method of payment for the largest portion of the payment) even if a payment is made using a combination of cash and check, rather than specifying the individual amounts of cash and check received.

In addition, overpayments and subsequent refunds are not reflected in the property tax system and on daily collection reports; and the property tax system reduces the total cash amount on the audit journal page (total page) of the daily collection report by the amount of refunds. Since the property tax system reduces the cash amount on the audit journal page for refunds, the total amount received for cash does not agree to the total amount deposited. County Collector's office personnel indicated they do not use the audit journal page totals to reconcile the composition of receipts to the composition of deposits since cash totals on the audit journal page do not agree. The County Collector and Deputy Collector indicated they were aware the composition of receipts collected did not agree to the composition noted on the audit journal page, but did not ensure reasons for the differences were identified or explained.

- Property tax receipts are not always deposited timely. For example, property tax receipts totaling $169,154 collected on December 17, 2012, were held and not deposited until January 2, 2013. We identified other instances where deposits were not made timely.

- Fees received for issuing duplicate tax receipts are held, not deposited, and are used to make change throughout the year. A cash count in September 2013, identified $423 on hand from duplicate tax receipts.

Failure to implement adequate receipting and depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected. Properly receipting and recording payments, recording method of payment, and intact and timely depositing are necessary to ensure receipts are adequately safeguarded and reduce the risk of loss, theft, or misuse of funds.

4.3 Bank reconciliations and liabilities

The County Collector does not compare the reconciled bank account balances to existing liabilities. At our request, a list of liabilities was prepared for the property tax account as of February 28, 2013, and the list totaled $626,851. The reconciled cash balance totaled $628,835, exceeding identified liabilities by $1,984.

A list of liabilities should be prepared monthly and reconciled to cash balances to ensure sufficient cash is available for the payment of all amounts due and all monies in the bank account can be identified. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed.

Recommendations

The County Collector:

4.1 Segregate accounting duties to the extent possible or ensure adequate independent or supervisory review of accounting and bank records are performed and documented.

4.2 Record the method of payment accurately, deposit monies intact and timely, and reconcile the composition of receipts to the composition of deposits. The County Collector should also consider working with the tax system programmer to implement changes to the system that will allow overpayments and refunds to be properly recorded in the property tax system.

4.3 Reconcile bank balances to a list of liabilities monthly, and ensure any differences are investigated and resolved.

Auditee's Response

The County Collector provided the following written responses:

4.1 For a big part of the year the County Collector's office staff consists of the County Collector and one other person. From January to October duties are segregated pretty well. However, during the busiest time of the year, when we have additional staff (most of whom have little training) it is difficult to segregate office duties because of the extra work load in the office. Part-time employees are not trained to make deposits, balance drawers, etc. The County Collector works full-time at the counter working with taxpayers that come in and the deputy handles bank deposits, problems that arise, working with mortgage companies, etc. I will make an effort to segregate the duties more as well as review the accounting records.

4.2 Method of payment inaccuracies are sometimes due to entry errors. However, it can also be because taxpayers changes their mind on method of payment. It is not uncommon for taxpayers to say they want to pay with a credit card, then after realizing there is a fee for a credit card to change their mind and pay with cash or check. Or taxpayers may say they want to pay with check and then realize they are out of checks. Once the method of payment is selected there is no way to change it. There is no option in our software program to show a refund, however we do keep a separate spreadsheet that details all refunds, who the refund was to, how much it was and the date it was refunded. I will work with our programmer to implement changes to our tax system to enable us to show refunds on this software program. I will reconcile cash, check, and charge receipts and deposit money daily.

4.3 The County Collector's office has four separate bank accounts at one bank and an additional three accounts with another bank in different cities during November and December. All but one of the accounts is reconciled monthly. I will reconcile these accounts to a list of liabilities monthly, and will investigate any differences.

5. Public Administrator Controls and Procedures

We identified several problems with the controls and procedures of the former Public Administrator. The Public Administrator is an elected official appointed by the Associate Circuit Judge sitting in the Associate Circuit Court, Probate Division to serve as guardian of persons or conservator or personal representative of estates. During the time of the audit, the Public Administrator was responsible for the financial activity of approximately 80 estates.

Unless otherwise specified, references to the Public Administrator relate to the former Public Administrator whose term ended December 31, 2012. The current Public Administrator took office in January 2013. Recommendations are directed to the current Public Administrator since she is in a position to work with the Associate Circuit Court, Probate Division and implement changes.

The Public Administrator received numerous summonses from the Associate Circuit Court, Probate Division to file annual settlements and appear in court; however, she did not comply with some of the summonses. As a result, the Associate Circuit Judge also reassigned some of cases handled by the former Public Administrator to the current Public Administrator before the ongoing settlement period was completed. We reviewed the 4 remaining cases still under the supervision of the former Public Administrator and 1 case under the supervision of the current Public Administrator in 2013.

5.1 Annual settlements, inventories of assets, and death notices

Procedures for filing annual settlements, inventories of assets, and death notices are not adequate, and the Associate Circuit Court, Probate Division does not perform sufficient reviews of the activity of cases assigned to the Public Administrator.

- The Public Administrator did not always file annual settlements timely. For each ward, the Public Administrator is required to file an annual settlement with the court that reflects a detailed list of assets held as well as financial activity. We reviewed the annual settlements and final settlements filed for 4 wards, which were due in 2012 and 2013. Two annual settlements and 1 final settlement were filed between 4 to 8 months after the due date (a ward had both an annual and final settlement filed late).

- The Public Administrator did not always file inventories of assets and notify the court of the death of a ward timely. An inventory of assets for a ward was due in September 2012, and was not filed with the court until June 2013. Also, a ward passed away in November 2012, and the death notice was not filed with the court until June 2013.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file annual settlements with the court for each ward or estate. Timely filing of settlements, inventories of assets, and death notices are necessary for the court to properly oversee the administration of cases and reduce the possibility that errors or misuse of funds will go undetected.

The Associate Circuit Court, Probate Division does not perform sufficient reviews of the activity of cases assigned to the Public Administrator. The Public Administrator did not provide documentation such as invoices, canceled checks, and all months' bank statements to the Associate Circuit Court, Probate Division when filing annual settlements. As a result, the court's review of the annual settlement and related documentation was limited to the last monthly bank statement (the only bank statement submitted to the court by the Public Administrator).

Without adequate documentation, it is difficult for the court to assess the validity and reasonableness of disbursements made by the Public Administrator. Consideration should be given to requiring filing of such supporting documentation with the court. Failure to adequately review and monitor the activity of cases assigned to the Public Administrator by the Associate Circuit Court, Probate Division increases the risk that errors or misuse of funds could go undetected.

5.2 Supporting documentation

The Public Administrator did not retain adequate supporting documentation in the case files for some disbursements. Supporting documentation for 3 cashier's checks totaling $2,296 only included the debit memo on the bank statement and copies of the cashier's checks. We obtained documentation for these disbursements, and $1,476 was for room and board, $750 was for a burial plan, and $70 was for personal spending monies of the ward; all of which were reasonable and necessary expenses.

To ensure payments are valid and proper, the Public Administrator should maintain adequate supporting documentation for disbursements.

5.3 Sale of property

Improvements are needed regarding the sale of property by the Public Administrator. The Public Administrator did not solicit bids for auctioneer services for the sale of real estate and personal property in August 2013 for 2 wards, and the commission percentage charged by the auctioneer on the sale of the real estate exceeded that of other auctioneers in the county and surrounding area.

The auctioneer charged a 10 percent commission on the sale of real estate. We contacted 5 other auctioneers in the county and surrounding area and they indicated they charge a 5 to 6 percent commission on the sale of real estate. The 2 real estate properties were sold for $125,000 ($85,000 and $40,000 each) resulting in commissions to the auctioneer of $12,500. Had the Public Administrator solicited proposals, a potential cost savings of $5,000 to $6,250 may have resulted for the wards.

The Public Administrator did not obtain a formal appraisal prior to the sale of a ward's real estate for $85,000. In addition, the Public Administrator did not retain supporting documentation for personal items sold at auction for 2 wards, with proceeds totaling $15,304. Supporting documentation for the auctioned items had to be obtained from the auctioneer.

While professional services may not be subject to standard bidding procedures, soliciting proposals for auctioneer services is a good business practice, helps provide a range of possible choices, and allows the Public Administrator to make a better-informed decision to ensure necessary services are obtained from the best-qualified provider after taking expertise, experiences, and cost into consideration. Good business practice also requires obtaining a formal appraisal to ensure the price obtained for the property is reasonable and represents the fair value of the property. Record retention is necessary to ensure the validity of transactions and provide an audit trail. Section 109.270, RSMo, states all records made or received by officials in the course of their public duties are public property and are not to be disposed of except as provided by law.

5.4 Management of ward funds

The Public Administrator was negligent in her handling of one ward's funds.

- The Public Administrator failed to pay tax liabilities for this ward timely and incurred a substantial amount of interest and penalties. The Public Administrator did not pay 2008 and 2009 income taxes and the related penalties and interest totaling $5,862 due for a ward until December 2013, even though sufficient funds were available during those years.

- The Public Administrator also did not pay this ward's real estate property taxes ($1,524) and interest and penalties ($145) for tax years 2010, 2011, and 2012. As a result, the ward's real estate was placed on the Webster County Collector's 2013 tax sale list. However, the taxes, interest, and penalties were paid in full in March 2013, and the property was not sold at the tax sale.

- The Public Administrator did not adequately monitor the account balances of this ward and the bank's minimum balance requirement of $1,000, and as a result, service charges totaling $123 were incurred from December 2010 to June 2013.

- The Associate Circuit Judge indicated he received numerous complaints that the Public Administrator was not paying this ward's residential facility room and board bills timely in 2011. As a result, in April 2011, the payee on the ward's social security payment was changed from the Public Administrator to the facility.

- The Public Administrator did not always deposit this ward's dividend checks timely. A $325 dividend check was received in September 2012, but was not deposited until December 2012. Additionally, 2 dividend checks dated in December 2011 and September 2012 totaling $650 were not included on the annual settlement for the period of November 9, 2011, to November 30, 2012.

The Public Administrator should pay bills timely to avoid unnecessary penalties and interest, protect wards assets, and monitor bank account balances and minimum bank balance requirements to avoid service charges. To ensure all monies received are properly deposited and to reduce the risk of loss, theft, or misuse of funds, the Public Administrator should deposit monies received timely and receipts should be accurately reflected on the annual settlements.

Recommendations

The Public Administrator:

5.1 Ensure annual settlements are filed timely. The Associate Circuit Judge should establish procedures to adequately monitor the activity of cases assigned to the Public Administrator, and require supporting documentation such as invoices, canceled checks, and all bank statements be filed with the court.

5.2 Ensure adequate supporting documentation is retained.

5.3 Obtain formal independent appraisals for real estate sold, ensure adequate supporting documentation is retained for the sale of personal property, and solicit proposals for auctioneer services.

5.4 Should pay bills and tax obligations timely, monitor bank account balances and minimum bank account requirements, deposit monies timely, and ensure annual settlements are accurate.

Auditee's Response

The Public Administrator provided the following written responses:

5.1 There are no delinquent annual settlements at this time. I receive written notification via the Probate Clerk approximately 6 weeks before each settlement is due. When filed, settlements include all bank statements and canceled check images. Invoices are available upon request. Please note that the audit refers to my predecessor.

5.2 Adequate supporting documentation is currently retained on all transactions. Please note that the audit refers to my predecessor.

5.3 Formal independent real estate appraisals will be obtained if financially feasible for the estate. In the event that no funds are available, informal appraisals from local real estate professionals will be utilized. Adequate supporting documentation is currently retained for the sale of personal property. By September 30, 2014, I will send a "Request for Qualifications" to each auction company and real estate office in Webster County and retain the returned reports for future use. Please note that the audit refers to my predecessor.

5.4 Since I took office in January 2013, all bills and tax obligations have been paid in a timely manner, bank account balances and minimum bank account requirements are monitored, money is deposited in a timely manner, and annual settlements are accurate. Please note that the audit refers to my predecessor.

The Associate Circuit Judge provided the following written response:

5.1 The Associate Circuit Court, Probate Division now requires all bank statements and canceled checks be filed with each settlement, and closely monitors settlements as recommended by the audit report. Invoices will be requested and reviewed for any non-routine disbursements.

6. Prosecuting Attorney Controls and Procedures

Improvement is needed in the accounting controls and procedures of the Prosecuting Attorney's office. Criminal restitution, delinquent taxes, and bad check restitution and fees collected by the Prosecuting Attorney's office totaled approximately $213,000 during the year ended December 31, 2012.

6.1 Segregation of duties

As noted in the prior audit report, the Prosecuting Attorney has not established adequate segregation of accounting duties or review and approval procedures.

One clerk primarily performs all duties related to the receiving, recording, and transmitting of bad checks and restitution collected. Neither the Prosecuting Attorney nor other clerks perform documented supervisory or independent reviews of accounting records or comparisons of monies received to those transmitted.

In addition, all personnel in the office have the ability to record adjustments to the computerized accounting system without obtaining independent approval, and adequate documentation of such adjustments is not retained. Common reasons for adjustments recorded in the computerized accounting

systems include transferring cases from one system to another, writing off uncollectible amounts, or correcting errors.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential. Also, to reduce the risk of loss, theft, or misuse of funds, and ensure the validity of all adjustments, adjustments should be reviewed and approved by a supervisor.

6.2 Receipting, recording, and transmitting

Procedures for receipting, recording, and transmitting monies need improvement. The Prosecuting Attorney's office utilizes 3 separate receipting systems (2 computerized and 1 manual) to track bad check restitution and fees, and court ordered restitution.

Manual receipts

Office personnel issue unofficial manual receipt slips for bad check restitution and fees, court ordered restitution, delinquent tax payments, and child support payments, and we noted various problems with the use of manual receipts. Multiple receipt books are used concurrently for each type of receipt collected in the office, and the numerical sequence of receipt slips is not accounted for properly. In addition, office personnel do not always indicate the method of payment, do not reconcile the composition of payments received to the composition of deposits, and do not always timely post manual receipt slip information to the computerized accounting systems. For example, the details of 2 manual receipt slips issued to defendants on November 8, 2012, were not posted to a computerized accounting system until November 15, 2012. Also, manual receipt slips issued are not reconciled with monies recorded in the computerized accounting system to ensure all monies received are properly recorded and transmitted.

Computerized receipting systems

Clerks in the Prosecuting Attorney's office concurrently used two computerized accounting systems during 2012 and 2013 to receipt monies collected, and a clerk primarily used one system to receipt monies from January to August 2012, and another clerk primarily used the other computerized accounting system to receipt monies from September 2012 through 2013. As a result, neither of the computerized accounting systems provides a complete record of all monies received and processed. In addition, the numerical sequence of computerized receipt numbers is not accounted for properly. Each computerized accounting system assigns a sequential receipt number and generates a receipt slip each time a payment is entered. We identified 12 of 241 receipt numbers issued from one of the computerized accounting systems for the period January 2012 through June 2013 were associated with deleted transactions and not included on collection reports generated by the Prosecuting Attorney's office. Office personnel had not identified these skipped receipts and could not explain

what occurred with these receipts. Also, for the other computerized accounting system the same sequence of receipt numbers was being used for both restitution and bad check payments. For example, we identified the same receipt number was issued on April 3, 2013, for $245 for restitution payments and was also issued on June 26, 2013, for $610 for bad check payments. Receipts are not reconciled to transmittals. The clerk provides a letter to the County Treasurer indicating the date of the receipts along with money orders and receipt slips generated from the computer systems for each receipt; however, the letter does not indicate the amount of the transmittal.

Failure to implement adequate receipting, recording, and transmitting procedures, including comparing receipt records to transmittals, increases the risk of loss, theft, or misuse of monies and likelihood that errors will go undetected. In addition, the use of multiple receipting systems is cumbersome and reduces the assurance that all monies received are accurately recorded and accounted for properly.

6.3 Accounts receivable

The Prosecuting Attorney's office does not generate a monthly list of unpaid bad checks and restitution, and is not proactive in identifying cases with unpaid receivables. Improvement is needed to better monitor and pursue collection of unpaid receivables.

A complete and accurate list of unpaid bad checks and restitution would allow the Prosecuting Attorney's office to more easily review amounts due and to take appropriate steps to ensure amounts owed are collected or to determine if amounts are uncollectible.

Recommendations

The Prosecuting Attorney:

6.1 Segregate duties to the extent possible, implement appropriate review and monitoring procedures, and require someone independent of receiving and recording monies to review and approve all adjustments.

6.2 Ensure a complete record of all monies received is maintained and monies are recorded promptly in the accounting systems. In addition, the Prosecuting Attorney should ensure the numerical sequence of receipt numbers are accounted for properly, official prenumbered receipt slips are issued for all receipts and reconciled to the accounting systems, and the composition of receipts is reconciled to the composition of transmittals.

6.3 Establish procedures to monitor and collect accounts receivables.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

6.1 I do not have the staff to make the segregations recommended; however, I currently review and monitor the monies received by comparing the written receipt books to the deposits and monies paid out. In addition, for every electronic payment made, I receive an email of that transaction and then compare that to the monies recorded in our internal system to double check the accuracy of my staff member's accounts receivable and payable. In addition, the majority of the responsibility for accepting over-the-counter payments has been given to someone other than the staff member in charge of entering the information into our internal system, which allows for checks and balances when comparisons are made by me between the receipt book and the internal accounting. I currently review and approve all adjustments on monies received and recorded in the Prosecutor's office.

6.2 Comparisons are now being made between the receipt books and the internal system by me. I have instructed my staff that such transactions must be entered immediately upon receipt.

6.3 I will require a monthly list of unpaid bad checks and restitution reports to be prepared and reviewed to identify unpaid receivables and pursue collection.

7. Recorder of Deeds Controls and Procedures

Improvement is needed in the accounting controls and procedures of the Recorder of Deed's office. The Recorder of Deed's office collects various fees for recording documents such as deeds and marriage licenses. During the year ended December 31, 2012, receipts totaled approximately $290,000.

7.1 Segregation of duties

The Recorder of Deeds has not established adequate segregation of accounting duties or review and approval procedures.

The Deputy Clerk performs all receiving, recording, and depositing duties, and compares the bank balance to end of month reports. Neither the Recorder of Deeds nor the other clerk performed documented supervisory or independent reviews of accounting records or comparisons of monies received to those deposited.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory review of accounting and bank records is essential.

7.2 Bank reconciliations

The Deputy Clerk does not perform bank reconciliations or maintain a running check register balance. The Deputy Clerk only compares the bank balance to end of the month reports. According to the Recorder of Deeds, all fees collected during the month are distributed each month and the reconciled bank and book balance at each month end should always be zero; however, we identified a small difference between the reconciled bank balance and book balance as of December 31, 2012.

The preparation and review of monthly bank reconciliations is necessary to ensure accounting records are in balance and to identify errors timely. Regular identification and comparison of liabilities to the reconciled cash balance, is necessary to ensure records are in balance and monies are available to satisfy all liabilities. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed.

7.3 Computer system controls

The Recorder of Deeds does not account for the numerical sequence of transaction numbers assigned by the computerized accounting system. According to the Deputy Clerk, if a customer does not want a receipt slip, she turns the printer off to ensure a receipt slip is not printed. Once the transaction is processed, the Deputy Clerk turns the printer back on and opens a new transaction to ensure the computerized accounting system is in sync with the printer, and then deletes that transaction number from the computerized accounting system. During October 1 through December 31, 2012, 2,052 transaction numbers were issued and 169 (8 percent) transactions were deleted and not accounted for. The software vendor verified these transactions were deleted from the computerized accounting system.

To ensure monies received are properly recorded and deposited, and reduce the risk of loss, theft, or misuse of funds, the Recorder of Deeds should ensure adequate controls are in place to properly account for the numerical sequence of transactions numbers.

Similar conditions previously reported

Similar conditions to sections 7.1 and 7.2 were noted in our prior audit report.

Recommendations

The Recorder of Deeds:

7.1 Segregate accounting duties to the extent possible or ensure adequate independent or supervisory review of accounting and bank records are performed and documented.

7.2 Prepare monthly bank reconciliations, maintain running balances in the check register, and reconcile bank balances to liabilities

monthly. Any differences between accounting records and reconciliations should be investigated and resolved.

7.3 Ensure adequate controls are in place to allow for proper accountability of all transactions numbers.

Auditee's Response

The Recorder of Deeds provided the following written responses:

7.1 Some days we don't have two people in the office. I will document my review of the accounting records.

7.2 Recommended procedures for bank reconciliations, check register balances, and liabilities have been put into place. Any differences in accounting records are taken care of daily.

7.3 Procedures have been changed and a receipt slip is printed for all transactions so all receipt numbers match the transacted amount of receipts. We were just trying to save taxpayer money. Receipt paper is expensive.

8. Sheriff Controls and Procedures

Controls and procedures need improvement. The Sheriff's office processed approximately $225,000 during 2012 in civil and criminal process fees, concealed carry permits, bonds, and other miscellaneous receipts.

8.1 Receipting and transmitting

Receipting and transmitting procedures need improvement. Jailers do not issue receipt slips for bond monies collected for other political subdivisions; documentation is not maintained to support the transmittal of bond monies to the Webster County Circuit Court; and bond forms are not prenumbered.

To ensure all monies received are properly recorded and transmitted, and to reduce the risk of loss, theft, or misuse of funds, adequate receipting and transmitting procedures are needed.

8.2 Seized property

Accurate controls over seized property have not been established. The Sheriff's seized property building was disorganized and many items were difficult to locate.

- Computerized logs of seized property are not accurate and complete. For example, seized cash totaling $1,560 was included on the computerized logs, but could not be located in the seized property building. The property record for this particular case indicated the cash was returned to the victim on April 19, 2011, but the disposition of these monies was not recorded on the log. Additionally, some seized property is not documented on the computerized logs, and periodic physical inventories of seized property items are not conducted.

Adequate supporting documentation is not always maintained for the release of seized property. For example, the computerized logs indicated $800 cash was released to a defendant on March 24, 2011; however, there was no property record signed by the defendant, indicating the cash was released.

- During our review of seized property on June 25, 2013, we observed seized property being stored in 2 unlocked lockers in the Sheriff's office.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. Complete and accurate inventory records should be maintained and periodic physical inventories should be performed and the results compared to inventory records to ensure seized property is accounted for properly.

Recommendations

The Sheriff:

8.1 Issue receipt slips for all bond monies collected, ensure the transmittal of bond monies between the Sheriff's office and Circuit Court is documented, and issue prenumbered bond forms.

8.2 Ensure a complete and accurate seized cash and property inventory record is maintained and a periodic physical inventory is conducted and reconciled to the records, and investigate any differences.

Auditee's Response

The Sheriff provided the following written responses:

8.1 My office had been, we thought, helping our fellow agencies that mail bonds to us. The Detention officers do not see these bonds as they come in the mail. If the check had been made out to the Webster County Sheriff's office we were endorsing the check and making it "payable to the entity to which it belonged" example "City of Marshfield" as a courtesy to the counties and municipalities. From this point on, if the cash bond is not properly made out to the correct court, we will record it in a pre-numbered receipt book where the check came from, the name of the person that bonded and the amount of the bond. We will also make a copy of the check to attach to the receipt. After that we will mail the check back to the originating agency with a note directing them to the proper agency. As far as the request for pre-numbered bond forms, the computer software in the jail does not allow for pre-numbered bond forms. We had used preprinted bond forms with numbers in the past; however in trying to streamline book-in we started using the forms that were included with the computer software. To correct this we will obtain a pre-numbered bond log. As we issue the pre-printed

bond from our computer software we will attach a bond number sticker on the bond form. This bond log will be in numerical order with the bond number, who the bond was for, the Detention officer doing the bond and the bond number sticker.

On the night of August 21, 2014, we unfortunately had an employee steal bond money out of the locked bond box. During our normal routine to check the bond monies, we discovered that $350 of bond monies was missing. We immediately began to review our video surveillance system where it appeared that one of our employees was involved. We then immediately contacted the Missouri State Highway Patrol to begin the investigation. During the Missouri State Highway Patrol's interview of the employee, the employee confessed and returned what money he had left ($223). We fired the employee, he was arrested and we also contacted the State Auditor's office to advise audit staff of what was going on. We have since given what money was recovered ($223) to the Circuit Court and wrote a check from our Sheriff's Fund to cover the difference of $127. We are expecting to recover the funds from the former employee through criminal restitution via the prosecution process. We do believe that this is an isolated incident however we will continue this investigation to discover if any other monies had possibly been stolen. If any other monies are discovered as stolen we will contact both the Missouri State Highway Patrol and the Missouri State Auditor's office immediately and request that charges be filed.

8.2 *In the past 6 years no evidence has ever been lost, stolen, misused nor has it compromised any criminal investigation from the Sheriff's office. The Sheriff's office does realize however, that evidence needs to be totally overhauled, which we are in the beginning stages of. We are currently in the process of moving into a newer, updated, temperature controlled facility. We have begun sorting through all evidence, past and present, and purging what is no longer needed. We will have a better idea of what property we do have. We will also implement a bar coding system, we have already obtained the bar code scanners and printers. All property will be scanned and is automatically entered into our records software. The property will be scanned if it were to be released for court and scanned if we release to the property owner. As we move property from the old evidence building to the new evidence building we will begin bar coding, thus improving our records management.*

We have updated our on-site seized property lockers, which will be locked at all times if they contain evidence. Empty lockers will be unlocked until such evidence needs placement. We now have 11

lockers (instead of 4 lockers) making it much easier to secure the evidence.

We have created new release forms, which are signed prior to the release of any and all property. The property that is released is listed on that form.

The Sheriff's Office will begin periodic physical inventories of seized property and compare to the computer log of seized property.

If the property seized is cash, we will be speaking to the County Commissioners to open a new checking account for Seized Property. The deputy will copy the cash, secure the cash in the sealed bag and place in the evidence locker. The Chief Evidence Officer will take the unopened bag to the bank to be deposited; when and if the property is to be released to property owner the other evidence officer will write the check for such property. The bank statement for that account will be reconciled by a separate person in the administration office.

Webster County
Organization and Statistical Information

Webster County is a county-organized, third-class county. The county seat is Marshfield.

Webster County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 65 full-time employees and 17 part-time employees on December 31, 2012.

In addition, county operations include the Senate Bill 40 Board and Senior Citizens' Services Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2013	2012
Paul Ipock, Presiding Commissioner	$	31,700
Susie Knust, Associate Commissioner		29,700
Denzil Young, Associate Commissioner		29,700
Gary Don Letterman, Recorder of Deeds		45,000
Stanley D. Whitehurst, County Clerk		45,000
Danette L. Padgett, Prosecuting Attorney		113,292
Roye Cole, Sheriff		51,525
Mary P. Clair, County Treasurer		45,000
Michael Taylor, County Coroner		16,000
Donna Hannah, Public Administrator		26,336
David Young, County Collector (1), year ended February 28,	68,630	
Jim Jones, County Assessor, year ended August 31,		45,000
Dennis D. Amsinger, County Surveyor (2)		

(1) Includes $23,630 of commissions earned for collecting city property taxes.
(2) Compensation on a fee basis.

Financing Arrangements

In August 2012, the county issued $60,000 in Neighborhood Improvement District Bonds, Series 2012, for the purpose of constructing certain road improvements within Sweetbriar Drive. The bonds bear interest at the rate of 2.99 percent. Principal and interest payments are due annually on March

1 of each year. The remaining principal outstanding at December 31, 2012, was $49,412. Interest remaining to be paid over the life of the agreement totals $7,582.

THOMAS A. SCHWEICH
Missouri State Auditor

October 6, 2014

Ted Stephenson, Chairman and Executive Director
and
Board of Directors
Grindstone Plaza Drive Transportation Development District
Columbia, Missouri

The State Auditor is required under Section 238.275, RSMo, to audit a transportation development district (TDD) prior to the question of abolishment being submitted to a vote. On July 18, 2014, the Board of Directors of the Grindstone Plaza Drive TDD notified the State Auditor of the intent to dissolve the district and requested an audit as required by statute. Because the TDD had no financial activity an audit was not performed.

The scope of our review included, but was not necessarily limited to, the year ended December 31, 2013, and the period from January 1 through June 30, 2014. The objectives of our review were to evaluate the financial status of the district and determine whether it may be abolished pursuant to law.

Our methodology included reviewing a financial disclosure filed with the State Auditor's office indicating no financial activity had occurred and other pertinent documents, interviewing a Board member who also serves as legal counsel of the TDD, and obtaining a signed statement from him indicating no financial activity occurred.

The TDD is located in the City of Columbia. The TDD was organized in January 2011 by petition of the property owners within the proposed TDD. The Board of Directors and officers include representatives of the property owner. The TDD was formed for the purpose of constructing transportation projects and adopted a fiscal year end of December 31. Our review determined the TDD (1) Board of Directors never voted to implement a TDD sales tax, (2) did not establish a bank account, (3) did not receive any monies or incur any expenditures, and (4) has no outstanding liabilities.

Based on our review, we determined the Board of Directors may proceed with abolishment of the district in accordance with Section 238.275, RSMo.

Sincerely,

Thomas A Schweich

Thomas A. Schweich
State Auditor

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

Thomas A. Schweich

Missouri State Auditor

Summary of State and Local Audit Findings - Sunshine Law

October 2014

Report No. 2014-097

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Summary of State and Local Audit Findings - Sunshine Law

Background	This report was compiled using the nearly 300 audit reports issued between January 2012 and December 2013. The objective of this report was to summarize recent audit issues and recommendations regarding the Sunshine Law, Chapter 610, RSMo, and other issues related to meeting minutes.
Open Meetings	Formal meeting minutes were not prepared or maintained for some open meetings, and minutes maintained did not always include sufficient detail. Minutes of affiliated boards, committees and commissions were not always prepared or maintained by the custodian of records. Several entities failed to document the reasons for closing meetings, the specific section of law that allowed for the closing, and the votes regarding meeting closure. Minutes were not always approved timely and some entities conducted business outside of regular open meetings.
Closed Meetings	Minutes were not prepared or maintained for some closed meetings, and minutes maintained did not always include sufficient detail. Several entities did not document how some issues discussed in closed meetings were allowable under state law, and some discussed issues other than the specific reasons cited for going into closed session or issues discussed were not allowable. Some governing bodies did not always publicly disclose the final disposition of applicable matters discussed in closed sessions.
Public Records	Some governing bodies did not have adequate policies and procedures regarding public access to records, and some did not maintain sufficient documentation to demonstrate compliance with the law.
Meeting Agendas	Some entities did not prepare, post, and/or retain tentative agendas, or the agendas did not disclose sufficient information. Also, open meeting agendas routinely indicate the potential for a closed meeting, and all topics listed on the agendas were not routinely discussed.
Legislative Issues	Neither the Missouri House of Representatives nor the Missouri Senate considers the Sunshine Law applicable to records of individual members. The Missouri Employers Mutual Insurance Company (MEM) contends it is neither a public governmental body nor a quasi-public governmental body for purposes of the Sunshine Law, but it was formed under state statutes subject to the Sunshine Law. We recommend the General Assembly amend the law to apply to individual legislators while carving out legitimate and necessary exceptions and determine whether the MEM is subject to the Sunshine Law.

Because of the limited objective of this review, no overall rating is provided.

Summary of State and Local Audit Findings - Sunshine Law
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Honorable Chris Koster, Attorney General
and
Members of the General Assembly
Jefferson City, Missouri

This report was compiled using audit reports issued between January 2012 and December 2013 (report numbers 2012-001 through 2012-146 and 2013-001 through 2013-150). The objective of this report was to summarize recent audit issues and recommendations regarding the Sunshine Law, Chapter 610, RSMo, and other issues related to meeting minutes.

Recommendations address a variety of topics including open and closed meetings, public records, meeting agendas, and legislative issues. These topics were addressed in 44 reports issued between January 2012 and December 2013. Appendix A provides a list of each report, and the publication date, that included the issues presented.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Keriann Wright, MBA, CPA
In-Charge Auditor:	Josh Allen, CPA, CFE

Summary of State and Local Audit Findings - Sunshine Law Audit Issues

1. Open Meetings

1.1 Preparation of meeting minutes

Formal meeting minutes were not prepared or maintained for some open meetings. In addition, minutes and records of meetings of affiliated boards, committees, and commissions were not always prepared. Further, copies of minutes and records of the affiliated boards, committees, and commissions were not maintained by the official custodian of records of the governing body.

Section 610.020, RSMo, provides that minutes of open meetings shall be taken and retained by the public governmental body.

Recommendation

Ensure minutes are prepared and retained to support all open meetings, including affiliated boards, committees, and commissions, and copies are maintained by the official custodian of records of the governing body.

Report source

2013-135 (Public Safety/Office of the Director)
2013-085 (St. Louis Public School District)
2013-025 (General Assembly and Supporting Functions/House of Representatives)
2013-007 (City of Diamond)
2012-069 (Chariton County)
2012-016 (The School District of Springfield, R-XII)

1.2 Detail in meeting minutes

Meeting minutes did not always include sufficient detail of matters discussed or actions taken, and many decisions were not adequately documented in the meeting minutes.

Section 610.020, RSMo, requires minutes of meetings include the date, time, place, members present, members absent, and a record of votes taken.

Recommendation

Ensure meeting minutes include adequate detail of the issues discussed and the decisions made.

Report source

2013-135 (Public Safety/Office of the Director)
2013-127 (City of Savannah)
2013-066 (Village of Deerfield)
2013-007 (City of Diamond)
2012-126 (Polk County)

1.3 Reasons for closing meetings

Reasons for closing meetings, the specific section of law that allows for the closed meetings and the vote to close the meetings were not adequately documented within the open meeting minutes.

Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on during an open meeting.

Recommendation

Ensure the vote to close a meeting is documented in the open meeting minutes, along with the reason for closing the meeting and the specific section of law that allows the meeting to be closed.

Report source

2013-131 (Gentry County)
2013-127 (City of Savannah)
2013-103 (Ste. Genevieve County)
2013-098 (City of Liberal)
2013-062 (Southern Dallas County Fire Protection District)
2013-051 (Daviess County)
2013-034 (City of Brentwood)
2013-033 (Department of Public Safety/State Emergency Management Agency)
2013-022 (City of Buckner)
2013-007 (City of Diamond)
2013-003 (Cedar County)
2013-002 (Caldwell County)
2012-145 (McDonald County)
2012-133 (Lake Lotawana Community Improvement District)
2012-127 (Vernon County)
2012-125 (Montgomery County)
2012-082 (Kansas City Board of Police Commissioners)
2012-068 (Clark County)
2012-040 (Stone County)
2012-016 (The School District of Springfield, R-XII)
2012-008 (Monarch Fire Protection District)
2012-007 (Natural Resources/Soil and Water Conservation Program)
2012-005 (Higher Education/Southeast Missouri State University)
2012-001 (Madison County)

1.4 Open meeting

Business was conducted outside of regular open meetings.

Section 610.020, RSMo, provides that governing bodies of all political subdivisions are required to conduct business in regular open meetings. Any time a quorum of board members meet in person or by phone and transact public business, they are subject to the Sunshine Law.

Recommendation

Ensure business of the governing body is conducted in compliance with the Sunshine Law.

Report source

2013-066 (Village of Deerfield)
2012-016 (The School District of Springfield, R-XII)

1.5 Approval of minutes	Meeting minutes were not always reviewed and approved in a timely manner. To ensure all decisions are properly documented and minutes are properly maintained, all minutes should be reviewed and approved timely.
Recommendation	Ensure meeting minutes are properly and timely reviewed and approved for all meetings.
Report source	2013-085 (St. Louis Public School District) 2012-126 (Polk County) 2012-069 (Chariton County)

2. Closed Meetings

2.1 Preparation of meeting minutes	Minutes were not prepared or maintained for some closed meetings. Section 610.020, RSMo, provides that minutes of closed meetings shall be taken and retained by the public governmental body.
Recommendation	Ensure minutes are prepared and retained to support all closed meetings.
Report source	2013-131 (Gentry County) 2013-127 (City of Savannah) 2013-103 (Ste. Genevieve County) 2013-083 (Crowder College) 2013-068 (Crawford County) 2013-034 (City of Brentwood) 2013-022 (City of Buckner) 2013-007 (City of Diamond) 2013-002 (Caldwell County) 2012-145 (McDonald County) 2012-133 (Lake Lotawana Community Improvement District) 2012-130 (Village of Altamont) 2012-127 (Vernon County) 2012-118 (Benton County) 2012-109 (Lawrence County) 2012-061 (Wright County) 2012-040 (Stone County) 2012-004 (Nodaway County)
2.2 Detail in meeting minutes	Closed meeting minutes did not include sufficient details of discussions held and decisions made, and votes or final actions, if any, taken by the governing body during closed meetings.

Such documentation is important to both demonstrate compliance with statutory provisions and provide information for future reference should concerns or questions be raised regarding topics addressed in closed meetings. Sections 610.020 and 610.021, RSMo, provide requirements regarding closure of meetings and documentation.

Recommendation

Ensure closed meeting minutes include the information necessary to provide a complete record of all significant matters discussed and actions taken.

Report source

2012-130 (Village of Altamont)
2012-125 (Montgomery County)
2012-016 (The School District of Springfield, R-XII)

2.3 Allowable topics

The governing body did not document how some issues discussed in closed meetings were allowable under state law and some issues discussed during closed meetings were not allowable.

Chapter 610.021, RSMo, states the specific reasons governmental bodies are allowed to close a public meeting.

Recommendation

Ensure items discussed in closed meetings are allowed by state law.

Report source

2013-139 (City of Bolivar)
2013-127 (City of Savannah)
2013-103 (Ste. Genevieve County)
2013-098 (City of Liberal)
2013-085 (St. Louis Public School District)
2013-068 (Crawford County)
2013-051 (Daviess County)
2013-007 (City of Diamond)
2013-003 (Cedar County)
2013-002 (Caldwell County)
2012-141 (Revenue/Missouri State Lottery Commission)
2012-130 (Village of Altamont)
2012-082 (Kansas City Board of Police Commissioners)
2012-068 (Clark County)
2012-058 (Putnam County)
2012-016 (The School District of Springfield, R-XII)
2012-008 (Monarch Fire Protection District)
2012-005 (Higher Education/Southeast Missouri State University)
2012-001 (Madison County)

2.4 Topics discussed

Some topics discussed during closed meetings were other than the specific reasons cited for going into closed meeting.

Section 610.022, RSMo, requires a closed meeting, record, or vote to be held only for the specific reasons announced publicly at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the meeting that differs from the specific reason used to justify such meeting, record, or vote.

Recommendation

Limit issues discussed in closed meetings to only those specific reasons cited to justify the closed meeting.

Report source

2013-131 (Gentry County)
2013-127 (City of Savannah)
2013-003 (Cedar County)
2013-002 (Caldwell County)
2012-141 (Revenue/Missouri State Lottery Commission)
2012-082 (Kansas City Board of Police Commissioners)
2012-058 (Putnam County)
2012-016 (The School District of Springfield, R-XII)

2.5 Publication of final disposition

Some governing bodies did not always publicly disclose the final disposition of applicable matters discussed in closed sessions.

Section 610.021, RSMo, requires the final disposition of certain matters discussed in closed session to be made public.

Recommendation

Ensure matters discussed and actions taken in closed meetings are properly made available to the public, as required by law.

Report source

2013-085 (St. Louis Public School District)
2012-082 (Kansas City Board of Police Commissioners)

3. Public Records

3.1 Public access policy

The government did not have adequate policies and procedures regarding public access to records or the policy was not in compliance with state law. Additionally, the government did not maintain complete and detailed documentation to support the rates charged for providing copies of public records, and fees charged were not consistently applied.

Section 610.026, RSMo, describes the allowable fees for copying public records, and Section 610.023, RSMo, lists requirements of making records available to the public.

Recommendation

Establish adequate written policies and procedures regarding public access to and/or copies of records to ensure compliance with state law.

Report source	2013-140 (Public Water Supply District #1 of Carroll County) 2013-139 (City of Bolivar) 2013-066 (Village of Deerfield) 2013-062 (Southern Dallas County Fire Protection District) 2013-049 (Pike County) 2012-016 (The School District of Springfield, R-XII)
3.2 Documentation of requests for records	The government did not maintain a record documenting information requests received, if any, or copies of records provided; therefore, the proper handling of any Sunshine Law information requests could not be determined. Section 610.023, RSMo, provides each request for access to public records shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received.
Recommendation	Maintain a public request log to help ensure compliance with state law.
Report source	2012-016 (The School District of Springfield, R-XII) 2012-008 (Monarch Fire Protection District)

4. Meeting Agendas

4.1 Agenda preparation	A tentative agenda was not prepared, posted, and/or retained for all meetings or the agenda did not disclose sufficient information pertaining to the upcoming meeting. Section 610.020, RSMo, requires public entities to give notice of the time, date, and place of each meeting, and its tentative agenda, to advise the public of matters to be considered. The notice shall be given at least 24 hours prior to the meeting.
Recommendation	Ensure proper notification and agendas for public meetings are given and sufficiently detailed or reasons for any deviation are documented in the meeting minutes in accordance with state law.
Report source	2013-098 (City of Liberal) 2013-066 (Village of Deerfield) 2013-062 (Southern Dallas County Fire Protection District) 2013-033 (Department of Public Safety/State Emergency Management Agency) 2013-007 (City of Diamond) 2012-016 (The School District of Springfield, R-XII)

4.2 Closed meeting notices	Open meeting agendas routinely used the same statement to indicate the potential for a closed meeting, and all topics listed on the agendas were routinely not discussed. Section 610.022, RSMo, requires the specific reasons for closing a meeting be announced publicly at an open meeting and entered into the minutes. A blanket statement which includes a potential issue(s) that may be discussed in a closed session appears to circumvent the intent of the law.
Recommendation	Ensure agendas state the specific reasons for going into a closed meeting.
Report source	2013-127 (City of Savannah) 2012-005 (Higher Education/Southeast Missouri State University)

5. Legislative Issues

5.1 General Assembly	The Missouri House of Representatives and the Missouri Senate do not consider the Sunshine Law applicable to records of individual members. The law related to this matter is ambiguous and no Missouri court has ruled on this specific issue. We are cognizant of the need to keep certain records confidential; however, correspondence clearly relating to the conduct of public business should be subject to public scrutiny. Section 610.010(4), RSMo, defines a "public governmental body," in part, as, any legislative, administrative or governmental entity created by the Missouri Constitution or statutes of the state. The Sunshine Law defines a "public record," in part, as, any record whether written or electronically stored, retained by or of any public governmental body including any report, memorandum, or other document. Section 610.025, RSMo, also provides that any message relating to public business by electronic means should be concurrently transmitted to either the member's public office computer or the custodian of records in the same format.
Recommendation	The General Assembly amend the Sunshine Law so that it clearly applies to individual members while carving out legitimate and necessary exceptions to public disclosure.
Report source	2013-026 (General Assembly and Supporting Functions/Senate) 2013-025 (General Assembly and Supporting Functions/House of Representatives)
5.2 Missouri Employers Mutual Insurance Company (MEM)	The MEM contends it is neither a public governmental body nor a quasi-public governmental body for the purposes of the Sunshine Law; however, the MEM was formed under state statutes subject to the Sunshine Law.

Section 610.010(4), RSMo, defines a public governmental body as any governmental entity created by statute when operating in an administrative capacity. Section 610.010(4)(f), RSMo, defines a quasi-public governmental body as any corporation authorized to do business pursuant to Chapters 352, 353 or 355 of the Missouri statutes, or performs a public function as evidenced by a statutorily based capacity. Section 287.902, RSMo, states that MEM was created to insure Missouri employers against liability from workers' compensation liability and ". . . shall have the powers granted a general-not-for-profit company pursuant to Section 355.090, RSMo, . . .".

Recommendation

The General Assembly determine whether the MEM is subject to the Sunshine Law and/or clarify state law as deemed appropriate.

Report source

2012-011 (Missouri Employers Mutual Insurance Company)

Summary of State and Local Audit Findings - Sunshine Law
Appendix A
Audit Reports

Report Number	Title	Publication Date
2012-001	Madison County	January 2012
2012-004	Nodaway County	February 2012
2012-005	Higher Education/Southeast Missouri State University	February 2012
2012-007	Natural Resources/Soil and Water Conservation Program	February 2012
2012-008	Monarch Fire Protection District	February 2012
2012-011	Missouri Employers Mutual Insurance Company	February 2012
2012-016	The School District of Springfield, R-XII	March 2012
2012-040	Stone County	May 2012
2012-058	Putnam County	June 2012
2012-061	Wright County	June 2012
2012-068	Clark County	July 2012
2012-069	Chariton County	July 2012
2012-082	Kansas City Board of Police Commissioners	August 2012
2012-109	Lawrence County	September 2012
2012-118	Benton County	October 2012
2012-125	Montgomery County	October 2012
2012-126	Polk County	October 2012
2012-127	Vernon County	October 2012
2012-130	Village of Altamont	October 2012
2012-133	Lake Lotawana Community Improvement District	October 2012
2012-141	Revenue/Missouri State Lottery Commission	November 2012
2012-145	McDonald County	December 2012
2013-002	Caldwell County	January 2013
2013-003	Cedar County	January 2013
2013-007	City of Diamond	January 2013
2013-022	City of Buckner	March 2013
2013-025	General Assembly and Supporting Functions/House of Representatives	March 2013
2013-026	General Assembly and Supporting Functions/Senate	March 2013
2013-033	Department of Public Safety/State Emergency Management Agency	April 2013
2013-034	City of Brentwood	May 2013
2013-049	Pike County	June 2013
2013-051	Daviess County	June 2013
2013-062	Southern Dallas County Fire Protection District	August 2013
2013-066	Village of Deerfield	August 2013
2013-068	Crawford County	August 2013
2013-083	Crowder College	August 2013
2013-085	St. Louis Public School District	September 2013
2013-098	City of Liberal	October 2013
2013-103	Ste. Genevieve County	October 2013
2013-127	City of Savannah	November 2013
2013-131	Gentry County	November 2013
2013-135	Public Safety/Office of the Director	December 2013
2013-139	City of Bolivar	December 2013
2013-140	Public Water Supply District #1 of Carroll County	December 2013

Summary of State and Local Audit Findings - Sunshine Law Appendix B
Chapter 610 Governmental Bodies and Records

Notice of meetings, when required--recording of meetings to be allowed, guidelines, penalty--accessibility of meetings--minutes of meetings to be kept, content--voting records to be included

610.020. 1. All public governmental bodies shall give notice of the time, date, and place of each meeting, and its tentative agenda, in a manner reasonably calculated to advise the public of the matters to be considered, and if the meeting will be conducted by telephone or other electronic means, the notice of the meeting shall identify the mode by which the meeting will be conducted and the designated location where the public may observe and attend the meeting. If a public body plans to meet by internet chat, internet message board, or other computer link, it shall post a notice of the meeting on its website in addition to its principal office and shall notify the public how to access that meeting. Reasonable notice shall include making available copies of the notice to any representative of the news media who requests notice of meetings of a particular public governmental body concurrent with the notice being made available to the members of the particular governmental body and posting the notice on a bulletin board or other prominent place which is easily accessible to the public and clearly designated for that purpose at the principal office of the body holding the meeting, or if no such office exists, at the building in which the meeting is to be held.

2. Notice conforming with all of the requirements of subsection 1 of this section shall be given at least twenty-four hours, exclusive of weekends and holidays when the facility is closed, prior to the commencement of any meeting of a governmental body unless for good cause such notice is impossible or impractical, in which case as much notice as is reasonably possible shall be given. Each meeting shall be held at a place reasonably accessible to the public and of sufficient size to accommodate the anticipated attendance by members of the public, and at a time reasonably convenient to the public, unless for good cause such a place or time is impossible or impractical. Every reasonable effort shall be made to grant special access to the meeting to handicapped or disabled individuals.

3. A public body shall allow for the recording by audiotape, videotape, or other electronic means of any open meeting. A public body may establish guidelines regarding the manner in which such recording is conducted so as to minimize disruption to the meeting. No audio recording of any meeting, record, or vote closed pursuant to the provisions of section 610.021 shall be permitted without permission of the public body; any person who violates this provision shall be guilty of a class C misdemeanor.

4. When it is necessary to hold a meeting on less than twenty-four hours' notice, or at a place that is not reasonably accessible to the public, or at a time that is not reasonably convenient to the public, the nature of the good cause justifying that departure from the normal requirements shall be stated in the minutes.

5. A formally constituted subunit of a parent governmental body may conduct a meeting without notice as required by this section during a lawful meeting of the parent governmental body, a recess in that meeting, or immediately following that meeting, if the meeting of the subunit is publicly announced at the parent meeting and the subject of the meeting reasonably coincides with the subjects discussed or acted upon by the parent governmental body.

6. If another provision of law requires a manner of giving specific notice of a meeting, hearing or an intent to take action by a governmental body, compliance with that section shall constitute compliance with the notice requirements of this section.

7. A journal or minutes of open and closed meetings shall be taken and retained by the public governmental body, including, but not limited to, a record of any votes taken at such meeting. The minutes shall include the date, time, place, members present, members absent and a record of any votes taken. When a roll call vote is taken, the minutes shall attribute each "yea" and "nay" vote or abstinence if not voting to the name of the individual member of the public governmental body.

Closed meetings and closed records authorized when, exceptions

610.021. Except to the extent disclosure is otherwise required by law, a public governmental body is authorized to close meetings, records and votes, to the extent they relate to the following:

(1) Legal actions, causes of action or litigation involving a public governmental body and any confidential or privileged communications between a public governmental body or its representatives and its attorneys. However, any minutes, vote or settlement agreement relating to legal actions, causes of action or litigation involving a public governmental body or any agent or entity representing its interests or acting on its behalf or with its authority, including any insurance company acting on behalf of a public government body as its insured, shall be made public upon final disposition of the matter voted upon or upon the signing by the parties of the settlement agreement, unless, prior to final disposition, the settlement agreement is ordered closed by a court after a written finding that the adverse impact to a plaintiff or plaintiffs to the action clearly outweighs the public policy considerations of section 610.011, however, the amount of any moneys paid by, or on behalf of, the public governmental body shall be disclosed; provided, however, in matters involving the exercise of the power of eminent domain, the vote shall be announced or become public immediately following the action on the motion to authorize institution of such a legal action. Legal work product shall be considered a closed record;

(2) Leasing, purchase or sale of real estate by a public governmental body where public knowledge of the transaction might adversely affect the legal

consideration therefor. However, any minutes, vote or public record approving a contract relating to the leasing, purchase or sale of real estate by a public governmental body shall be made public upon execution of the lease, purchase or sale of the real estate;

(3) Hiring, firing, disciplining or promoting of particular employees by a public governmental body when personal information about the employee is discussed or recorded. However, any vote on a final decision, when taken by a public governmental body, to hire, fire, promote or discipline an employee of a public governmental body shall be made available with a record of how each member voted to the public within seventy-two hours of the close of the meeting where such action occurs; provided, however, that any employee so affected shall be entitled to prompt notice of such decision during the seventy-two-hour period before such decision is made available to the public. As used in this subdivision, the term "personal information" means information relating to the performance or merit of individual employees;

(4) The state militia or national guard or any part thereof;

(5) Nonjudicial mental or physical health proceedings involving identifiable persons, including medical, psychiatric, psychological, or alcoholism or drug dependency diagnosis or treatment;

(6) Scholastic probation, expulsion, or graduation of identifiable individuals, including records of individual test or examination scores; however, personally identifiable student records maintained by public educational institutions shall be open for inspection by the parents, guardian or other custodian of students under the age of eighteen years and by the parents, guardian or other custodian and the student if the student is over the age of eighteen years;

(7) Testing and examination materials, before the test or examination is given or, if it is to be given again, before so given again;

(8) Welfare cases of identifiable individuals;

(9) Preparation, including any discussions or work product, on behalf of a public governmental body or its representatives for negotiations with employee groups;

(10) Software codes for electronic data processing and documentation thereof;

(11) Specifications for competitive bidding, until either the specifications are officially approved by the public governmental body or the specifications are published for bid;

(12) Sealed bids and related documents, until the bids are opened; and sealed proposals and related documents or any documents related to a negotiated contract until a contract is executed, or all proposals are rejected;

(13) Individually identifiable personnel records, performance ratings or records pertaining to employees or applicants for employment, except that this exemption shall not apply to the names, positions, salaries and lengths of service of officers and employees of public agencies once they are employed as such, and the names of private sources donating or contributing money to the salary of a chancellor or president at all public colleges and universities in the state of Missouri and the amount of money contributed by the source;

(14) Records which are protected from disclosure by law;

(15) Meetings and public records relating to scientific and technological innovations in which the owner has a proprietary interest;

(16) Records relating to municipal hotlines established for the reporting of abuse and wrongdoing;

(17) Confidential or privileged communications between a public governmental body and its auditor, including all auditor work product; however, all final audit reports issued by the auditor are to be considered open records pursuant to this chapter;

(18) Operational guidelines, policies and specific response plans developed, adopted, or maintained by any public agency responsible for law enforcement, public safety, first response, or public health for use in responding to or preventing any critical incident which is or appears to be terrorist in nature and which has the potential to endanger individual or public safety or health. Financial records related to the procurement of or expenditures relating to operational guidelines, policies or plans purchased with public funds shall be open. When seeking to close information pursuant to this exception, the public governmental body shall affirmatively state in writing that disclosure would impair the public governmental body's ability to protect the security or safety of persons or real property, and shall in the same writing state that the public interest in nondisclosure outweighs the public interest in disclosure of the records;

(19) Existing or proposed security systems and structural plans of real property owned or leased by a public governmental body, and information

that is voluntarily submitted by a nonpublic entity owning or operating an infrastructure to any public governmental body for use by that body to devise plans for protection of that infrastructure, the public disclosure of which would threaten public safety:

(a) Records related to the procurement of or expenditures relating to security systems purchased with public funds shall be open;

(b) When seeking to close information pursuant to this exception, the public governmental body shall affirmatively state in writing that disclosure would impair the public governmental body's ability to protect the security or safety of persons or real property, and shall in the same writing state that the public interest in nondisclosure outweighs the public interest in disclosure of the records;

(c) Records that are voluntarily submitted by a nonpublic entity shall be reviewed by the receiving agency within ninety days of submission to determine if retention of the document is necessary in furtherance of a state security interest. If retention is not necessary, the documents shall be returned to the nonpublic governmental body or destroyed;

(20) The portion of a record that identifies security systems or access codes or authorization codes for security systems of real property;

(21) Records that identify the configuration of components or the operation of a computer, computer system, computer network, or telecommunications network, and would allow unauthorized access to or unlawful disruption of a computer, computer system, computer network, or telecommunications network of a public governmental body. This exception shall not be used to limit or deny access to otherwise public records in a file, document, data file or database containing public records. Records related to the procurement of or expenditures relating to such computer, computer system, computer network, or telecommunications network, including the amount of moneys paid by, or on behalf of, a public governmental body for such computer, computer system, computer network, or telecommunications network shall be open;

(22) Credit card numbers, personal identification numbers, digital certificates, physical and virtual keys, access codes or authorization codes that are used to protect the security of electronic transactions between a public governmental body and a person or entity doing business with a public governmental body. Nothing in this section shall be deemed to close the record of a person or entity using a credit card held in the name of a public governmental body or any record of a transaction made by a person using a credit card or other method of payment for which reimbursement is made by a public governmental body; and

(23) Records submitted by an individual, corporation, or other business entity to a public institution of higher education in connection with a proposal to license intellectual property or perform sponsored research and which contains sales projections or other business plan information the disclosure of which may endanger the competitiveness of a business.

Closed meetings, procedure and limitation--public records presumed open unless exempt--objections to closing meetings or records, procedure

610.022. 1. Except as set forth in subsection 2 of this section, no meeting or vote may be closed without an affirmative public vote of the majority of a quorum of the public governmental body. The vote of each member of the public governmental body on the question of closing a public meeting or vote and the specific reason for closing that public meeting or vote by reference to a specific section of this chapter shall be announced publicly at an open meeting of the governmental body and entered into the minutes.

2. A public governmental body proposing to hold a closed meeting or vote shall give notice of the time, date and place of such closed meeting or vote and the reason for holding it by reference to the specific exception allowed pursuant to the provisions of section 610.021. Such notice shall comply with the procedures set forth in section 610.020 for notice of a public meeting.

3. Any meeting or vote closed pursuant to section 610.021 shall be closed only to the extent necessary for the specific reason announced to justify the closed meeting or vote. Public governmental bodies shall not discuss any business in a closed meeting, record or vote which does not directly relate to the specific reason announced to justify the closed meeting or vote. Public governmental bodies holding a closed meeting shall close only an existing portion of the meeting facility necessary to house the members of the public governmental body in the closed session, allowing members of the public to remain to attend any subsequent open session held by the public governmental body following the closed session.

4. Nothing in sections 610.010 to 610.028 shall be construed as to require a public governmental body to hold a closed meeting, record or vote to discuss or act upon any matter.

5. Public records shall be presumed to be open unless otherwise exempt pursuant to the provisions of this chapter.

6. In the event any member of a public governmental body makes a motion to close a meeting, or a record, or a vote from the public and any other member believes that such motion, if passed, would cause a meeting, record or vote to be closed from the public in violation of any provision in this chapter, such latter member shall state his or her objection to the motion at or before the time the vote is taken on the motion. The public governmental body shall enter in the minutes of the public governmental body any objection made pursuant to this subsection. Any member making such an

objection shall be allowed to fully participate in any meeting, record or vote that is closed from the public over the member's objection. In the event the objecting member also voted in opposition to the motion to close the meeting, record or vote at issue, the objection and vote of the member as entered in the minutes shall be an absolute defense to any claim filed against the objecting member pursuant to section 610.027.

Records of governmental bodies to be in care of custodian, duties--records may be copied but not removed, exception, procedure--denial of access, procedure

610.023. 1. Each public governmental body is to appoint a custodian who is to be responsible for the maintenance of that body's records. The identity and location of a public governmental body's custodian is to be made available upon request.

2. Each public governmental body shall make available for inspection and copying by the public of that body's public records. No person shall remove original public records from the office of a public governmental body or its custodian without written permission of the designated custodian. No public governmental body shall, after August 28, 1998, grant to any person or entity, whether by contract, license or otherwise, the exclusive right to access and disseminate any public record unless the granting of such right is necessary to facilitate coordination with, or uniformity among, industry regulators having similar authority.

3. Each request for access to a public record shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request is received by the custodian of records of a public governmental body. If records are requested in a certain format, the public body shall provide the records in the requested format, if such format is available. If access to the public record is not granted immediately, the custodian shall give a detailed explanation of the cause for further delay and the place and earliest time and date that the record will be available for inspection. This period for document production may exceed three days for reasonable cause.

4. If a request for access is denied, the custodian shall provide, upon request, a written statement of the grounds for such denial. Such statement shall cite the specific provision of law under which access is denied and shall be furnished to the requester no later than the end of the third business day following the date that the request for the statement is received.

Electronic transmission of messages relating to public business, requirements

610.025. Any member of a public governmental body who transmits any message relating to public business by electronic means shall also concurrently transmit that message to either the member's public office computer or the custodian of records in the same format. The provisions of this section shall only apply to messages sent to two or more members of that body so that, when counting the sender, a majority of the body's members are copied. Any such message received by the custodian or at the

member's office computer shall be a public record subject to the exceptions of section 610.021.

Fees for copying public records, limitations--fee money remitted to whom--tax, license or fee as used in Missouri Constitution article X, section 22, not to include copying fees

610.026. 1. Except as otherwise provided by law, each public governmental body shall provide access to and, upon request, furnish copies of public records subject to the following:

(1) Fees for copying public records, except those records restricted under section 32.091, shall not exceed ten cents per page for a paper copy not larger than nine by fourteen inches, with the hourly fee for duplicating time not to exceed the average hourly rate of pay for clerical staff of the public governmental body. Research time required for fulfilling records requests may be charged at the actual cost of research time. Based on the scope of the request, the public governmental body shall produce the copies using employees of the body that result in the lowest amount of charges for search, research, and duplication time. Prior to producing copies of the requested records, the person requesting the records may request the public governmental body to provide an estimate of the cost to the person requesting the records. Documents may be furnished without charge or at a reduced charge when the public governmental body determines that waiver or reduction of the fee is in the public interest because it is likely to contribute significantly to public understanding of the operations or activities of the public governmental body and is not primarily in the commercial interest of the requester;

(2) Fees for providing access to public records maintained on computer facilities, recording tapes or disks, videotapes or films, pictures, maps, slides, graphics, illustrations or similar audio or visual items or devices, and for paper copies larger than nine by fourteen inches shall include only the cost of copies, staff time, which shall not exceed the average hourly rate of pay for staff of the public governmental body required for making copies and programming, if necessary, and the cost of the disk, tape, or other medium used for the duplication. Fees for maps, blueprints, or plats that require special expertise to duplicate may include the actual rate of compensation for the trained personnel required to duplicate such maps, blueprints, or plats. If programming is required beyond the customary and usual level to comply with a request for records or information, the fees for compliance may include the actual costs of such programming.

2. Payment of such copying fees may be requested prior to the making of copies.

3. Except as otherwise provided by law, each public governmental body of the state shall remit all moneys received by or for it from fees charged pursuant to this section to the director of revenue for deposit to the general revenue fund of the state.

4. Except as otherwise provided by law, each public governmental body of a political subdivision of the state shall remit all moneys received by it or for it from fees charged pursuant to sections 610.010 to 610.028 to the appropriate fiscal officer of such political subdivision for deposit to the governmental body's accounts.

5. The term "tax, license or fees" as used in section 22 of article X of the Constitution of the state of Missouri does not include copying charges and related fees that do not exceed the level necessary to pay or to continue to pay the costs for providing a service, program, or activity which was in existence on November 4, 1980, or which was approved by a vote of the people subsequent to November 4, 1980.

Thomas A. Schweich

Missouri State Auditor

Washington Avenue Transportation Development District

October 2014

Report No. 2014-098

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Washington Avenue Transportation Development District

Public Accessibility

The Transportation Development District (TDD) project, a parking lot located at 1100 Washington Avenue in the City of St. Louis, is not accessible to the public. The TDD was formed through a court order in August 2009. The project is a prepaid lease between the developer (original owner of the building adjacent to the parking lot) of the project and the TDD for a parking lot adjacent to one of the loft apartment buildings in the district. A 1-cent (1 percent) sales tax was imposed on retail sales within the district.

The intergovernmental agreement between the city, TDD, and the developer acknowledges the general economic benefit and value to the community created by the TDD project and provides for public access to the project. In addition, when the TDD leased the parking lot from the developer, who also owned the adjacent loft apartments, and when the TDD leased the parking lot back to the developer for $1 per year, both leases state the parking lot will be open to the general public. In June 2013, we were told by a TDD Board member that the parking lot was open to the public. Instead, as evidenced by a photograph we took on a July 17, 2013, visit to the parking lot, the parking lot is gated with a code required to open the gate and clearly marked with signs stating, "Resident Parking" and "Unauthorized Vehicles will be Towed Away." The developer is leasing the parking spaces to 29 tenants of his apartment building and apparently collecting a total of $1,450 per month.

When we returned to the parking lot on October 15, 2013, a sign advertised "Reserved Monthly Public Parking" and provided the developer's phone number. Approximately 2 weeks after our October visit, the entire TDD board resigned, and we subsequently learned the developer sold the parking lot, the adjacent building, and a $1.141 million taxable sales tax revenue note in October 2013. The new owners said they did not know the parking lot was required by law to remain open to the public and did not know the TDD was not generating sufficient revenue to make payments on the note.

Formation and Operation

The TDD did not receive approval from the city to enter into a leaseback of the parking lot to the developer for $1 per year. Neither the developer nor the current owners are in compliance with the terms of the leaseback agreement, as the parking lot remains unavailable to the general public. Under the terms of the lease, the TDD is to pay the developer (or his successor) $4,567 per month for the duration of the lease; however, no payments have been made. The Board has not adequately planned how the TDD will generate sufficient revenues to fund its obligations. Revenues have fallen sharply during fiscal year 2014, with sales tax collections from July 2013 through February 2014 of less than $100. It appears at least one of the businesses within the TDD is not collecting the TDD sales tax on all transactions.

Reconciliations and Financial Statements	The TDD does not perform formal bank reconciliations and submitted inaccurate financial statements to the State Auditor's office
Financial Documentation	The Board did not maintain documentation to demonstrate the TDD revenues were only used to pay TDD formation costs. The developer also formed a Community Improvement District (CID) in conjunction with forming the TDD and paid approximately $31,000 to form both, but has not submitted documentation to support the amount associated with the TDD formation. The TDD has paid $10,059 toward the formation costs, but without additional documentation, it is unclear how much, if any, is still owed by the TDD or if an overpayment occurred. In addition, a portion of the TDD is in a Tax Increment Financing (TIF) district but there is no documentation to support how the TIF payments were determined or how much sales tax was received from each business within the TIF district.

In the areas audited, the overall performance of this entity was **Poor**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Washington Avenue Transportation Development District
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THOMAS A. SCHWEICH
Missouri State Auditor

Erin Johnston, Chairman
and
Board of Directors
Washington Avenue Transportation Development District
St. Louis, Missouri

We have audited certain operations of the Washington Avenue Transportation Development District in fulfillment of our duties under Section 238.272, RSMo. The scope of our audit included, but was not necessarily limited to, the period August 31, 2009, to June 30, 2010, and the 3 years ended June 30, 2013. The objectives of our audit were to:

1. Evaluate the district's internal controls over significant management and financial functions.

2. Evaluate the district's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in our audit of the district.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Washington Avenue Transportation Development District.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Rex Murdock, M.S.Acct.
	Wayne Kauffman, MBA

Washington Avenue Transportation Development District
Management Advisory Report
State Auditor's Findings

1. Public Accessibility

The Transportation Development District (TDD) project, a parking lot located at 1100 Washington Avenue in the City of St. Louis (city), is not accessible to the public. The TDD was formed through a court order in August 2009. The project is a prepaid lease between the developer (original owner of the building adjacent to the parking lot) of the project and the TDD for a parking lot adjacent to one of the loft apartment buildings in the district. A 1-cent (1 percent) sales tax was imposed on retail sales within the district.

The TDD leased the parking lot from the developer that formed the TDD in December 2010 for $4,567 per month and issued a $1,141,000 taxable sales tax revenue note to the developer. The TDD then leased the parking lot back to the developer for $1 per year, giving the developer operational control of the lot. Both leases indicate the parking lot will be open to use by the general public. In June 2013, we asked a member of the TDD Board if the parking lot was available for general public parking and she said it was open to the public. On July 17, 2013, we visited the parking lot. The parking lot was gated with a code required to gain access. The following photograph was taken of one of the two lot entrances, but both entrances had the same signs and access restrictions.

Throughout our audit fieldwork, the Board member we spoke with in June repeatedly indicated the parking lot is available to the public. It is unlikely the public would know this based on the restricted access signage. We inquired who was currently parking in the lot and received a listing showing 29 tenants of the loft apartment building adjacent to the parking lot who lease spaces in the lot. Based on information available on the developer's web site, these spaces lease for $50 per month to tenants, resulting in the developer potentially collecting $1,450 per month for these parking spaces.

On October 15, 2013, we again visited the parking lot and noted a new sign had been added to each gate.

The phone number listed on the sign is the developer's number. The original TDD Board consisted of employees/representatives of the developer. Board members indicated no one from the general public has contacted the developer about parking in the lot. Approximately 2 weeks after our October 2013 visit to view the parking lot, all of the Board members resigned their positions. Subsequently, we learned the parking lot and adjacent building had been sold by the developer in October 2013, along with the taxable sales tax revenue note, to another company. It is unclear the

amount paid specifically for the revenue note, but the new owners indicate they were unaware the parking lot was required by law to remain open to the public or that the TDD was generating insufficient revenue to make payments on the note (see MAR finding number 2.3).

A visit to the parking lot on March 27, 2014, indicated the "reserved public parking" sign had been removed from both gates.

Section 3.1 of the ground lease and leaseback between the TDD and the developer indicates the parking lot shall be used for the primary purpose of parking, which shall remain open to use by the general public. Resolution No. 2010-005 of the TDD Board of Directors states the transportation project includes acquisition of a leasehold interest in a parking lot within the district for the purpose of providing additional public parking. The intergovernmental agreement between the city, TDD, and the developer states the city and the TDD acknowledge the general economic benefit and

value to the community created by the TDD project and to provide for public access within the TDD project. Public access within the TDD project has been restricted in violation of the terms of these various agreements.

Recommendation

The TDD Board make the parking lot available to the public.

Auditee's Response

The TDD Board provided the following written response:

The current Board members were all newly appointed in May 2014 and are still gathering information regarding the operations of the TDD. We will review the audit report with our legal counsel to confirm agreement with the report's findings and to determine the appropriate actions to take in light of the auditor's concerns.

2. Formation and Operation

The TDD has not received approval from the city to modify the project by leasing the parking lot back to the developer. The city serves as the local transportation authority (LTA) for the project. In December 2010, the TDD entered into a lease agreement for use of the parking lot with the developer and then on the same day, the TDD entered into a leaseback agreement with the developer. This leaseback gave the operational control and use of the parking lot back to the developer, while leaving the burden of maintenance and repair of the lot with the TDD. The parking lot was constructed prior to the formation of the TDD and we were provided no documentation to show additional funds were spent by the developer on the parking lot. Our review of the formation document, leases and agreements, and the current operations of the TDD revealed significant concerns.

2.1 Modification of the project

The TDD has not received approval from the city to enter into a leaseback of the parking lot to the developer, which constitutes a modification to the project. Modifications are required to be approved by the LTA according to state law. We were provided with a copy of an intergovernmental agreement between the TDD, the city, and the developer, which specifically mentions the lease of the parking lot by the developer to the TDD, but the agreement makes no mention of the leaseback. Ordinance No. 68435, passed by the city in June 2009, documents the city's approval of the intergovernmental agreement and indicates the transportation project will benefit the city by increasing the available supply of parking. The TDD is required by state law to have any modifications to the project approved by the city.

Section 238.257.4, RSMo, states the board may modify the project previously approved if the modification is approved by the LTA.

2.2 Leases

Neither the developer nor current owners are in compliance with the terms of the leaseback agreement entered into with the TDD.

The TDD leased the parking from the developer for 30 years for $1,141,000 plus interest, or $4,567 per month for the duration of the lease. In conjunction with this lease, a $1,141,000 taxable sales tax revenue note was issued by the TDD pledging the transportation sales tax revenues to make the payments on the lease. The leaseback between the TDD and the developer is for 20 years for $20, or $1 per year. It gives the developer operational control and use of the lot, and requires the TDD to pay for the maintenance and repair of the parking lot. The leaseback contains no language voiding the original lease, so if and when sales tax revenues are sufficient, the TDD is still responsible for making the monthly payments for the lot. The leaseback still requires the lot to be available for use by the general public, but the developer is leasing those spaces to tenants in the adjacent apartment building.

Violation of the terms of the leaseback agreement

The developer and now the current owners are violating the terms of the leaseback agreement. The TDD has the authority to lease a project to another entity, if the lease serves a function listed under Section 238.250, RSMo, or is necessary or convenient to fulfill the purpose of the TDD. Allowing the developer to operate the project serves a function provided for under the law; however, a primary purpose of the TDD project is to provide for public access. In addition, section 3.1 of the leaseback to the developer from the TDD indicates the parking lot shall be used for the primary purpose of parking, which shall remain open to use by the general public. Use of the lot has been restricted to only residents of the adjacent apartment building, in violation of the terms of the leaseback, and in conflict with a primary purpose of the TDD project. The Board should seek to enforce the terms of the leaseback agreement.

Section 238.250, RSMo, allows a TDD to contract with a corporation or partnership regarding funding, promotion, planning, designing, constructing, improving, maintaining or operating projects or to assist in such activity. Further, Section 238.252(5), RSMo, allows a TDD to exercise other implied powers necessary and convenient for the district to accomplish its purposes, which are not inconsistent with its express powers.

2.3 Financial condition and planning

The TDD has not adequately planned for how it will generate sufficient revenues to fund its obligations. Budgets prepared by the TDD indicate the Board did not anticipate sufficient revenues to pay the lease payments (approximately $55,000 per year) and legal fees. No amounts are budgeted by the TDD for the lease payments. In addition, the TDD is potentially obligated to reimburse the developer for unpaid formation costs (see MAR finding number 4.1). Sales tax revenues have steadily declined over the past 3 years and it is questionable whether the TDD sales tax is being collected by all of the businesses operating within the TDD.

We contacted the Department of Revenue (DOR) and obtained a listing of the TDD and city sales tax collections by each of the 4 businesses located in the TDD, because both the city and TDD have a 1 percent tax rate on all sales. This listing showed the TDD collections were approximately $7,000 less than the collections for the city during the same period of time, indicating at least 1 of the businesses was not collecting the TDD sales tax on all transactions. In addition, the listing shows collections for 1 of the businesses ended in 2011 and 2 others ended in 2012. It is unclear how the Board planned to pay its annual obligations with insufficient revenues being generated and Board meeting minutes included no discussion regarding the financial situation of the TDD. The budgeted revenue each year is far less than the approximate $55,000 annual lease obligation and as the chart below shows, sales tax collections have come in significantly below the projected amounts.

Sales Tax Collections	Fiscal Year Ended				
	June 30, 2013	June 30, 2012	June 30, 2011*	December 31, 2010	Total
Budgeted	$ 20,000	20,100	50,100	6,000	96,200
Actual	5,985	9,372	9,179	4,196	28,732
Deficit	$ (14,015)	(10,728)	(40,921)	(1,804)	(67,468)

*The Board adopted resolution 2010-001 in 2010 to change its fiscal year end from December 31 to June 30. As a result, the 2011 fiscal year budget is for the period January 1, 2011 to June 30, 2011.

Revenues have fallen sharply during fiscal year 2014, with sales tax collections from July 2013 through February 2014 of less than $100. No principal or interest payments have been made toward the taxable sales tax revenue note issued to the developer and the Board has not developed a plan for paying ongoing administrative expenses and making payments on the note. The Board should contact the DOR and determine the status of the businesses in the district and whether the sales tax is being properly collected and remitted to help determine the viability of continuing TDD operations.

Recommendations

The TDD Board:

2.1 Ensure the terms of the intergovernmental agreement are being met, and modifications of the original project and any subsequent leases related to the project are properly approved by the city.

2.2 Ensure the terms of any lease entered into are being followed by the lessee.

2.3 Investigate the cause of the declining revenues and develop a plan to generate adequate revenues to pay the annual obligations of the TDD.

Auditee's Response

The TDD Board provided the following written response:

The current Board members were all newly appointed in May 2014 and are still gathering information regarding the operations of the TDD. We will review the audit report with our legal counsel to confirm agreement with the report's findings and to determine the appropriate actions to take in light of the auditor's concerns.

3. Reconciliations and Financial Statements

TDD officials do not prepare formal bank reconciliations. In addition, they submitted inaccurate financial statements to the State Auditor's office (SAO). The beginning and ending fiscal year 2010 cash balances were understated by $200 and the beginning and ending fiscal year 2011 cash balances were overstated by $538. In addition, the fiscal year 2011 ending cash balance does not agree to the fiscal year 2012 beginning cash balance. These errors would have been identified if the Board Treasurer had reconciled the cash balances on the financial statements to the cash balances on the bank statements and transaction register.

The preparation of monthly bank reconciliations is necessary to ensure the accounting records are in balance and to identify errors timely. Accurate financial statements are necessary to keep citizens informed of the financial activity and condition of the district.

Recommendation

The TDD Board ensure monthly bank reconciliations are performed and the financial statements submitted to the SAO are accurate.

Auditee's Response

The TDD Board provided the following written response:

The current Board members were all newly appointed in May 2014 and are still gathering information regarding the operations of the TDD. We will review the audit report with our legal counsel to confirm agreement with the report's findings and to determine the appropriate actions to take in light of the auditor's concerns.

4. Financial Documentation

We identified concerns regarding the repayment of TDD formation costs to the developer and payments made to the St. Louis Tax Increment Finance (TIF) Commission.

4.1 Formation costs

The Board did not maintain documentation to demonstrate that TDD revenues were only used to pay TDD formation costs. The TDD Board provided us a listing of the costs associated with forming the TDD and forming the 1133 Washington Avenue Community Improvement District (CID). The listing indicated the developer paid approximately $31,000 in total for various expenses associated with forming the TDD and CID, but it did not indicate what portion of the total expenses related to the TDD. The TDD has paid $10,059 toward the formation costs through the period ending

June 30, 2013, and it is unclear how much, if any, is still owed by the TDD or if an overpayment occurred.

Section 238.217, RSMo, allows the developer to be reimbursed for the fees of filing and defending the petition of the court to form the TDD. However, TDD revenues can only be used to reimburse the developer for the costs of filing and defending the TDD formation and cannot be used to reimbursement the developer for the costs of filing and defending the CID formation.

4.2 TIF payments

The TDD Board is not adequately tracking the amount of sales tax monies collected from businesses within the TIF district and has no support for the amount of tax collections paid to the TIF district. A portion of the TDD is located in a TIF district and thus, 50 percent of the sales taxes collected by the businesses in the TIF, and received by the TDD, is due to the TIF district. The TDD made various payments totaling $9,848 to the TIF district during the 3 years ended June 30, 2013, but there is no documentation to support how these payments were determined or how much sales tax was received from each business within the TIF district.

To ensure compliance with applicable statutes related to TIF payments and amounts paid to the TIF Commission are accurate, records related to sales taxes received and amounts due to the TIF Commission should be prepared and retained.

Recommendations

The TDD Board:

4.1 Request documentation to support the formation costs applicable to the TDD and determine if any amount is still owed or a refund is due.

4.2 Perform an analysis to determine the portion of TDD sales tax revenues that should be paid to the TIF Commission.

Auditee's Response

The TDD Board provided the following written response:

The current Board members were all newly appointed in May 2014 and are still gathering information regarding the operations of the TDD. We will review the audit report with our legal counsel to confirm agreement with the report's findings and to determine the appropriate actions to take in light of the auditor's concerns.

Washington Avenue Transportation Development District
Organization and Statistical Information

The Washington Avenue Transportation Development District (TDD) is located in in the City of St. Louis. The TDD was organized in August 2009 by petition of the property owners within the proposed TDD. The members of the Board of Directors of the district are elected by the property owners and included two property owners and three members representing the property owners.

In September 2009, the qualified voters of the TDD, in this case the property owners, approved the imposition of a sales tax of up to 1-cent (1 percent) on all taxable transactions within the boundaries of the district. The Board of Directors subsequently passed a resolution that set the sales tax rate at 1-cent (1 percent), effective January 1, 2010, for 40 years, unless terminated sooner. The retail establishments within the district are required to collect and remit the sales tax to the Missouri Department of Revenue (DOR). In turn, the DOR distributes the sales tax monies to the district.

The TDD was formed for the purpose of acquiring, constructing, reconstructing and repairing a parking lot or garage and other related improvements; construction of public access areas to the district, construction, reconstruction, relocation, installation, and repair of streets, roads and signing; acquisition of right-of-way or easement rights necessary for any or all of the transportation project improvements; and other improvements located within or adjacent to the parking lot or garage right-of-way or street and roads including trees, lighting, landscaping and/or other decorative features. The City of St. Louis is the public entity with jurisdiction over these projects. The parking lot had already been constructed at the time the TDD was formed and no additional work has been performed on the project.

The TDD has a fiscal year end of June 30, and did not have independent audits performed for the 4 years ended June 30, 2013.

In October 2013, the developers sold all of the property located within the TDD and the entire Board of Directors resigned. A new Board of Directors was appointed at the May 2014 meeting of the property owners.

District Board

An elected board acts as the policy-making body for the district's operations. The board's five members serve 3-year terms without compensation. Members of the board at June 30, 2013, were:

Bill Bruce, Chairman and Executive Director (1)
Rachel Robards, Treasurer (2)
Kathy Kleiman, Secretary (2)
Brian Bruce, Member (1)
John Perkins, Member (2)

(1) Property owner
(2) Property owner representative

Effective in May 2014, members of the board are:

Erin Johnston, Chairman
John Alvery, Executive Director
Stuart Woody, Treasurer
Chad Sneed, Secretary
Pat Gerlich, Member

Financial Activity

On December 15, 2010, the TDD leased the parking lot from the developer for $1,141,000 for a period of 30 years. As compensation for the lease, the TDD issued a $1,141,000 taxable sales tax revenue note, payable to the developer in monthly installments of $4,567. The TDD has not made any payments toward the note since it was issued. The note indicates it is only secured by available resources and shall not constitute a general obligation of the district, city, or state.

A summary of the district's financial activity for the 3 years ended June 30, 2013, follows:

	Year Ended June 30,		
	2013	2012	2011
RECEIPTS			
Sales taxes	$ 5,985	9,372	9,179
Total Receipts	5,985	9,372	9,179
DISBURSEMENTS			
Professional fees	2,143	9,409	3,793
Tax increment financing	2,653	3,777	3,418
Total Disbursements	4,796	13,186	7,212
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,189	(3,815)	1,967
BEGINNING CASH	1,064	4,879	2,911
ENDING CASH	$ 2,253	1,064	4,879

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Brownfield Remediation Tax Credit Program

October 2014

Report No. 2014-099

http://auditor.mo.gov

Brownfield Remediation Tax Credit Program
Follow-Up Report on Audit Findings
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*Includes selected findings

THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Mike Downing, Director
Department of Economic Development
Jefferson City, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2014-023, *Brownfield Remediation Tax Credit Program*, issued in April 2014, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the Department of Economic Development (DED) about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the DED, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we met with DED officials and received a written status to selected recommendations. We reviewed the DED's written responses related to those recommendations. We identified bills introduced in the current session of the General Assembly that included provisions involving tax credit programs. We contacted an official of the Joint Committee on Administrative Rules regarding that process. This report is a summary of the results of this follow-up work, which was substantially completed during September 2014.

Thomas A. Schweich
State Auditor

Brownfield Remediation Tax Credit Program
Follow-Up Report on Prior Audit Findings
Status of Findings

1.1 Program Administration and Oversight - Eligible cost percentage and per-project caps

The DED had not conducted a formal evaluation of the Brownfield Remediation Tax Credit (BRTC) Program to determine whether authorizing BRTCs for 100 percent of eligible costs was the most advantageous to the state. The DED issued BRTCs for up to 100 percent of the eligible costs, subject to limitations of the proven financing gap and the state net economic benefit provisions. State law provides the DED with the authority to base the credit on a lower percentage. For 6 of 15 projects reviewed, the DED authorized BRTCs for 100 percent of eligible costs. In addition, Missouri had not established a per-project cap. Of the 13 states with brownfield remediation programs, only Missouri and Connecticut authorized tax credits for up to 100 percent of eligible costs. The rates noted for the other states ranged from a low of 12 percent for some types of projects in Iowa to 75 percent in New Jersey. Six states have established per-project caps ranging from $150,000 to $500,000.

Recommendation

The DED evaluate and consider decreasing the percentage of eligible costs qualifying for BRTCs.

Status

Implemented

The DED indicated this recommendation has been implemented for all applications approved after April 2014. The DED will decrease the percentage of eligible costs qualifying for BRTCs to the extent the applicant fails to prove that costs estimates were obtained in a competitive manner. The DED indicated no applicant since April 2014 has failed to meet the requirements for competitive procurement.

Recommendation

The General Assembly consider establishing per-project caps for individual projects.

Status

Not Implemented

The audit was released in April 2014, after General Assembly deadlines to submit new legislation. However, several legislative bills had already been introduced that would have impacted the BRTC program, including Senate Bill (SB) 577, House Bill (HB) 1477, HB 2133 and HB 2207. These bills were omnibus tax credit bills that impacted many if not all of the state's tax credit programs and did not solely impact the BRTC program. None of these bills were amended to establish caps for individual projects, and none passed.

1.2 Program Administration and Oversight - Procurement of project services

The DED did not (1) require developers to solicit bids for project services on a competitive basis, require detailed unit price/quantity bids, or require bids for some project costs; (2) have policies to restrict potential conflicts of interest on BRTC projects; and (3) compile historical unit costs for BRTC projects.

Recommendation

The DED promulgate state regulations to establish procedures requiring BRTC applicants to procure project activities competitively and to select the lowest and best bid, and rules to define and limit conflicts of interest. We also recommend the DED maintain a database of historical cost information for BRTC projects.

Status

In Progress

The DED filed rules with the Secretary of State, however, the Joint Committee on Administrative Rules (JCAR) "disapproved" the proposed rules. As a result of JCAR's disapproval, the DED currently has the following options (1) withdraw the proposed rules, (2) revise the rules, hold additional public hearings, and resubmit the rule for JCAR's consideration, or (3) wait for the General Assembly to act. If the DED chooses not to withdraw or modify the proposed rules, the General Assembly has 30 legislative days after it reconvenes in January of 2015, to ratify by concurrent resolution, JCAR's disapproval pursuant to Article IV, Section 8 of the Constitution. If the General Assembly ratifies JCAR's disapproval, the resolution is then sent to the Governor who may either approve or veto the resolution. If the Governor vetoes the resolution the General Assembly may override the veto. If the General Assembly does not ratify JCAR's disapproval, the rule will go into effect.

The DED is currently evaluating all options related to the administrative rulemaking process. In the interim, the DED has begun to maintain a database of cost information for BRTC projects, and is instructing current applicants to procure project activities competitively.

1.3 Program Administration and Oversight - Cost certification

The DED did not require certification of the actual project costs by a licensed engineer, architect or certified public accountant. The DED requires a certification of eligible costs by a certified public accountant (CPA) in other tax credit programs including the Historic Preservation and Low Income Housing Tax Credit programs. Both Iowa and Florida require an independent CPA firm to review eligible costs prior to issuance of Brownfield tax credits.

Recommendation

The DED require certification of actual project costs by a licensed engineer, architect, and/or certified public accountant.

Status

Implemented

The DED indicated this recommendation has been implemented for all applications approved after April 2014. The DED informs all applicants that project costs should be certified by a licensed engineer, architect, or certified public accountant. Without the certification, the DED will not provide applicants any assurance that tax credits will be issued.

1.4 Program Administration and Oversight - Scrap values

The DED authorized BRTCs for $2,265,000 more than the financing gap for the Northwest Plaza Project (NWP) because the DED did not reduce the authorized BRTCs for the proceeds from the sale of scrap materials generated during demolition. In addition, the DED had not established policies and procedures to handle scrap proceeds.

Recommendation

The DED reduce the authorization award associated with the NWP project by $2,265,000 and establish policies and procedures to handle scrap proceeds.

Status

In Progress

The DED has not completed its review of, and no tax credits have been issued in connection with, the NWP project. The DED directs all applicants to structure bids to account for and list scrap values in their bid documents. DED project managers are required to check that scrap value is included in the bids.

2.1 Program Efficiency and Effectiveness - Job creation

The DED did not usually include clawback provisions that required developers to repay portions of the BRTCs if the number of projected new jobs were not created. According to DED personnel, the DED required clawback provisions for only three projects since the programs inception.

For the 15 projects we reviewed, no project had the amount of authorized BRTCs limited because of the state economic benefit calculation. Most BRTC projects did not create the projected number of new jobs. Of the 15 projects reviewed, 10 had completed remediation activities. For those 10 projects, developers projected approximately 2,500 jobs would be created; however, according to the annual reports developers submitted to the DED only 116 full-time and 322 part-time jobs were actually created. In addition, because the DED used the developers' estimates in the annual cost-benefit analysis submitted to the General Assembly, the state economic impact of the BRTC program was significantly overstated.

Recommendation

The DED include clawback provisions for BRTC projects.

Status

Implemented

The DED indicated this recommendation has been implemented for all applications approved after April 2014. The DED requires all applicants to submit a clawback agreement prior to receiving a notice to proceed.

2.2 Program Efficiency and Effectiveness - Annual and cumulative limits

The General Assembly had not established annual or cumulative limits on the BRTC. During the period of state fiscal years 2003 through 2013, the DED issued BRTCs totaling approximately $174 million and redemptions totaled approximately $168 million.

Recommendation

The General Assembly evaluate and consider implementing an annual limit on the amount of BRTCs awarded.

Status

Not Implemented

The audit was released in April 2014, after General Assembly deadlines to submit new legislation. However, several legislative bills had already been introduced that would have impacted the BRTC program, including SB 577, HB 1477, HB 2133 and HB 2207. These bills were omnibus tax credit bills that impacted many if not all of the state's tax credit programs and did not solely impact the BRTC program. None of these bills were amended to establish an annual limit on the amount of BRTCs issued, although one bill would have made all tax credits subject to the appropriation process. In addition, none of these bills passed.

2.3 Program Efficiency and Effectiveness - Sunset Provision

State law did not include a sunset provision for many tax credits, including the BRTC program. The Sunset Act, passed in 2003, provides for new programs to sunset after a period of not more than 6 years unless reauthorized by the General Assembly or the program is exempted from the Sunset Act. The Act requires the Committee on Legislative Research to review applicable programs before the sunset dates and present a report to the General Assembly regarding the sunset, continuation, or reorganization of each affected program. However, the BRTC program was created prior to the Sunset Act and is exempted.

Recommendation

The General Assembly establish a sunset provision for the BRTC program.

Status

Not Implemented

The audit was released in April 2014, after General Assembly deadlines to submit new legislation. However, several legislative bills had already been introduced that would have impacted the BRTC program, including SB 577, HB 1477, HB 2133 and HB 2207. These bills were omnibus tax credit bills that impacted many if not all of the state's tax credit programs and did not solely impact the BRTC program. None of these bills were amended to establish a sunset provision, and none passed.

2.4 Program Efficiency and Effectiveness - Use of multiple incentives

State law does not prohibit claiming the same project costs under two or more tax credit programs. This "stacking" of tax credits can be lucrative for developers resulting in additional tax credits being issued while no additional economic activity or state benefit is generated.

Companies may claim certain project costs under the Historic Preservation, Low Income Housing, Brownfield Remediation, and the Neighborhood Preservation Tax Credit programs. Between fiscal years 2000 and 2011, the

state issued tax credits totaling approximately $738 million for 117 projects that received funding from two or more of these tax programs.

Recommendation

The General Assembly establish cost containment provisions regarding project costs claimed under multiple tax credit programs.

Status

Not Implemented

The audit was released in April 2014, after General Assembly deadlines to submit new legislation. However, several legislative bills had already been introduced that would have impacted the BRTC program, including SB 577, HB 1477, HB 2133 and HB 2207. These bills were omnibus tax credit bills that impacted many if not all of the state's tax credit programs and did not solely impact the BRTC program. None of these bills were amended to establish cost containment provisions regarding project costs claimed under multiple tax credit programs, and none passed.

Thomas A. Schweich

Missouri State Auditor

City of Pevely

October 2014

Report No. 2014-100

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the City of Pevely

Financial Issues	The city inappropriately transferred $200,000 from the Water and Sewer Fund to finance general operations and does not have a formal plan in place to repay the funds. The Board does not receive and review detailed financial information, which would assist in effectively monitoring cash balances and the financial condition of city funds. Audit staff noted several concerns related to bond issues and tax collections. The city became responsible in 2013 for covering a portion of the general obligation bond payments related to a Neighborhood Improvement District (NID) when the revenue collected from special assessments was not enough to cover the bond payments. The city improperly used monies from the NID bond reserve account to make bond payments, and did not properly enforce several taxes, resulting in lost revenues. The city was not collecting two sales taxes on residential customer utility bills (one to fund road improvements and the other to fund construction of city hall) and was not properly collecting a telecommunications tax.
Budgets and Financial Statements	Annual budgets do not contain all elements required by state law, and the city did not submit an annual financial report to the State Auditor's office as required by law for the year ended December 31, 2012, and, as of July 8, 2014, had not submitted an annual financial report for the year ended December 31, 2013.
Bidding and Professional Services	The city did not solicit bids for all purchases over $3,000, including $24,674 for sewer pumps, $22,400 for a pickup truck, $18,235 for playground equipment, and $13,199 for another pickup truck. The city only provided documentation of the winning bid for one project and did not maintain invoices related to the project. The city has used the same city attorney and Certified Public Accountant for approximately 20 years without periodically soliciting proposals for services.
Mayor's Cellular Phone	For more than 10 years, the city did not require former Mayor Knobloch to submit detailed supporting documentation for his cellular phone bill reimbursements. These payments ranged from $61 to $279 per month.
Accounting Controls and Procedures	The city does not timely perform bank account reconciliations and does not routinely follow up on outstanding checks. The city had 35 checks totaling $4,475 that had been outstanding for more than one year. The City Clerk and two utility clerks are able to make adjustments to customer accounts without independent approval. The city does not reconcile customer utility deposits held to the amounts reported in the city's accounting records. As of June 30, 2013, the city held deposits totaling $142,000, but the city's accounting system indicated $120,000 was being held. The city does not have a centralized list of all city property, and assets are not tagged for specific identification. The city allows users to pay monthly utility bills, court costs, fees, and various fines by credit or debit card, but it does not charge users a sufficient convenience fee to offset card service costs and transaction fees assessed.

Employee Compensation	The city does not report the value of personal (commuting) mileage for using a city-owned vehicle on W-2 forms as required by the Internal Revenue Service. The city paid approximately $12,200 in perfect attendance payments, which violates the Missouri Constitution.
Sunshine Law Violations	The Board did not record roll call votes to go into closed session for 11 of 21 closed sessions reviewed and some issues discussed in closed sessions were not allowable under the Sunshine Law.

In the areas audited, the overall performance of this entity was **Poor**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

City of Pevely
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Pevely, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Pevely. We have audited certain operations of the city in fulfillment of our duties. The city engaged Jeffrey J. Eftink, Certified Public Accountant (CPA), P.C., to audit the city's financial statements for the year ended December 31, 2012. To minimize duplication of effort, we reviewed the CPA firm's audit report. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the city's internal controls over significant management and financial functions.

2. Evaluate the city's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the city, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in our audit of the city.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Pevely.

An additional report, No. 2014-013, *Twenty-Third Judicial Circuit, City of Pevely Municipal Division,* was issued in March 2014.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Chris Vetter, CPA
In-Charge Auditor:	David Olson
Audit Staff:	Morgan Alexander
	Andrew Roley

1. Financial Issues

The city inappropriately transferred $200,000 from the Water and Sewer Fund to finance general city operations and the Board of Aldermen (Board) does not receive and review financial information that would assist in monitoring the city's finances. In addition, the city improperly used money from a bond reserve account and did not properly enforce several taxes.

1.1 Inter-fund obligations

The city inappropriately used $200,000 in restricted Water and Sewer Fund monies to finance general operations. In April 2013, the city transferred the monies from the Water and Sewer Fund to the General Fund. The city did not appropriate the funds to repay the loan in the 2014 budget document or have a formal plan in place to reimburse the Water and Sewer Fund. In January 2014, city officials stated the Board's plan was to pay back the loans during 2014, by making separate $50,000 transfers throughout the year. However, the entire loan was repaid, without interest, to the Water and Sewer Fund in April 2014. No budget amendments were made to reflect the loan payment.

Transfers from restricted funds to general funds should occur only for allowable and specific purposes, and reasons should be adequately documented. Section 250.150, RSMo, restricts the use of water and sewer monies for operating the systems, payment of bonds, establishment of a reserve, fulfillment of any agreements contained in ordinances, and payment of costs of improvements of such systems.

1.2 Financial information and monitoring

The Board does not receive and review detailed financial information, which would assist in effectively monitoring cash balances and the financial condition of city funds. The Board typically receives only a report showing the sales taxes collected for the month and a list of disbursements to be approved. The Board should also be receiving information such as all revenue collected for the month and year-to-date and debt obligations.

To effectively monitor cash balances and the financial condition of city funds, the Board must receive timely and comprehensive financial information.

1.3 Bonds and sales taxes

We identified the following concerns related to bond issues and tax collections:

- The city became responsible in 2013 for covering a portion of the general obligation bond payments related to a Neighborhood Improvement District (NID) when the revenue collected from special assessments was not enough to cover the bond payments. According to the city, the developer was given approximately $7.1 million in bond proceeds and construction advances at the beginning of the project. Special assessments paid by builders and homeowners in the subdivision are intended to pay off the bonds; however, because of the

difficult economic environment the subdivision has not developed as intended resulting in problems collecting some assessments. In addition, water and sewer tap fees were to be used to reimburse the city for the construction advances. Because of the problems completing the NID project, the city may never receive some of these special assessment fees and water and sewer tap fees. The remaining principal outstanding on the bonds at December 31, 2013, was $4.4 million. Interest remaining to be paid over the life of the bond issue totals $1.4 million. The remaining amount due to the city on the construction advances at December 31, 2013, was $656,854.

- The city improperly used monies from the NID bond reserve account to make bond payments, resulting in the reserve account having a $161,000 shortage at December 31, 2012. City officials indicated the bond reserve account shortage has been addressed and is $20,000 short as of July 2014.

- The city did not properly enforce several taxes, resulting in lost revenues.

  A sales tax approved by voters in 1993 to fund road improvements was not being collected on residential customer utility bills. The former City Administrator estimated the city has lost total revenues of approximately $250,000 of this sales tax since 1993.

  Another sales tax approved by voters in 2006 to fund the construction of city hall was also not being collected on residential customer utility bills. City officials estimated the city has lost total revenues of approximately $100,000 of the sales tax since 2006.

  According to the city's 2012 financial statement audit report, the Board approved a telecommunications tax in 2002; however, the tax was not being properly collected. The gross receipts of applicable businesses were being taxed only 1 percent instead of the intended 5 percent. Neither the city's independent Certified Public Accountant (CPA) auditor nor city officials estimated the financial impact on the city of not properly collecting this telecommunications tax, and current city officials are uncertain as to how much revenue has been lost by the city.

  The city corrected these tax collection issues in June 2013 after city officials noticed tax collections were well below projected amounts. We estimate the city is now collecting an additional $3,200 per month from the two sales taxes since this issue was corrected. City officials estimate the city is collecting on average an additional $33,100 per month from the telecommunications tax since this issue was corrected.

While the city is addressing these issues, it is imperative that the Board receives accurate and complete information to properly manage the city's finances (see section 1.2). With $10 million in long-term debt at December 31, 2013, the city cannot afford to be unprepared for additional unforeseen situations by not properly collecting all potential sources of revenue. The Board should also ensure disbursements are closely monitored as problems with disbursements were noted in MAR finding numbers 3 and 4.

To ensure the financial obligations of the city can be met, the Board must receive complete financial information. In addition all revenue-related ordinances should be up-to-date and in agreement with voter-approved ballot issues and applicable laws to ensure all possible revenues are being collected.

Recommendations

The Board of Aldermen:

1.1 Avoid improper interfund transfers.

1.2 Require preparation of timely, detailed, and complete financial reports and closely monitor the city's financial condition.

1.3 Ensure all financial obligations can be met and all potential sources of revenue are being properly collected.

Auditee's Response

The Board of Aldermen provided the following written responses:

1.1 We will develop protocols to address interfund transfers.

1.2 Beginning in April 2014, the city hired the CPA firm of Thurman, Shinn & Company to prepare monthly financial statements for the city. The firm has prepared and presented financial statements through June 2014. These financial statements include a summary of all funds and detailed information regarding each department of the city. The financial statements show year-to-date actual, annual budget, variance and percentage of budget.

1.3 The city receives budget-to-actual reports on a monthly basis along with a listing of cash balances that has been adjusted for any due to/due from amounts within funds. We will ensure all financial obligations can be met and all potential sources of revenue are being properly collected.

2. Budgets and Financial Statements

The city does not prepare complete budgets, or prepare and submit annual financial reports as required by state law.

2.1 Budgets

Annual budgets do not contain all elements required by state law. Budgets did not include a budget message, budget summary, information on city indebtedness, or the beginning fund balances.

Section 67.010, RSMo, requires the budget present a complete financial plan for the ensuing budget year and also sets specific guidelines for the format. A complete budget should include beginning fund balances. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific financial expectations for each area of city operations. It also assists in setting tax levies and utility rates and informing the public about city operations and current finances.

2.2 Financial reporting

The city did not submit an annual financial report to the State Auditor's office as required by law for the year ended December 31, 2012, and, as of July 8, 2014, had not submitted an annual financial report for the year ended December 31, 2013. Section 105.145, RSMo, requires each political subdivision to file annual reports of its financial transactions with the State Auditor's office. In addition, 15 CSR 40-3.030 requires the annual financial report to be filed within 4 months after the end of the political subdivision's fiscal year if an unaudited financial report is filed and within 6 months after the end of the political subdivision's fiscal year if an audit report prepared by a certified public accountant is filed.

Recommendations

The Board of Aldermen:

2.1 Prepare budgets in compliance with state law.

2.2 Submit annual financial reports to the State Auditor's office as required by state law.

Auditee's Response

The Board of Aldermen provided the following written responses:

2.1 The city will prepare a budget with all necessary parts for each budget year.

2.2 The city will provide a copy of its 2013 audit as soon as it is completed.

3. Bidding and Professional Services

Bidding decisions were not well documented. The city procedures for selecting and contracting for goods and services are not sufficient and proposals are not periodically solicited for some professional services.

3.1 Bidding

City officials and employees do not always comply with the city's purchasing policy. City policies 135.120 and 135.190 require written bids to be obtained for purchases over $3,000. Bids were not solicited for the following items:

Item		Amount
Sewer pumps	$	24,674
Pickup truck		22,400
Playground equipment		18,235
Pickup truck		13,199
Auto body repairs		7,984
Mower		6,599
Police radios		6,549
Patrol car equipment		6,025
Total purchases not bid	$	105,655

Also, the city was only able to provide documentation of the winning bid for street paving and construction even though multiple bids were received. The contract for this project was approximately $205,000; however, the city did not maintain invoices related to the $225,000 paid to the vendor for the project. At our request, the city was able to obtain copies of change orders (invoices) from the vendor to support approximately $223,000 in payments, resulting in approximately $2,000 in payments without supporting documentation.

Competitive bidding procedures for major purchases provide a framework for economic management of city resources and help ensure the city receives fair value by contracting with the lowest or best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in city business. In addition, to ensure obligations were actually incurred and amounts paid were proper, all disbursements should be supported by paid receipts, itemized vendor invoices or other detailed documentation with payment information clearly indicated.

3.2 Professional services

According to city officials, the city has used the same city attorney and CPA for approximately 20 years without periodically soliciting proposals for services. The city's professional services procurement policy sections 135.340-135.360 requires the city to request "expressions of interest" from at least 5 firms and to request "detailed proposals" from at least 3 firms on purchases over $10,000. During the year ended December 31, 2013, and

2012, the city paid the city attorney approximately $44,000 and $110,000 respectively, and the CPA approximately $25,000 and $21,000, respectively. In addition, the city did not have a contract with the city attorney.

Soliciting proposals for professional services is a good business practice. Such procedures help provide a range of possible choices, and allow the city to make better-informed decisions to ensure necessary services are obtained from the best qualified provider after taking expertise, experience, and cost into consideration. Also, written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

Recommendations

The Board of Aldermen:

3.1 Ensure bids are solicited for all applicable purchases in accordance with city policy and maintain all bid and disbursement supporting documentation.

3.2 Periodically solicit proposals for professional services as required by city policy.

Auditee's Response

The Board of Aldermen provided the following written responses:

3.1 The city will review its purchasing policy and make sure that all purchases are made in accordance with the policy. We will also ensure all documentation relating to disbursements and bids is maintained.

3.2 The city is actively soliciting requests for qualifications (RFQ) for the legal representation. A RFQ for accounting services has been published and to date the city has received no responses. Effective immediately, the city will periodically solicit proposals for legal and financial services.

4. Mayor's Cellular Phone

For more than 10 years, the city did not require former Mayor Knobloch to submit detailed supporting documentation with his requests for the city to pay a portion of his monthly personal cellular phone bill. The city spent $12,753 on cellular phone bills submitted by the Mayor since 2003.

While the city generally paid the Mayor's cellular phone provider a set amount for most months for any given year, documentation was not provided showing the Board's approval of the original amount set or subsequent increases, and many years had 1 or 2 payments that were significantly higher than payments for other months of the year. There was

also no documentation explaining why the city chose to pay the Mayor's personal cellular phone bill instead of providing him with a city-owned cellular phone or paying a set allowance each month.

The city's monthly payments gradually increased over the years, starting at $61 per month in 2003 and increasing to $138 in 2011. However, there was 1 or 2 months in many years where a significantly higher amount was paid without explanation. For example, during the year ended December 31, 2012, the city paid the cellular phone provider approximately $138 per month, except in June when the city paid $275. Also, the number of payments varied with some years having more than 12 payments and some having less than 12 payments. Overall, the city made 123 payments to the Mayor's cellular phone provider from 2003 to 2013.

The Mayor typically did not submit the current month's bill, only submitted the summary page, and sometimes handwritten amounts were on the bills submitted. We reviewed all cellular phone bills submitted by the Mayor for the period January 2003 through August 2013 and identified several concerns. Some bills are discussed in more than one point.

- For most months, the Mayor did not submit the billings specifically pertaining to the month for which he was seeking payment. Rather he repeatedly submitted bills pertaining to only 7 months as supporting documentation from January 2003 through August 2013. The Mayor submitted 3 of the 7 bills at least 20 times each. For example, from April 2009 to October 2012, the Mayor submitted the same April 2009 cellular phone bill. The city paid approximately $5,400 based on this April 2009 bill that was submitted repeatedly.

- The Mayor frequently submitted bills with correction fluid covering the amount due and a handwritten amount for the city to pay. This situation occurred 60 times from April 2003 to July 2013. The city paid the Mayor's cellular phone provider approximately $7,800 based on the handwritten amounts.

- For one bill, which was submitted 7 times, the cellular phone provider showed a credit balance and the words "Do Not Pay," but the city paid the amount that was handwritten on the bill. Payments related to these bills totaled approximately $960.

- In the last few months before the city stopped paying the Mayor's cellular phone bill in August 2013, the Mayor began submitting current bills with a few additional details. The bills submitted for July and August 2013 showed 2 phone numbers on the account, both in the Mayor's name, and the city paid the entire bill.

In addition, the July 2013 bill was paid twice. The payment was submitted by the city late, resulting in the July balance and a $5 late fee being included on the August 2013 bill. The city then paid the full balance due of $276.

The following table summarizes the city's payments related to the Mayor's cellular phone bills.

Mayor's Cellular Phone Payments

Year	Number of Payments	Total Amount Paid[1]	Range of Monthly Payments[1] Low	Range of Monthly Payments[1] High	Bill Dates Submitted for Payment[3]
2003	14	$ 953	$ 61	$ 143	August 12, 2002
					September 11, 2003
2004	8	680	67	200	September 11, 2003
2005	9	735	67	134	September 11, 2003
2006	12	1,069	67	267	September 11, 2003
2007	12	877	67	79	September 11, 2003
					August 8, 2007
2008	13	1,287	79	279	August 8, 2007
2009	12	1,167	79	109	August 8, 2007
					April 13, 2009
2010	12	1,304	109	109	April 13, 2009
2011	12	1,820	109	275	April 13, 2009
2012	12	1,788	138	275	April 13, 2009
					September 13, 2012
2013[2]	7	1,073	110	276	September 13, 2012
					July 13, 2013
					August 13, 2013
Totals	123	$ 12,753			

[1] Amounts are rounded to the nearest whole dollar amount.
[2] The city's last payment to the Mayor's cellular phone provider was issued on August 27, 2013.
[3] Dates of the bill submitted by the mayor for payment during each year. The Mayor typically did not submit the current month's bill.

The bills submitted by the Mayor provided no assurance the Mayor actually incurred cellular phone expenses for the period for which reimbursement was requested, or that amounts paid were proper and related solely to the Mayor's phone and did not include costs related to other lines, if any, included on the Mayor's cellular phone plan. The Board approved payment of these bills without requiring appropriately detailed documentation to support the payments. The Board should have rejected the bills submitted by the Mayor and required the actual billings for the applicable months prior to approving payments.

In 2013, several board members and residents began to question whether paying the Mayor's cellular phone bill was a prudent use of city funds and asked for additional documentation. Instead of providing more detailed documentation, the Mayor announced he would no longer ask the city to pay his cellular phone bill. Board members wanted to seek reimbursement for the cellular phone payments. After discussions with the Mayor at board meetings over the course of several months, a settlement agreement was reached in June 2014. The Mayor reimbursed the city $3,610 in disputed cellular phone bills and the city reimbursed the Mayor $3,360 for legal fees he incurred related to the city's investigation of the Mayor's cellular phone bills. The Mayor resigned effective July 7, 2014.

In addition, the city does not have a cellular phone policy. The city provided 21 cellular phones to city employees and elected officials and spent $16,224 on cellular phones (excluding the Mayor) during the year ended December 31, 2013.

Adequate supporting documentation should be required before the city makes the related cellular phone payments. To ensure the efficient and effective use of cellular phones, the Board should develop a comprehensive written policy regarding appropriate cellular phone usage and monitoring to ensure the plan most beneficial to the city is used.

Recommendation

The Board of Aldermen should require adequate supporting documentation for cellular phone payments made to or on behalf of officials and employees. Also, the Board of Aldermen should develop a comprehensive written policy regarding the use of cellular phones.

Auditee's Response

The Board of Aldermen provided the following written response:

The city no longer reimburses individuals for individual cell phones and the city is developing a cell phone policy at this time.

5. Accounting Controls and Procedures

Accounting controls and procedures need improvement.

5.1 Bank reconciliations

The city does not perform timely reconciliations of bank accounts. Our review of the December 2013 and May 2013 bank reconciliations noted that the bank reconciliation for these bank statements were not completed until March 2014 and July 2013, respectively.

Timely monthly bank reconciliations are necessary to ensure accounting records balance, transactions are properly recorded, and errors or discrepancies are detected and corrected timely.

5.2 Outstanding checks

The city has not established procedures to routinely follow up on outstanding checks. As of December 2013, the city had 35 checks totaling $4,475 that had been outstanding for more than one year. Some checks were more than 2 years old. These checks included 4 issued to employees and 8 issued to local businesses.

Proper follow up procedures are necessary to prevent the accumulation of old outstanding checks and ensure monies are appropriately disbursed to the payee or as otherwise allowed by state law. Old outstanding checks should be voided and reissued to those payees who can be readily located, and amounts remaining unclaimed should be disposed of in accordance with state law.

5.3 Utility adjustments

The city does not require independent approval to be obtained for adjustments posted to the utility system. The City Clerk and two utility clerks are able to make adjustments to customer accounts. The utility clerks also prepare bills and post payments to the customer accounts. The adjustments are not reviewed by anyone at the city to ensure the adjustments are proper. During the year ended December 31, 2013, clerks made approximately $15,800 in adjustments to the city's utility system.

Requiring someone independent of receipting and recording functions to review and approve adjustments would help ensure all adjustments are valid. In addition, for the Board to be aware of the number and amount of adjustments, a report of adjustments should be presented periodically to the Board.

5.4 Utility deposits

The city is not reconciling customer utility deposits held in the utility deposit bank account to the amounts reported in the city's accounting records. Also, procedures for closing inactive customer accounts need improvement. As of June 30, 2013, the city held deposits totaling approximately $142,000. However, the city's accounting system indicated approximately $120,000 was being held. City personnel stated the $22,000 difference was due to monies from closed customer accounts that had not been refunded, which are not included in the reports generated by the accounting system due to a system error. The city does not have a list showing to whom this money is owed. City officials indicated the system would have to be fixed before a proper list can be generated and the monies refunded. The city requires deposits of $100 from residential customers and $200 from business customers. The city needs to ensure that any inactive customer accounts are properly closed out in the city's accounting system

and refund applicable deposits to these customers if necessary. Any unclaimed refunds should be handled in accordance with state law.

5.5 Capital assets

The city does not have a centralized list of all city property and assets are not tagged for specific identification. Lists of property are updated periodically and are kept on a departmental basis, but the lists are not always turned in to the City Clerk's office. A 2013 inventory was not conducted for the city administration offices, parks department, planning and zoning department, and police department. The last inventories in these departments occurred in 2012.

Adequate capital asset records and procedures are necessary to provide controls over city property; safeguard city assets that are susceptible to loss, theft, or misuse; and provide a basis for proper financial reporting and insurance coverage.

5.6 Credit and debit card fees

The city allows monthly utility bills, court costs, fees, and various fines to be paid by credit or debit card; however, card users are not charged a sufficient convenience fee to offset card transaction fees assessed. On April 30, 2012, the city began charging a $4 service costs and convenience fee for payments made by credit or debit card. Credit and debit card service costs and transaction fees in 2012 totaled approximately $3,500, but the city only received approximately $1,970 in convenience fees. In 2013, service costs and transaction fees totaled approximately $5,600 while the city received approximately $3,050 in convenience fees. City officials should consider increasing the convenience fee to offset the card costs. In addition, absorbing a portion of the credit and debit card transaction fees is a possible violation of Article VI, Section 23, Missouri Constitution, which prohibits the granting of public funds to individuals.

Recommendations

The Board of Aldermen:

5.1 Ensure bank reconciliations are completed timely.

5.2 Establish procedures to routinely follow up and reissue old outstanding checks and dispose of unclaimed monies in accordance with state law.

5.3 Require an independent review and approval of all utility system adjustments.

5.4 Ensure reconciliations of utility deposits are performed between the utility deposit bank account and the deposits held per the city's accounting records. Any discrepancies should be promptly investigated. In addition, the Board of Aldermen should ensure applicable utility deposits are refunded or applied to balances due.

5.5 Ensure adequate property records are maintained in a centralized location. The Board of Aldermen should also properly tag, number, or otherwise identify all applicable city property and ensure an annual inventory of all property is conducted.

5.6 Evaluate convenience fees as compared to processing fees and increase fees assessed as appropriate to a level sufficient to cover the costs of the service.

Auditee's Response

The Board of Aldermen provided the following written responses:

5.1 All bank reconciliations have been completed for 2014.

5.2 The city will review old outstanding checks and ensure that monies are appropriately disbursed to payees or as otherwise allowed by state law.

5.3 The city is in the process of reviewing the financial internal controls of the city, including the utility department. A control will be put in place to make sure that all adjustments are reviewed and signed off by a second individual.

5.4 All customer accounts will be reviewed to make sure that utility deposits for closed customer accounts are disbursed back to the customer when appropriate. Reconciliations between the utility deposit bank account and the deposits recorded in the city's accounting system will be performed. Any differences will be investigated.

5.5 The city receives an inventory listing with its annual property insurance policy. However, at this time, the city does not tag inventory. The city will develop a dollar threshold to determine which items will be tagged and inventoried. We will ensure an annual inventory is conducted each year and maintain the inventory records in a centralized location.

5.6 The city feels that the difference of the convenience fees collected and the actual credit card charges paid is the cost of doing business. It is felt that this amount is much like service charges charged on checking accounts. The city will evaluate this policy.

6. Employee Compensation

The city does not report commuting mileage benefits and some employees receive additional compensation related to tasks performed as a part of regular job duties.

6.1 Commuting mileage

The city does not report the value of personal (commuting) mileage for using a city-owned vehicle to commute between home and work on individual W-2 forms as required by Internal Revenue Service (IRS) guidelines. According to the City Clerk, the Water Supervisor, Streets Supervisor, Animal Control Officer, and 2 Codes Enforcement Officers are assigned city-owned vehicles. These employees are not required to maintain a mileage log indicating business and personal use of the vehicle.

IRS reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle be reported in employee W-2 forms if the employer does not require submission of detailed logs that distinguish between business and personal use. Additionally, the city may be subject to penalties and/or fines for failure to report all taxable benefits.

6.2 Additional compensation

The city paid approximately $12,200 in perfect attendance payments, which violates the Missouri Constitution, for the year ended December 31, 2012. As part of the perfect attendance program employees could receive an extra week of pay at the end of the year if they did not use any sick leave during the calendar year. While such payments were implemented by the city to encourage and reward good work attendance, such payments pose legal questions because courts have held that attendance is part of normal job duties. Thus, providing such payments appears to represent additional compensation for services previously rendered. City officials terminated the program in January 2014 and made no perfect attendance payments for the 2013 calendar year after we discussed our concerns with them.

Additional compensation for services previously rendered is in violation of Article III, Section 39, Missouri Constitution, and Attorney General's Opinion No. 72, 1955 to Pray, which states, ". . . a government agency deriving its power and authority from the constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service had been rendered."

Recommendations

The Board of Aldermen:

6.1 Comply with IRS guidelines for reporting fringe benefits related to commuting in city-owned vehicles. In addition, the Board of Aldermen should ensure usage logs are required when vehicles are used for commuting.

6.2 Ensure all employee compensation is in compliance with state law.

Auditee's Response

The Board of Aldermen provided the following written responses:

6.1 During 2014 the city stopped allowing city-owned vehicles to be taken home. The city will determine the dollar amount of the commuting fringe benefit for the time that commuting was allowed during 2014 and follow IRS guidelines for reporting the fringe benefit.

6.2 The city no longer provides compensation for perfect attendance.

7. Sunshine Law Violations

The Board did not always comply with the Sunshine Law. Roll call votes to go into closed session were not recorded for 11 of 21 closed sessions reviewed during the audit. In addition, based on closed meeting minutes, some issues discussed in these meetings were not allowable under the Sunshine Law. For example, closed meeting minutes indicated the Board discussed the city budget, city financial issues, increases in fees and taxes, traffic control issues, and appointing a city Prosecuting Attorney.

Section 610.022, RSMo, requires roll call votes when closing a meeting, and Section 610.021, RSMo, limits discussions in closed meetings to only those specifically allowed by law.

Recommendation

The Board of Aldermen ensure roll call votes to close a session are documented in the open minutes. In addition, the Board of Aldermen should only discuss issues in closed session allowable by state law.

Auditee's Response

The Board of Aldermen provided the following written response:

The current Board of Aldermen is following strict procedural protocols in accordance with the state of Missouri's Sunshine Law. All members of the Board of Aldermen have been provided with Sunshine Law publications and the opportunity to attend a Sunshine Law seminar.

City of Pevely
Organization and Statistical Information

The City of Pevely is located in Jefferson County. The city was incorporated in 1953 and is currently a fourth class city. The city employed 42 full-time employees on December 31, 2012.

City operations include law enforcement services, utilities, and recreational facilities.

Mayor and Board of Aldermen

The city government consists of a mayor and six-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 4-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor and Board of Aldermen, at December 31, 2012, are identified below. The Mayor is paid $275 per month and members of the Board of Aldermen are paid $75 per meeting. The compensation of these officials is established by ordinance.

John Knobloch, Mayor
Freddie Busch, Alderman
Marlin Hahn, Alderman
Steve Markus, Alderman
Dave Shelley, Alderman
Ed Ziegelmeyer, Alderman
Vacant*

* Alderman Carol Moore resigned his position in October 2012. The vacant position was not filled until February 2013.

Other Elected Official

The Municipal Judge at December 31, 2012, was Denis Huston. Because he was unable to fulfill his duties for personal reasons, Steven Davis was appointed Chief Administrative Judge in March 2013. During the year ended December 31, 2013, Judge Huston was paid $8,400 and Judge Davis was paid $5,500.

Financing Arrangements

The city issued $6.2 million in general obligation bonds in 2004 after creating a Neighborhood Improvement District for the Southern Heights subdivision. The bonds are to be paid from special assessment property taxes collected within the district. The bonds are scheduled to be paid off in 2025. The remaining principal outstanding at December 31, 2013, was $4.4 million. Interest remaining to be paid over the life of the bond issue totals $1.4 million.

The city issued $4.4 million in revenue bonds in 2007 for the construction and lease-purchase of city hall. The bonds are to be paid using the city's capital improvement sales tax. The bonds are scheduled to be paid off in 2032. The remaining principal outstanding at December 31, 2013, was $4 million. Interest remaining to be paid over the life of the bond issue totals $2.1 million.

In 2011, the city refinanced the remaining balance of $595,000 on revenue bonds issued in 2001 for the construction and lease-purchase of the wastewater treatment plant and issued $490,000 in new bonds. The bonds are to be paid from the Water and Sewer Fund. The remaining principal outstanding at December 31, 2013, was $615,000. Interest remaining to be paid over the life of the bond issue totals $33,150.

The city issued construction advances, not to exceed $912,500, to the developer of the Southern Heights subdivision for public infrastructure improvements. The advances are to be paid from water and sewer tap fees from the subdivision. The agreement expires on April 18, 2017. The remaining amount due the city at December 31, 2013, was $656,854.

A developer spent $55,000 to construct a sewage system lift station for a subdivision. The city agreed to reimburse the developer using special assessment revenues. The remaining amount owed by the city at December 31, 2013, was $54,691.

The city entered into a 10-year lease agreement in 2008 for $105,000 for city hall office furniture. The remaining principal outstanding at December 31, 2013, was $60,000. Interest remaining to be paid over the life of the agreement totals $8,550.

Thomas A. Schweich

Missouri State Auditor

Benton County Sewer District No.1

November 2014

Report No. 2014-101

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Benton County Sewer District No. 1

Background

The Benton County Sewer District No. 1 was formed in November 1994, and the voters authorized issuance of $2 million in revenue bonds for the construction of the sewer treatment plant and collection system. The district's financial condition began to decline as early as 2004. The district was also experiencing problems with collection of accounts receivable, increasing operational costs, and increasing maintenance and repair needs. In April 2013 the voters approved the dissolution of the district, and in July 2013 the district was ordered into receivership, which transferred all responsibilities, functions, duties, powers and authority of the district to a Department of Natural Resources (DNR) employee. On August 25, 2014, the court authorized the receiver to sell the district's assets and wind down the district's affairs. Following this sale, the district was dissolved. Since it ceased to be a political subdivision, we no longer had authority to audit the district and we terminated our audit but we provide some observations.

Observations

We noted a significant turnover of board members since 2010. The district filed inaccurate financial reports with regulatory agencies, did not ensure required annual audits were completed, and failed to file annual financial reports with the State Auditor's office. The district and the receiver both changed user rates without completing any financial or usage analysis or using the rate methodology available from the DNR. The district's accounts receivable listing may be inaccurate, and Board meeting minutes did not demonstrate compliance with the Sunshine Law. The Missouri Ethics Commission determined 2 board members had violated state law and also reviewed and dismissed 8 additional allegations. The district faced numerous legal battles and spent $55,727 for legal services during 2013 and 2012, and the DNR issued a notice of violation to the district citing non-compliance with the Missouri Clean Water Law, which resulted in a consent judgment against the district.

The overall performance of this entity was **Poor.***

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Benton County Sewer District No. 1
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THOMAS A. SCHWEICH
Missouri State Auditor

To the Board of Trustees
Benton County Sewer District No. 1

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Benton County Sewer District No. 1. We initiated our audit of certain operations of the Benton County Sewer District No. 1 on July 21, 2014. The scope of our audit included but was not limited to year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the district's internal controls over significant management and financial functions.

2. Evaluate the district's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties.

On April 1, 2013, the U.S. Department of Agriculture requested the United States District Court for the Western District of Missouri (Court) for an injunction prohibiting the district from dissolving. On April 2, 2013, the voters of the district approved the dissolution of the district under Section 67.955, RSMo. On July 2, 2013, the Court ordered the district into receivership, left the Board of Trustees intact, but removed its authority to act, and appointed a receiver to operate the district. On August 25, 2014, the Court ordered the sale of the district's collection system, treatment plant, and real and personal property and instructed the receiver to wind down the district's affairs. When the Court issued its order approving the sale, the district ceased to exist as a political subdivision pursuant to Section 67.955, RSMo, thereby revoking our authority to audit this district under Section 29.230, RSMo.

As a result of the work performed prior to termination of the audit, we made certain observations and identified certain concerns related to the district's internal controls, compliance with legal provisions and management practices and operations which are discussed in the observation section of our report.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was unaudited.

The accompanying Report presents our observations noted during the review of the Benton County Sewer District No. 1.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Dennis Lockwood, CPA
In-Charge Auditor:	Natalie B. McNish, CGAP

Benton County Sewer District No. 1
State Auditor's Observations

Background

The Benton County Sewer District No. 1 (district) was formed by a vote of the people in November 1994, under Sections 204.250 through 204.470, RSMo. In November 1995, the voters authorized issuance of $2 million in revenue bonds for the construction of the sewer treatment plant and collection system. In April 1998, the district received a grant from the United States Department of Agriculture (USDA) totaling $913,000 for the construction of the facility, and in November 1998, the district received a loan from the USDA for $1,529,600, which was collateralized by a revenue bond issued for the same amount. The district also received a grant from the Department of Natural Resources (DNR) totaling $1,376,329 for the construction of this facility. Construction of the plant and collection system was completed in 1999.

As early as 2004, officials of the USDA and the district noted a declining financial condition, increasing problems in the collection of accounts receivables, increasing operational costs, as well as rapidly increasing costs for maintenance and repair of system components. In 2012, due to lack of sufficient operating revenue, the district began using its $90,000 debt service fund to meet debt obligations. The following table shows the decline of the district's available cash balances:

As of December 31,	Amount
2007	$ 173,562[1]
2008	159,542[1]
2009	119,064[1]
2010	112,427[2]
2011	112,964[2]
2012	86,369[2]

[1] Information obtained from district audited financial statements.
[2] Information obtained from district financial reports.

At July 10, 2013, when the receiver assumed responsibility of the district, the available cash balance had declined to $52,999.

The Board of Trustees (Board) attempted to address the declining financial condition by increasing the sewer rates by more than 300 percent between 2007 and 2013. Residential rates in 2007 were $35 per month. The rate was increased to $45 per month in April 2010, $54 per month in January 2011, $64 per month in July 2012, $101 per month in October 2012, and $116 in February 2013. Commercial rates experienced similar increases. The Board also changed late fees and interest charges and how those charges were assessed many times during this span of time.

As rates increased, accounts receivable balances also increased. According to district financial records, accounts receivable balances were as follows:

As of December 31,	Amount
2007	$ 8,578[1]
2008	26,870[1]
2009	11,387[1]
2010	29,410[2]
2011	66,518[2]
2012	106,789[2]

[1] Information obtained from district audited financial statements.
[2] Information obtained from district accounts receivable aging reports.

At June 30, 2013, just prior to the district being placed into receivership, the accounts receivable balance had increased to $146,286.

Dissolution

District citizens filed a petition with sufficient signatures for placing a question on the April 2013 ballot to dissolve the district. On April 1, 2013, the United States District Court for the Western District of Missouri (Court) issued a temporary restraining order prohibiting the district from dissolving pending further court action. On April 2, 2013, the voters approved the dissolution of the district. On May 1, 2013, the Court issued a preliminary injunction prohibiting the dissolution of the district, citing concerns that the dissolution of the district may leave residents of Benton County without an adequate means of disposing of their sewage and residents of surrounding counties may be harmed by the dissolution without representation of their interests. On July 2, 2013, the Court ordered the district into receivership, thereby transferring all responsibilities, functions, duties, powers and authority of the district to a DNR employee as receiver. The receiver's purpose was to operate the facility as required by the order and the consent agreement until a sale of the district assets could be negotiated and approved by the courts. On August 25, 2014, the Court authorized the receiver to sell the district's collection system, treatment plant, and real and personal property assets to a private utility and to wind down the district's affairs. According to the asset purchase agreement, the private utility company will pay $750,000 for the system and acquired assets. This amount will be paid to the USDA in satisfaction of the related debt of over $1.2 million. The sale did not include district monies collected up to the time the sale is finalized or any past due accounts receivable. Those funds will be used by the receiver to operate the system until the private utility company assumes control. The private utility company has made application to the Missouri Public Service Commission for authority to operate the sewer system.

Following the Court's order for sale of the district, the district was dissolved as a political subdivision pursuant to the election of April 2, 2013, and Section 67.955, RSMo.

Receivership

The receiver provided our auditors several financial and court required reports covering the district's activities from July 10, 2013, through June 30, 2014. During that period, collections totaled approximately $306,000, the receiver used $72,295 from the depreciation and reserve funds, and disbursements totaled approximately $387,000. As of June 30, 2014, the district's available cash balance had declined to $17,725, and the district's accounts receivable balance had increased to $242,577. The receiver retained the services of an attorney to pursue collections against many of the customer accounts with larger overdue balances. The receiver is required to continue efforts to collect the accounts receivable balances and keep the system operating until the private utility is approved by the Public Service Commission to operate the collection and treatment system. The DNR also provided administrative services to the receivership including accounting services for the district's financial activity and supervision of the receiver's activities.

Observations

During our review of documentation obtained and interviews completed, we made the following observations.

Board membership

We noted a significant turnover of board members particularly since 2010. Twelve different members served on the Board from January 2012 through July 2, 2013. This turnover resulted in members having little or no experience making important decisions on the operations of the district and contributed to the inability of the Board to take positive actions to address the financial and operational problems of the district.

We also noted some board members were elected, some board members were appointed by the Benton County Commission, and some board members were appointed by the remaining members of the Board.

When a vacancy is created by resignation or end of term, Chapter 204, RSMo, requires the district Board to notify the County Commission of the vacancy and allow the County Commission 60 days from the notification to appoint a new member. If the County Commission does not appoint a new member, the Board may appoint the replacement to fill the vacancy. There is no provision for election of the members of the Board.

We noted one member, elected in April 2013, was improperly denied his seat by the Board and the Board then appointed the citizen who had lost the election to serve on the Board.

Financial reports, audits, and budgets

The district filed inaccurate financial reports with regulatory agencies and budgetary information and management reports used by the Board were inaccurate, incomplete, or failed to comply with statutory provisions. District budgets did not comply with Section 67.010 to 67.040, RSMo. Budgets did not include a budget message or budget summary, actual beginning and ending or estimated ending fund balances, or a schedule of indebtedness. In addition, actual receipts and disbursements reported did not agree to information pulled from the district's accounting software, cash balances reported could not be traced to either the bank balances or the reconciled bank balances for the same accounting period, and budgets included accrual estimates for items such as depreciation expense, which do not affect cash position. In addition, no audit of the district has been completed since the year ended 2009 and no financial transactions report has been filed with the State Auditor's office for 2009, 2010, 2011, or 2013.

Sections 67.010 to 67.040, RSMo, provide specific items required for budgets of all political subdivisions. Section 250.150(3), RSMo, requires the district to be audited at least once a year and an annual audit is required by the district's revenue bond covenants and USDA loan requirements. Section 105.145, RSMo, requires all political subdivisions to file annual reports of financial transactions with the State Auditor's office.

Rate analysis and changes

The district and the receiver both changed user rates without completing any documented financial or usage analysis, or utilizing the rate methodology available from the DNR. The only documented rate analysis found was completed in July 2012 by a third party; however, source financial information provided by the district for that analysis was inaccurate and therefore, the suggested rates developed from the study were likely inaccurate as well. The Board was unable to provide any other documented review of rates. Between July 2010, and July 2013, the Board increased residential user rates five times from $35 per month to $116 per month. After the receivership was established, the receiver lowered the residential user rate to $80 per month as of August 2013. Similar changes were noted for commercial user rates.

Also, a comparison of Board actions to changes in customer account billings found some discrepancies in the application and timing of rate changes and late charges. For example, a Board resolution indicating a rate increase should have been effective August 2012 was not applied to customer accounts until October 2012. Also, we found no Board vote, resolution or ordinance to support the rate of $45 charged between April and December 2010.

Section 204.440, RSMo, requires charges to be fixed at a rate sufficient for the operations and maintenance of the system and the payment of related debt.

Accounts receivable

Amounts identified on the district's accounts receivable listing may be inaccurate. Numerous changes in rates, late fees, and the inconsistency in which these items were applied to user accounts, as discussed above, contributed to this observation. In addition, the Board occasionally negotiated the amounts due without maintaining appropriate documentation to support changes to account balances. Due to these issues, it is unclear whether the account balances in the financial system for some customers are accurate.

Section 204.455(1), RSMo, requires the district to charge interest on any account becoming delinquent and provides authority to place a lien upon the land charged.

Conflicts of interest

We identified the appearance of conflicts of interest while completing a review of minutes. Board member, Ted Seek, voted in favor of the district accepting a legal settlement agreement for improper warranty claims he had submitted. During part of the time frame in which these claims were submitted, Mr. Seek also served as the Sewer District Superintendent. The district had retained Mr. Seek's son to make repairs including repairs under warranty to the system and Mr. Seek on occasion assisted his son in completing the warranty work. Mr. Seek submitted the warranty claims. In addition, he was reimbursed approximately $2,700 for mileage and stolen tools during the 2 years ended December 31, 2013. However, he failed to abstain from the vote approving the reimbursement. Mr. Seek also entered a closed session meeting with other board members to discuss his son's sewer account. While the minutes document he left the closed session prior to participating in the vote to waive fees on his son's account, the minutes show he read a letter prior to leaving the room requesting waiver of fees in exchange for work his son previously performed for the district.

We also noted another board member, George Hall, served as the Sewer District Superintendent for several months. The Missouri Ethics Commission investigated these 2 board members and determined they had violated state law because the district had not solicited bids for sewer superintendent services and each board member had received more than $500 per month while serving as Sewer District Superintendent.

Board members serve in a fiduciary capacity. Personal interests in business matters of the district could create the appearance of conflicts of interest. Sections 105.454 and 105.458, RSMo, prohibit financial transactions between the district and elected or appointed officials that involve more than $500 per month or $5,000 per year unless there has been public notice to solicit proposals and competitive bidding, provided the bid or offer accepted is the lowest received.

Ethics investigations

Between July 2011 and December 2013, the Missouri Ethics Commission reviewed and dismissed 8 additional allegations of conflict of interest, nepotism, or campaign finance improprieties involving 6 board members.

Meeting minutes

Board meeting minutes did not document compliance with the Sunshine Law and were not signed by the preparer or any member of the Board to attest to accuracy. During our review of meeting minutes for the 2 years ended December 31, 2013, numerous unallowable discussions were documented in closed meeting minutes including changes to late fees; opening and approving bids for pump repair, plant operator, and billing services; discontinuance of accepting cash payments; hiring legal counsel; and adjustments to specific customer accounts.

In addition, open meeting minutes were not maintained for meetings when a closed meeting was the only agenda item. Open meeting minutes did not always record a roll call vote of the Board to enter into the closed meeting. Votes taken while in closed meetings were not always recorded as roll call votes. Further, closed meeting minutes did not document discussion of some specific reasons for closing a meeting documented in open meeting minutes, and some allowable discussion documented in closed meeting minutes was not cited as specific reasons for closing the meeting in open meeting minutes. Also, some minutes did not document at least three votes for the passage of a motion.

The Sunshine Law, Chapter 610, RSMo, requires minutes be kept for all open and closed meetings, and that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session by roll call vote and documented in the open session minutes.

Legal costs

The district faced numerous legal battles in 2011, 2012, and 2013, including customer debts, employment issues, warranty issues, and environmental non-compliance. Costs incurred for legal representation and filing of liens during the 2 years ended December 31, 2013, totaled $55,727. Examples of some litigation faced by the district are summarized below.

Vendor settlement agreement

In late 2010, the district's pump vendor claimed the district owed it more than $80,000 for the district's pro rata share of pumps and parts provided for warranty claims. Other issues regarding the validity of warranty claims were later brought to the attention of the district. In response to these claims, the district asked the Benton County Sheriff to investigate improprieties in the warranty repair claim process. This investigation was turned over to the Federal Bureau of Investigations (FBI) in early 2011. The FBI provided information to the Benton County Prosecuting Attorney's office. No civil or criminal charges were filed as a result of these investigations. In June 2011, following negotiation with the district, the vendor agreed to lower the

amount due to $78,603; however, the Board voted in December 2011 to not negotiate any settlement with the vendor and wait for the vendor to file legal action against the district. The Board reviewed the issue again in 2012 and negotiated a settlement agreement with the vendor on August 13, 2012, for $76,864.

Notice of violation

On February 29, 2012, the DNR issued a notice of violation to the district citing non-compliance with the Missouri Clean Water Law. The district hired a wastewater services company to address the areas of non-compliance in March 2012, and the company started work immediately. On May 4, 2012, the company terminated the agreement with the district, citing lack of support from the Board to complete necessary repairs and maintenance required. Repairs and maintenance completed by this company cost the district $9,611, and minutes documented an estimated $52,000 in additional repairs were still needed. The district was unable to get the system into compliance within the given timeframe. The Benton County Circuit Court issued a consent judgment against the district citing violation of the Missouri Clean Water Law on October 3, 2012. This consent judgment included an extensive list of corrective actions for the district to complete within specific timeframes and stipulated monetary penalties if the district failed to comply with these deadlines or requirements.

Audit Termination

A petition for audit was submitted to our office containing 109 valid signatures, 4 more than the 105 needed to obtain a petition audit. The petition with signatures was certified in February 2014, and auditors began work in July 2014. During July and August 2014, auditors collected preliminary information from the petitioners, district offices, and various outside sources including the DNR and the Attorney General's office, regarding the formation, construction, operations, financing, and pending dissolution of the district. Following the Court's order for sale of the district, the district was dissolved as a political subdivision pursuant to the election of April 2, 2013, and Section 67.955, RSMo. This action revoked our authority to audit this district since Section 29.230, RSMo, only provides us the authority to audit a political subdivision. The preceding observations are provided for information only.

Benton County Sewer District No. 1
Organization and Statistical Information

The Benton County Sewer District No. 1 was a common sewer district organized and governed under Section 204.250 through Section 204.470, RSMo. The district was located in Warsaw, Missouri. The district began operating in 1999, was placed into receivership in 2013, and most assets will be sold to a private entity in 2014. The district served approximately 350 customers.

Board of Trustees and Personnel

The five-member Board acted as the policy and decision making body for the district's operations until July 2, 2013, at which point the Board remained intact but ongoing operations of the district were assigned to a court-appointed receiver. Board members were not compensated. The Treasurer's salary was set by the Board. Members of the Board and personnel at December 31, 2013, were:

Ted Seek, President
Gerald Duvall, Vice President
Joe Gualco, Director
Bob Vedder, Director
Ida Cold, Director

Rodney Meyer, Treasurer

Receivership

The United States District Court for the Western District of Missouri placed the district into receivership and named Scott Totten, an employee of the Department of Natural Resources, as the receiver on July 2, 2013. Under this order, all responsibilities, functions, duties, powers and authority of the district Board were transferred to the receiver.

Thomas A. Schweich

Missouri State Auditor

INSURANCE, FINANCIAL INSTITUTIONS, AND PROFESSIONAL REGISTRATION

Division of Professional Registration

Missouri Real Estate Commission

November 2014

Report No. 2014-102

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Department of Insurance, Financial Institutions, and Professional Registration, Division of Professional Registration, Missouri Real Estate Commission

Background	The Missouri Real Estate Commission was established in 1941. The Commission is responsible for the examination, licensing, and regulation of persons and firms who engage in real estate business in the state of Missouri. At June 30, 2014, there were 39,568 licensed real estate brokers, salespersons, and brokerage firms. The Commission consists of seven voting members, six with at least 10 years of experience as real estate brokers and one voting public member. Commission members are appointed by the Governor with the advice and consent of the Senate and serve a term of 5 years.
Findings	The audit identified no significant deficiencies in internal controls, no significant noncompliance with legal provisions, and no significant deficiencies in management practices and procedures. No findings resulted from our audit.

In the areas audited, the overall performance of this entity was **Excellent**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Division of Professional Registration
Missouri Real Estate Commission
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
John M. Huff, Director
Department of Insurance, Financial Institutions, and Professional Registration
and
Jane A. Rackers, Director
Division of Professional Registration
and
Missouri Real Estate Commission
Jefferson City, Missouri

We have audited certain operations of the Department of Insurance, Financial Institutions, and Professional Registration, Division of Professional Registration, Missouri Real Estate Commission, in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2014 and 2013. The objectives of our audit were to:

1. Evaluate the commission's internal controls over significant management and financial functions.

2. Evaluate the commission's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the commission, and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards

require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the commission's management and was not subjected to the procedures applied in our audit of the commission.

For the areas audited, we identified (1) no significant deficiencies in internal control, (2) no significant noncompliance with legal provisions, and (3) no significant deficiencies in management practices and procedures. No findings resulted from our audit of the Department of Insurance, Financial Institutions, and Professional Registration, Division of Professional Registration, Missouri Real Estate Commission.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Keriann Wright, MBA, CPA
In-Charge Auditor:	Joyce Thomson
Audit Staff:	Nicholas Schafer, MBA

Division of Professional Registration
Missouri Real Estate Commission
Organization and Statistical Information

The Missouri Real Estate Commission was established in 1941 by an act of the 61st Missouri General Assembly. The Omnibus State Reorganization Act of 1974 transferred the Commission to the Division of Professional Registration. By Executive Order 06-04, the division moved from the Department of Economic Development to the reorganized Department of Insurance, Financial Institutions, and Professional Registration on August 28, 2006.

The Commission is responsible for the examination, licensing, and regulation of persons and firms who engage in real estate business in the state of Missouri. At June 30, 2014, there were 40,123 licensed real estate brokers, salespersons, and brokerage firms. New issuance license fees for brokers, salespersons, and brokerage firms were $80, $40, and $80, respectively, while biennial license renewal fees were $50, $40, and $50, respectively.

The Commission consists of seven voting members, with six members having at least 10 years of experience as real estate brokers and one voting public member. Commission members are appointed by the Governor with the advice and consent of the Senate and serve a term of 5 years. Members whose terms expire may continue to serve until a replacement is appointed. The Commission members at June 30, 2014, were:

Member	Term Expires
Sharon Keating, Chairperson	October 16, 2012
Charles Misko, Vice Chairperson	October 16, 2012
Doris Carlin, Member	October 16, 2010
Charles Davis Member	October 16, 2010
Twila Hillme, Member	October 16, 2011
Stephen Kenny, Member	October 16, 2013
Rosemary Vitale, Member	October 16, 2010

Commission members receive a $75 per diem compensation and expenses while performing their duties. The Commission appoints an executive director to perform the administrative duties of the Commission. Janet Carder serves as Executive Director. Eighteen other employees perform administrative duties and responsibilities.

Appendix A

Division of Professional Registration
Missouri Real Estate Commission
Missouri Real Estate Commission Fund
Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments

	Year Ended June 30,	
	2014	2,013
RECEIPTS		
Professional license or permit fees	$ 1,324,500	1,689,095
Penalties	41,180	149,320
Other fees	28,421	47,758
Overpayments	5,906	20,835
Total Receipts	1,400,007	1,907,008
DISBURSEMENTS		
Personal services	724,617	732,965
Employee fringe benefits	353,475	329,229
Expense and equipment	150,650	162,405
Licensure replacement system expense and equipment	105,300	0
State Central Services cost allocation	10,640	20,647
Total Disbursements	1,344,682	1,245,246
RECEIPTS OVER (UNDER) DISBURSEMENTS	55,325	661,762
TRANSFERS		
To Professional Registration Fees Fund (1)	295,775	304,622
To General Revenue Fund (2)	130,705	173,811
Total Transfers	426,480	478,433
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	(371,155)	183,329
CASH AND INVESTMENTS, JULY 1	5,729,505	5,546,176
CASH AND INVESTMENTS, JUNE 30	$ 5,358,350	5,729,505

(1) For reimbursement of personal services, employee benefits, and operating expenses paid from the Professional Registration Fees Fund.
(2) For reimbursement of services provided by the Administrative Hearing Commission and the Attorney General's office paid from the General Revenue Fund.

Appendix B

Division of Professional Registration
Missouri Real Estate Commission
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2014			2013		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
MISSOURI REAL ESTATE COMMISSION FUND						
Personal Services	$ 920,248	724,617	195,631	913,308	732,965	180,343
Expense and Equipment	276,669	150,650	126,019	279,694	162,405	117,289
For reimbursing the Division of Employment Security benefit account for claims paid to former state employees for unemployment insurance coverage and for related professional services	159	0	159	159	0	159
For a Professional Registration licensure replacement system from Professional Registration board funds	105,300	105,300	0	0	0	0
Total Missouri Real Estate Commission Fund	$ 1,302,376	980,567	321,809	1,193,161	895,370	297,791

Appendix C

Division of Professional Registration
Missouri Real Estate Commission
Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2014	2013	2012	2011	2010
Salaries	$ 724,617	732,965	705,636	709,592	719,573
Travel, in-state	15,383	16,611	22,801	19,055	24,137
Travel, out-of-state	1,611	2,122	6,074	4,089	7,298
Supplies	40,595	71,159	45,753	79,566	48,963
Professional development	5,823	4,433	7,328	4,923	8,035
Communication services and supplies	27,003	25,384	23,173	18,184	21,101
Services:					
Professional	122,519	33,900	34,152	54,297	61,046
Maintenance and repair	3,161	4,381	7,008	9,278	9,502
Equipment:					
Motorized	30,657	0	14,414	0	0
Office	5,388	1,059	822	2,334	921
Miscellaneous expenditures	3,810	3,356	3,275	4,105	5,720
Total Expenditures	$ 980,567	895,370	870,436	905,423	906,296

Thomas A. Schweich

Missouri State Auditor

Lewis County

November 2014

Report No. 2014-103

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Lewis County

Sheriff Controls and Procedures	The Sheriff has not adequately segregated accounting duties for the fee account and does not perform adequate supervisory reviews. The Office Administrator is primarily responsible for accounting duties in the Sheriff's office, and the Sheriff does not document his occasional reviews of accounting records. The Office Administrator does not timely issue receipt slips for some monies received and does not always deposit receipts intact and timely. Deputies and jailers typically collect bond monies and transmit these monies to the Office Administrator for processing, but bond forms are not prenumbered, copies of bond forms are not always retained, receipt slips are not issued when these monies are received, and there is no documentation to support the transmittal to the Office Administrator.
Commissary Controls and Procedures	As noted in our previous audit, the Sheriff's office personnel do not prepare a monthly list of liabilities and do not maintain a record of commissary profits. At our request, the Office Administrator prepared a list of liabilities for the commissary account. The bank balance was $6,059 more than the list of liabilities, but there is no documentation to confirm this overage is commissary profits. The Sheriff does not submit commissary profits to the county treasury, as required by state law and, during 2013, spent $3,649 to purchase prison supplies, building repairs, and inmate medical services. The Sheriff's office also spent $11,782 during 2013 to purchase various items and telephone cards to sell in the commissary but did not maintain a running inventory of commissary items and telephone cards or conduct periodic physical inventory counts, so loss, theft or misuse could go undetected.
Public Administrator Controls and Procedures	Of the 35 cases requiring annual settlements to be filed with the court in 2013, the Public Administrator filed all 35 late, including 4 which had not been filed at all as of July 1, 2014. The Associate Circuit Court, Probate Division did not notify the Public Administrator of annual settlement requirements 40 days before the due date as required by law, and in some cases did not notify the Public Administrator until several months after the due date. The Public Administrator does not include real property as an asset on annual settlements, so the annual settlements are incomplete, does not file supporting documentation such as invoices with the Associate Circuit Court, Probate Division, and does not obtain adequate supporting documentation for some disbursements from ward bank accounts.
Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney does not adequately segregate accounting duties or perform and document adequate supervisory reviews of accounting records. The Prosecuting Attorney's secretary does not prepare bank reconciliations and lists of liabilities on a monthly basis. At our request, a bank reconciliation and a list of liabilities was prepared at March 31, 2014, and the bank balance exceeded the liabilities by $181. The Prosecuting Attorney does not adequately track, monitor, and collect court-ordered restitution. Certain cases are dismissed if defendants make a donation to the Law Enforcement Restitution Fund, but there is no authority under state law to require such a donation in exchange for dismissing charges.

County Sales Tax	State law requires the county to reduce property taxes for a percentage of sales tax collected. Lewis County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected, but the County Clerk has not adequately considered the excess tax collection from prior years when calculating the current year's rollback, and, at December 31, 2013, the reductions were not sufficient to offset 50 percent of sales tax monies by approximately $47,000.
County Procedures	The county lacks effective monitoring procedures for vehicle and equipment fuel use by the road and bridge department and Sheriff's office. The Sheriff does not have adequate procedures for reviewing invoices and does not submit sufficient supporting documentation to the County Clerk's office. The county paid a software vendor $8,010 between March and December 2012 to develop a property tax system, but the county did not solicit bids for this purchase and County Commission meeting minutes did not document discussions about the need for the purchase or the estimated cost. In addition, the county did not enter into a formal written agreement with this vendor.
Sunshine Law	The county has not adopted a policy regarding public access to county records, as required by the Sunshine Law.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Lewis County

We have audited certain operations of Lewis County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, was engaged to audit the financial statements of Lewis County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

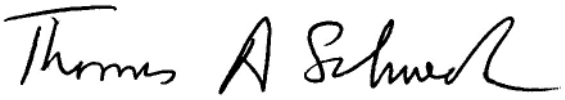
Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Lewis County.

An additional report, No. 2014-104, *Lewis County Collector and Property Tax System*, was issued in November 2014.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Heather R. Stiles, MBA, CPA, CFE
Audit Staff:	Gina Henley, MBA
	Christopher A. McClain

1. Sheriff Controls and Procedures

Controls and procedures in the Sheriff's office need improvement.

During the year ended December 31, 2013, the Sheriff's office deposited approximately $200,000 for civil and criminal process fees, prisoner board billings, concealed carry weapon permits, bonds, and other miscellaneous receipts into the Sheriff's fee account.

1.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties for the fee account, and does not perform adequate supervisory reviews. The Office Administrator is primarily responsible for accounting duties in the Sheriff's office, including recording transactions, making deposits, disbursing funds, and preparing month-end reports and reconciling the fee account. Additionally, the Office Administrator is an approved signer on the Sheriff's fee account and only one signature is required.

The Sheriff does not document his occasional review of bank reconciliations or other accounting records. In addition, there is not adequate oversight of receipting, depositing, or disbursement procedures to ensure monies are properly and timely recorded, deposited, and disbursed.

To reduce the risk of loss, theft, or misuse of funds, proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, the Sheriff should implement an adequate independent or supervisory review of bank and accounting records.

1.2 Receipting and depositing

Controls and procedures over receipting and depositing monies are not sufficient. As a result, there is less assurance monies received are deposited.

The Office Administrator does not issue receipt slips timely for some monies received, and does not always deposit receipts intact and timely. For example, 8 checks received for civil paper service fees dated between June 27, 2013, and March 17, 2014, totaling $344 were not recorded or deposited as of March 19, 2014. The Office Administrator does not issue receipt slips for monies received until the monies are included in a deposit. In addition, monies received for civil paper service fees are not recorded or deposited until the civil paper process is completed.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds going undetected, prompt receipting and recording of payments received and depositing intact and timely are necessary.

1.3 Bonds

Controls and procedures for receipting and recording bond monies are not sufficient.

Deputies and jailers typically collect bond monies and transmit these monies to the Office Administrator for processing. However, bond forms are not prenumbered, copies of bond forms are not always retained, and receipt slips are not issued when these monies are received. In addition, there is no documentation to support the transmittal to the Office Administrator.

To reduce the risk of loss, theft, or misuse of bond monies, and provide assurance bond monies are accounted for properly, procedures to account for bond forms and transmittal of bonds to the Office Administrator should be established.

Recommendations

The Sheriff:

1.1 Adequately segregate accounting duties or ensure independent or supervisory reviews of accounting records are performed and documented.

1.2 Issue receipt slips for all monies when received and ensure deposits are made timely and include all monies on hand at the time a deposit is prepared.

1.3 Issue prenumbered bond forms for all bond monies received and account for the numerical sequence of bond forms. The Sheriff should also ensure the transmittal of bond monies between staff is documented.

Auditee's Response

The Sheriff provided the following written responses:

1.1 The Office Administrator must oversee all bank reconciliations, accounting records, billing, payroll, civil process, sex offender registration, scheduling, dispatching and many other responsibilities. Therefore, the Sheriff's office cannot achieve what the audit team recommends at this time due to limited staff and budgetary concerns. As the Sheriff, I have face-to-face contact with the Office Administrator and regularly review the office budget and funds. I receive a monthly disbursement sheet from the Office Administrator and monthly reports from the County Clerk and County Treasurer. Since I cannot hire additional staff to create a separate independent review, I will continue to serve as the substitute office manager when other staff members are not able to work.

1.2 The Office Administrator has accounted for all monies that have been sent for the service of civil process through a QuickBooks program. The Sheriff's office has served as many as 1,500 papers in a twelve month period. In order to simplify billing, the person or

entity requesting service is not billed until the document is finally served. Therefore, there are not two separate bills for the service fee and mileage fee. The Office Administrator will continue to create an invoice and will show a prepayment in the QuickBooks system at the time the civil document is received. Special priority will be placed on any document service where prepayment has been made and service will be completed within one week instead of the current priority status of thirty days.

Sheriff's office personnel will be encouraged to receipt and deposit monies as soon as possible after receipt.

1.3 I disagree that the controls and procedures for receipting and recording bond monies are not sufficient. During my fourteen year tenure, I am proud to say the jail staff and Office Administrator have never lost a bond. There are several natural control points in place that deter loss and/or theft. When the defendant posts bond, he/she signs a three page bond form that is also signed by the jailer. If a family member or third party is involved they also sign the bond form. A copy of the bond form is given to the defendant and placed in the defendant's jail file. The form also includes the amount of bond received and the next scheduled court appearance. Upon release, the jailer also documents the type of release and the amount of the bond received in the jail management computer system. The money and form are then received by the Office Administrator who then documents the bond in a separate receipt book. The money is deposited and a check and bond form are given to the appropriate court.

I will contact the software vendor to determine if the jail management system can generate a listing of all bonds posted.

As Sheriff, I will ensure all of the above protocols will continue to be followed and that extra care will be placed on the jail staff to properly document the type of release.

2. Commissary Controls and Procedures

Controls and procedures over the commissary items and telephone cards need improvement. During the year ended December 31, 2013, the Sheriff's office received approximately $18,700 from inmates for commissary operations.

2.1 Commissary account

As noted in our previous audit report, improvement is needed in the Sheriff's handling of the commissary. Reconciliation procedures for the commissary account are not adequate and commissary profits are not remitted to the county treasury.

Liabilities

Sheriff's office personnel do not prepare a monthly list of liabilities to reconcile to the available cash balance for the Sheriff's commissary account. Records of commissary profits are not maintained, making it difficult to determine the actual amount of profits maintained in the account.

We requested the Office Administrator prepare a list of liabilities for the Sheriff's commissary account as of December 31, 2013. The list of liabilities totaled $178 while the reconciled bank balance was $6,237, resulting in an overage of $6,059; however, there is no documentation to confirm the remaining $6,059 is commissary profits.

Without a record of commissary profits, the Sheriff cannot reconcile liabilities to cash balances to detect possible errors. Monthly reconciliations of liabilities and individual inmate accounts to the reconciled bank balance are necessary to ensure the bank account is in agreement with accounting records and to detect and correct errors timely.

Commissary profits

The Sheriff maintains amounts assumed to be profits from commissary sales outside the county treasury and uses these monies to purchase items for the benefit of prisoners and the Sheriff's office.

During 2013, the Sheriff used commissary monies totaling $3,649 to purchase prison supplies, building repairs, and inmate medical services. The County Commission did not approve these purchases, and the Sheriff's office did not handle these purchases through the normal county procurement and budget process. Profits from the sale of commissary items represent accountable fees and should be turned over to the County Treasurer. There is no statutory authority for the Sheriff to make disbursements from accountable fees.

Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund.

2.2 Commissary items and telephone cards

Sheriff's office commissary procedures need improvement. During the year ended December 31, 2013, the Sheriff's office spent approximately $11,782 from the commissary account for various items and telephone cards to sell in the commissary. However, the Sheriff's office does not maintain a running inventory of commissary items and telephone cards or conduct periodic physical inventory counts. As a result, records and procedures are not sufficient to account for these items or monies collected, and loss, theft, or misuse may go undetected.

To ensure commissary items and monies are accounted for properly, a detailed inventory ledger is necessary, along with the implementation of periodic physical count and reconciliation procedures.

Recommendations

The Sheriff:

2.1 Prepare a monthly list of liabilities for the commissary account, compare it to the available cash balance, and promptly investigate and resolve differences. In addition, maintain complete and accurate records that allow for the tracking of profit and loss on all commissary sales. The Sheriff should work with the County Commission and County Treasurer to establish the Inmate Prisoner Detainee Security Fund and ensure existing and future commissary profits are deposited to this fund.

2.2 Maintain inventory records of commissary items and telephone cards and reconcile the records to purchases, sales, and periodic physical inventory counts.

Auditee's Response

The Sheriff provided the following written responses:

2.1 I am proud of the jail staff for successfully completing hundreds of transactions over the past several years. It is clear that the Sheriff's office is not missing any commissary funds. This commissary fund currently has approximately $6,000 in profit in the account, which has been maintained by the Sheriff's office. All commissary items are logged through a computer system or written log. This fund can only be used for inmate purposes. This fund has been used to pay for jail toilets, jail sinks, jail supplies, jail mattresses, jail uniforms, etc. This has saved the taxpayer several thousands of dollars since the commissary fund was created.

As Sheriff, it is my responsibility to be aware of any changes in laws affecting the office and duties of the office of Sheriff, and I did not know the inmate commissary law went into effect on August 28, 2013. I will work with the other elected officeholders to create the Inmate Prisoner Detainee Security Fund beginning January 2015. This should resolve the majority of concerns of the audit team. Commissary profits will be turned over to the County Treasurer for deposit to the Inmate Prisoner Detainee Security Fund. Beginning in 2015, we will reconcile inmate monies and commissary profits to the cash balance monthly.

2.2 We will maintain an inventory list of telephone cards and items received from our commissary vendor and will reconcile to physical counts periodically.

3. Public Administrator Controls and Procedures

Public Administrator controls and procedures need improvement. The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Associate Circuit Court, Probate Division, and was responsible for the financial activity of approximately 43 wards or estates during the year ended December 31, 2013.

3.1 Annual settlements

The Public Administrator has not timely filed complete and accurate annual settlements in compliance with state law. In addition, the Associate Circuit Court, Probate Division does not timely notify the Public Administrator prior to the deadline for the annual settlement or follow up on annual settlements not filed by the required date.

For each ward or estate the Public Administrator is the personal representative, the Public Administrator is required to file an annual settlement with the Associate Circuit Court, Probate Division on the anniversary date of the date of letters, which reflects a detailed list of assets held, as well as financial activity for the previous year. Of the 43 cases, 35 required the filing of annual settlements with the court during 2013. We reviewed these settlements and determined the Public Administrator filed all 35 of them late. For 4 cases, the Public Administrator filed the settlement within 30 days of the date due. However, for 19 cases, he filed the settlements approximately 1 to 5 months late and for 8 cases, he filed the settlements more than 5 months late. As of July 1, 2014, settlements for 2013 had not been filed for 4 of these 35 cases.

The Public Administrator does not list real property as an asset on annual settlements, and therefore, the annual settlements do not provide a complete listing of all assets. The Public Administrator indicated he records real property in inventory records when obtained; however, he does not include real property on the annual settlement until the sale of the property.

Additionally, the Associate Circuit Court, Probate Division did not notify the Public Administrator of the annual settlement requirement 40 days before the settlement due date for any of the cases requiring filing of an annual settlement during the year ended December 31, 2013. In some cases, the Public Administrator received notification approximately 2 to 4 weeks before the due date; however, in other cases, the notification occurred several months after the due date.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate. In addition, Section 473.557, RSMo, requires the clerk of the court to notify the conservator or guardian (Public Administrator) of the deadline for the annual settlement. Timely and accurate settlements are necessary for the

court to properly oversee the administration of cases and reduce the possibility that errors or misuse of funds will go undetected.

3.2 Supporting documentation

The Associate Circuit Court, Probate Division does not perform sufficient reviews of the activity of cases assigned to the Public Administrator. The court reviews annual settlements submitted, but the review of disbursements is limited to verifying the accuracy of amounts reported by reviewing canceled checks. The Public Administrator did not file supporting documentation such as invoices with the Associate Circuit Court, Probate Division when filing annual settlements.

Without such documentation, it is difficult for the court to assess the validity and reasonableness of costs charged to and paid by wards of the Public Administrator. The court should consider requiring such supporting documentation to be filed along with annual settlements.

3.3 Disbursements

The Public Administrator does not obtain adequate supporting documentation for some disbursements from ward bank accounts.

Adequate supporting documentation was not available for the following disbursements from the various wards bank accounts during 2013:

- Checks totaling $5,751 (approximately $500 per month) were issued to a ward as a personal spending allowance; however, documentation to support these allowances was not sufficient and the ward did not sign a receipt indicating monies had been received from the Public Administrator.

- A check totaling $560 was issued to a mail order company for clothing. The Public Administrator had no documentation to support this expense.

To ensure payments are valid and proper, the Public Administrator should maintain adequate supporting documentation for disbursements.

Recommendations

3.1 The Public Administrator ensure complete and accurate annual settlements are filed timely. In addition, the Associate Circuit Court, Probate Division should notify the Public Administrator of annual settlement deadlines timely and follow up on settlements not filed by the required date.

3.2 The Associate Circuit Judge establish procedures to adequately monitor the activity of all cases assigned to the Public Administrator, and require adequate supporting documentation to be filed with the court.

3.3 The Public Administrator ensure disbursements are supported by adequate documentation.

Auditee's Response

The Public Administrator provided the following responses:

3.1 I do not believe real estate is required to be included on annual settlements; however, I understand the auditor's recommendation and will begin including real estate on annual settlements. I understand some of the settlements were not filed timely and will establish procedures to ensure they are filed more timely in the future.

3.3 I will continue to keep records for all disbursements. The missing receipt noted was an isolated payment. I will either obtain endorsed checks for personal spending or implement other procedures to document the ward's receipt of these personal spending monies.

The Associate Circuit Judge provided the following written responses:

3.1 The Court will provide timely notices to the Public Administrator according to the law. The Court will require the Public Administrator list a total value for real estate held as per the inventory and last preceding settlement.

3.2 The Court has and will continue to require canceled check vouchers for expenditures. In addition, the Court will require supporting documentation when appropriate as determined by the Judge and the Probate Division Clerk.

4. Prosecuting Attorney Controls and Procedures

Prosecuting Attorney's office accounting controls and procedures are not sufficient and do not provide assurance that monies collected are accounted for properly. The Prosecuting Attorney's office processed approximately $58,000 in bad check and court-ordered restitution during the year ended December 31, 2013.

4.1 Segregation of duties

The Prosecuting Attorney does not adequately segregate accounting duties or perform and document adequate supervisory reviews of accounting records. The Prosecuting Attorney's secretary is responsible for all accounting duties, including recording transactions, making deposits, disbursing funds, and preparing month-end bank reconciliations for the fee account. The Prosecuting Attorney indicated he reviews monthly bank reconciliations; however, our review of the reconciliations indicated this review is not documented.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of

duties cannot be achieved, periodic supervisory reviews of accounting records should be performed and documented by the Prosecuting Attorney.

4.2 Bank reconciliations and liabilities

The Prosecuting Attorney's secretary does not prepare bank reconciliations on a monthly basis. As of March 31, 2014, the secretary had not prepared bank reconciliations for the fee account since August 2013. In addition, the secretary does not prepare monthly lists of liabilities, and therefore, liabilities are not reconciled to the cash balance in the fee account. Upon our request, the secretary prepared bank reconciliations through the month of March 2014, and prepared a list of liabilities at March 31, 2014. The reconciled bank balance of $3,653 at that date exceeded identified liabilities by $181.

Preparing monthly bank reconciliations is necessary to ensure accounting records are in balance and to identify errors timely. In addition, regular identification of liabilities and comparison to the reconciled cash balance is necessary to ensure bank and book records agree, and cash is sufficient to meet liabilities.

4.3 Tracking procedures

The Prosecuting Attorney has not established adequate procedures to properly track, monitor, and collect court-ordered restitution due from defendants. As of April 30, 2014, court-ordered restitution totaled approximately $278,000.

The secretary records restitution payments in the Prosecuting Attorney's accounting system; however, the system is not set up to alert the secretary when restitution payments are due or a defendant's probationary period is nearing completion. We reviewed 6 cases with court-ordered restitution due, and noted one case where no restitution payments had been made for approximately 9 months and the secretary did not follow up with the probation officer until after our audit began.

Adequate procedures for tracking court-ordered restitution are necessary to facilitate monitoring amounts due, provide information to the court, and improve accountability.

4.4 Deferred prosecution

The Prosecuting Attorney defers prosecution on certain non-traffic tickets by requiring defendants to make a donation (up to $300) to the county's Law Enforcement Restitution Fund. Once the agreed upon amount has been paid by the defendant to the Law Enforcement Restitution Fund, the Prosecuting Attorney dismisses the case. During the year ended December 31, 2013, the Prosecuting Attorney deferred prosecution on 29 cases and collected $6,550 in donations to the county's Law Enforcement Restitution Fund for these cases.

There is no authority for the Prosecuting Attorney to require a donation to dismiss charges filed on these tickets. Section 50.565, RSMo, provides for the deposit of certain assessments and payments into the county law enforcement restitution fund, however, this statute relates to a court ordering an assessment after a plea or finding of guilt.

Recommendations

The Prosecuting Attorney:

4.1 Adequately segregate accounting duties or ensure independent or supervisory reviews of accounting records are performed and documented.

4.2 Prepare formal bank reconciliations monthly and reconcile bank balances to monthly lists of liabilities ensuring any differences between accounting records and reconciliations are investigated and resolved. Additionally, after sufficient efforts are made to resolve discrepancies, any remaining unidentified monies should be disposed of in accordance with state law.

4.3 Develop procedures and records to adequately track court-ordered restitution.

4.4 Reevaluate the practice of requiring donations to the county Law Enforcement Restitution Fund to defer prosecution.

Auditee's Response

The Prosecuting Attorney provided the following responses:

4.1 It is not feasible to segregate accounting duties within the Prosecuting Attorney's office. Procedures will be developed to ensure a documented review of accounting records is performed by myself or the Assistant Prosecuting Attorney.

4.2 Bank reconciliations are being completed monthly by Prosecuting Attorney's secretary and a documented review is now being performed by myself. Additionally, a list of liabilities is being reconciled to reconciled bank balance monthly. We are working to identify the unidentified balance.

4.3 A report of court-ordered restitution is printed on a quarterly basis and reviewed by the secretary. We will contact the software vendor to assist with the development of a more efficient method to monitor court-ordered restitution due.

4.4 The practice of requiring a donation to the Law Enforcement Restitution Fund for deferred prosecution will be reevaluated. Consideration will be given to requiring this donation be made to

an allowable county fund that does not directly or indirectly benefit the Prosecuting Attorney's office.

5. County Sales Tax

Property tax reductions were not sufficient to offset 50 percent of sales tax monies received by approximately $47,000 at December 31, 2013, and property tax reduction amounts were not accurately calculated. The County Clerk has not adequately considered the excess tax collections from prior years when computing the current year's rollback. As a result, the county is noncompliant with state law and additional or increased property tax levy rollbacks will be required in future years to offset this liability.

The following table presents the cumulative liability resulting from the insufficient sales tax reductions.

		Year Ended December 31,			
For Sales Tax Reduction		2013	2012	2011	2010
Required property tax revenue reduction	$	136,281	139,093	146,642	137,648
Actual property tax revenue reduction		128,758	126,707	142,595	125,478
Amount not sufficiently reduced		7,523	12,386	4,047	12,170
Prior years insufficient reduction		39,534	27,148	23,101	10,931
Total insufficient property tax revenue reduction	$	47,057	39,534	27,148	23,101

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Lewis County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levy to meet a 50 percent reduction requirement and in the following year calculate any excess property taxes collected based upon actual sales tax collections.

Recommendation

The County Clerk should consider the prior year's excess property tax collections when computing the current year's rollback. In addition, the County Commission and County Clerk should develop a plan to correct for the accumulation of prior years' insufficient property tax levy reductions.

Auditee's Response

The County Commission and the County Clerk provided the following response:

We reduced the property tax levy for 2014 to rollback one-half of the tax surplus. We plan to reduce the property tax levy for 2015 to rollback the additional surplus if possible.

6. County Procedures

Controls and procedures over disbursements need improvement.

6.1 Fuel use

The county has not established effective monitoring procedures for vehicle and equipment fuel use by the road and bridge department and Sheriff's office. During the year ended December 31, 2013, fuel purchases totaled approximately $110,000 for the road and bridge department and approximately $29,000 for the Sheriff's office.

Logs of fuel dispensed from bulk fuel tanks are not maintained for road and bridge department vehicles and equipment. Additionally, mileage and fuel logs are not maintained for the road and bridge department or Sheriff's office vehicles and equipment.

Procedures for maintaining and reviewing fuel usage logs and reconciling the information to fuel purchased and related records are necessary to ensure vehicles and equipment are properly utilized, prevent paying vendors for improper amounts, and decrease the risk of theft or misuse of fuel occurring without detection. Logs should provide sufficient details to enable the county to effectively monitor vehicle and equipment use and fuel costs.

6.2 Disbursements

The Sheriff does not have adequate procedures for reviewing invoices and does not submit sufficient supporting documentation to the County Clerk's office. The Sheriff's office submits the summary pages of monthly statements received from vendors to the County Clerk's office for payment. However, additional information regarding individual transactions is not submitted.

The Sheriff's Office Administrator reviews and approves disbursements made by the office. The Office Administrator indicated he obtains verbal approval from the Sheriff for any unusual purchases, but does not obtain documentation of the Sheriff's approval. Monthly fuel billing statements are forwarded to the Deputy Sheriff for review. The Deputy Sheriff indicated he reviews the fuel invoices and reconciles the invoices to a fuel report from the office's computer system, but does not document this reconciliation. Our review of a monthly billing statement from a convenience store indicated pizzas purchased for the DARE program had been incorrectly coded as a fuel purchase.

The County Clerk and County Commission rely on county officials and department heads to verify the accuracy and appropriateness of the amount billed. However, the County Clerk's office does not require the Sheriff to sign or initial invoices and attach applicable supporting documentation to invoices submitted for payment. Other county officials approve invoices and submit additional documentation to the County Clerk's office.

6.3 Bidding and written contracts

Between March 2012 and December 2012, the county paid a software vendor $8,010 for the development of a property tax system used by the County Clerk and County Collector to bill and collect property taxes. The county did not solicit bids for the purchase of the system. In addition, minutes prepared for County Commission meetings did not document discussions regarding the need to purchase a new property tax system or the estimated cost of a new system. According to the County Clerk, the software vendor indicated this program could be developed for less than $4,500, and therefore, the county did not solicit bids for the purchase. It is not clear how the county evaluated software vendors or why the county selected this vendor to develop the system. Additionally, the county did not enter into a formal written agreement with the vendor for the development or implementation of the system.

Section 50.660, RSMo, provides bidding requirements. Routine use of a competitive procurement process for major purchases ensures necessary services are obtained from the best-qualified vendor at a reasonable cost and all interested parties are given an equal opportunity to participate in county business.

Further, Section 432.070, RSMo, requires government contracts to be in writing. Written contracts, signed by the parties involved, should specify the services to be performed and the manner and amount of compensation to be paid, and are necessary to ensure parties are aware of their duties and responsibilities and to prevent misunderstandings. Proper monitoring and oversight of project costs are necessary to ensure all county funds are properly disbursed.

Recommendations

6.1 The County Commission require mileage and fuel use logs for all vehicles and equipment and review logs for reasonableness. In addition, maintain bulk fuel inventory records, and develop procedures to reconcile fuel use to fuel purchases, and investigate any significant differences identified.

6.2 The Sheriff review and approve all disbursements and submit adequate supporting documentation to the County Clerk's office. In addition, the County Clerk's office should ensure all disbursements have been properly reviewed and approved prior to payment.

6.3 The County Commission ensure a competitive procurement process is used for applicable purchases of goods or services in accordance with state law and adequate documentation is maintained to support the selection process. The County Commission should also enter into a written contract with the software vendor and ensure the amount charged agrees with the contracted amount.

Auditee's Response

The County Commission and County Clerk provided the following responses:

6.1 We will consider this recommendation. Bulk fuel tanks do not have meters and we are not sure if it would be cost effective to add meters to current tanks or to replace current tanks.

6.2 The Deputy County Clerk is transferring to the Sheriff's office as the Jail Administrator. She is familiar with disbursement requirements of the County Clerk's office, which should help with documentation issues.

6.3 The County Commission anticipated this purchase would be less than $4,500. The County Commission's practice is to solicit bids for all expenditures exceeding $4,500. The Commission will contact the software vendor and obtain clarification for amounts charged in 2015.

The Sheriff provided the following written responses:

6.1 Each deputy is required to log into the law enforcement computer system and report every fuel stop. The deputy is required to log where the fuel is being purchased, how much is being purchased and how many gallons are being purchased. Generally, fuel is the only thing to be purchased unless authorized by the Sheriff or his designee. $29,000 was spent on fuel last year which was $4,000 below what was authorized by the County Commission. The $150 for DARE pizzas was a transaction that was approved by the Sheriff due to a lack of pizzas for a DARE culmination in which local businesses and the Sheriff's office normally pay for pizzas for sixth grade students who have successfully completed the DARE curriculum. The purchase should have been coded differently but the Sheriff is allowed to make purchases as he sees fit.

6.2 The County Clerk does an excellent job of requiring supporting documentation for all requests for purchases made by Sheriff's staff. There have been many occasions that the County Clerk has asked for more documentation regarding all types of purchases. The Sheriff's office has always honored her request. Since the audit shows there have been no abuses, I do not believe the terminology used is appropriate. I agree to provide the itemized copies of the cell phone bills and fuel bills instead of just the primary invoice which come from the cell phone company and fuel vendors.

7. Sunshine Law

The county has not adopted a policy regarding public access to county records, as required by the Sunshine Law. A formal policy regarding access to county records establishes guidelines for the county to make the records available to the public. This policy should establish a contact person, an address to mail requests for access to records, and a fee schedule for document retrieval and research. Section 610.023, RSMo, lists requirements of making records available to the public and Section 610.026, RSMo, establishes the fees for copying public records.

Recommendation

The County Commission establish written policies and procedures regarding public access to county records.

Auditee's Response

The County Commission provided the following response:

We will develop a written policy and procedures to address public access to county records.

Lewis County
Organization and Statistical Information

Lewis County is a county-organized, third-class county. The county seat is Monticello.

Lewis County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 39 full-time employees and 13 part-time employees on December 31, 2013.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Wayne Murphy, Jr., Presiding Commissioner	$	31,470
John Campen, Associate Commissioner		29,410
Jesse Roberts, Associate Commissioner		29,410
Brenda Gunlock, Recorder of Deeds		44,561
Sharon Schlager, County Clerk		44,561
Jules V. (Jake) DeCoster, Prosecuting Attorney		52,785
David T. Parrish, Sheriff		49,260
Kim Porter, County Treasurer		44,171
Larry Arnold, County Coroner		12,882
Brett B. Bozarth, Public Administrator		44,561
Denise M. Goodwin, County Collector (1) (2), year ended February 28,	12,833	
Robert E. (Bob) Veatch, County Collector (1) (3), year ended February 28,	30,113	
Craig Myers, County Assessor, year ended August 31,		44,269
Carson W. Lay, County Surveyor (4)		

(1) Robert E. Veatch served as County Collector until October 28, 2013. Denise M. Goodwin was appointed the Lewis County Collector and sworn into office on December 23, 2013.
(2) Includes $4,063 of commissions earned for collecting drainage district taxes.
(3) Includes $406 of commissions earned for collecting drainage district taxes.
(4) Compensation on a fee basis.

Financing Arrangements

The county has entered into 3 lease-purchase agreements for road and bridge equipment (including a motor grader, tractor, and truck). Principal

and interest payments are made from the Special Road and Bridge Fund. The final payment for the lease-purchases is scheduled to occur in 2019. The remaining principal outstanding at December 31, 2013, was $212,776. Interest remaining to be paid over the life of the agreements totals $18,275.

Thomas A. Schweich

Missouri State Auditor

Lewis County Collector and Property Tax System

November 2014

Report No. 2014-104

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Lewis County Collector and Property Tax System

Background	Section 52.150, RSMo, requires the State Auditor to audit the office of a County Collector after being notified of a vacancy in that office. A vacancy occurred in the office of the County Collector of Lewis County on October 28, 2013. A successor was appointed and sworn into office effective December 23, 2013. The scope of our audit included, but was not necessarily limited to, the 2 years ended February 28, 2014.
County Collector Controls and Procedures	Despite similar concerns noted in our 3 prior audits, significant weaknesses continued to exist throughout the former County Collector's time in office, and weaknesses continue to exist in the current County Collector's office. The County Collector's office does not always use the actual date of receipt when recording payments and does not account for the numerical sequence of receipt numbers. The County Collector lacks adequate procedures for receipting and depositing monies and does not reconcile receipts to deposits and disbursements, causing differences to go undetected and uncorrected. The County Collector does not deposit receipts intact, does not timely prepare bank reconciliations or lists of liabilities, lacks adequate procedures for the collection and recording of non-sufficient funds checks, and has not segregated accounting duties.
Property Tax System Controls and Procedures	As noted in our prior audit, the County Collector does not prepare timely annual settlements. The former County Collector did not prepare annual settlements for the year ended February 28, 2013, and the year ended February 29, 2012, and, as of August 1, 2014, the current County Collector had not finalized the annual settlement for the year ended February 28, 2014. Controls over property tax additions and abatements are not adequate, there is no independent comparison of property assessment changes made by the County Assessor to changes made in the property tax system by the County Clerk, and the County Collector is able to enter additions and abatements in the computer system.

In the areas audited, the overall performance of this entity was **Poor**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Lewis County Collector and Property Tax System
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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
County Collector
Lewis County, Missouri

We have audited the County Collector and Property Tax System of Lewis County. Section 52.150, RSMo, requires the State Auditor to audit the office of the County Collector after being notified of a vacancy in that office. In addition, we did additional work and expanded the audit period in fulfillment of our duties under Section 29.230, RSMo. On October 28, 2013, a vacancy occurred in the office of the County Collector of Lewis County. A successor was appointed and sworn into office effective December 23, 2013. The scope of our audit included, but was not necessarily limited to, the 2 years ended February 28, 2014. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant property tax functions.

2. Evaluate the county's compliance with certain legal provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the County Collector and county management and was not subjected to the procedures applied in our audit of the County Collector and Property Tax System.

Section 52.150, RSMo, requires the County Commission to accept the State Auditor's report and, if necessary, to take certain specific actions if the State Auditor finds any monies owing to the county or the former County Collector. For the areas audited, we identified (1) deficiencies in internal controls, and (2) noncompliance with legal provisions. The accompanying Management Advisory Report presents our findings arising from our audit of the County Collector and Property Tax System of Lewis County.

An additional report, No. 2014-103, *Lewis County*, was issued in November 2014.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Heather R. Stiles, MBA, CPA, CFE
Audit Staff:	Gina Henley, MBA

1. County Collector Controls and Procedures

Despite similar concerns noted in our 3 prior audit reports, significant weaknesses continued to exist throughout the former County Collector's time in office. The current County Collector worked in the office prior to her appointment as County Collector, but was not responsible for setting policy and ensuring audit recommendations were implemented. We expanded our audit work past the vacancy date to satisfy requirements of our scheduled audit. The current County Collector has continued to use the property tax system and some procedures established by the former County Collector, so weaknesses continue to exist. Accounting and reporting procedures do not provide assurance all property tax receipts and disbursements are accounted for properly. As a result, loss, theft, or misuse of funds could go undetected for a significant period of time.

The County Collector's office processed collections totaling approximately $6.9 million during the year ended February 28, 2014, and $6.5 million during the year ended February 28, 2013.

1.1 Receipt dates and payment number sequence

The County Collector's office does not always use the actual date of receipt when recording payments and does not account for the numerical sequence of receipt numbers (payment numbers) assigned by the computerized property tax system.

The computerized property tax system sequentially assigns a payment number for all monies received through the County Collector's office. However, the system allows users to backdate payments received in the system, resulting in payment numbers being out of order. For example, if a mailed in payment is postmarked with a date prior to the month it is entered into the computer system, the County Collector can backdate the date of receipt in the system to the postmarked month for the payment. In addition, payment numbers can be deleted from the system after a receipt has been printed without an audit trail. These control weaknesses allow for possible manipulation of receipt data.

To ensure all monies received are properly recorded and deposited, and reduce the risk of loss, theft, or misuse of funds, consideration should be given to modifying the software program to ensure an audit trail of changes made in the property tax system is maintained and adequate controls are in place to allow the County Collector's office to account for the numerical sequence of payment numbers.

1.2 Receipting, depositing, and disbursing

The County Collector does not have adequate procedures for receipting and depositing monies and does not reconcile receipts to deposits and disbursements, causing differences to go undetected and uncorrected.

The County Collector does not deposit receipts intact. The County Collector and the Deputy County Collector can each have separate work sessions open

at the same time and can select which payments to include in deposits. The County Collector indicated the property tax system was designed to allow each user the ability to select which payments received each session will be included in a deposit so that the office can hold postdated checks for taxpayers when necessary.

Receipts are reported on the tax register based on the receipt date entered into the property tax system rather than the actual date of receipt and the monthly tax register is used to prepare the monthly disbursement settlement. Payments backdated to a prior month or postdated to a subsequent month will not be included in the current month's tax register or distributed. We noted a payment received in April 2013 and backdated to March 2013 for $792 was not included in the tax register for March 2013 and therefore, was not distributed as of August 1, 2014. The current County Collector was not aware payments backdated to a prior month were not included in monthly distributions until we identified this issue. If the County Collector performed regular reconciliations between receipts, deposits, and the tax register, this difference would have been identified.

To ensure all monies received are properly recorded and deposited, daily tax registers should be generated and reconciled to collections and deposits and all monies received should be deposited intact.

1.3 Bank reconciliations

We noted the following concerns during our review of the former and current County Collector's bank reconciliations.

- The former County Collector had not prepared bank reconciliations or prepared lists of liabilities since January 2008. The current County Collector opened a new bank account on November 1, 2013, and since that date the old account has not been used for routine activity. The balance in the former County Collector's bank account on February 28, 2014, was $54,604; however, without a corresponding list of liabilities the County Collector does not know what the account balance should be or how the monies should be distributed.

  We reviewed the former County Collector's records and identified liabilities of $37,847 and excess distributions of $16,132 at February 28, 2014, resulting in a $32,889 unexplained difference between the bank balance and total liabilities.

- The current County Collector does not reconcile the new bank account timely. As of August 2014, the current County Collector had not performed bank reconciliations or identified liabilities for 5 months.

Timely preparation of monthly bank reconciliations is necessary to ensure the bank account is in agreement with accounting records and to detect and

correct errors. In addition, without regular identification and comparison of liabilities to the reconciled bank balance, there is less likelihood errors will be detected and the ability to both identify liabilities and resolve errors is diminished. Also, maintaining a dormant bank account with unidentified funds increases the risk of loss, theft, or misuse of funds. The County Collector should attempt to identify and distribute funds held in that account. Various state laws address the disposition of unidentified funds.

1.4 Non-sufficient funds checks

The County Collector does not have adequate procedures in place to ensure non-sufficient funds (NSF) checks are collected, adjustments are made to the distribution of tax collections, and NSF checks are reversed in the property tax system to reflect amounts still owed by taxpayers. As a result, the County Collector's office may be unaware additional tax is due.

The County Collector's office does not reverse NSF checks in the property tax system to indicate the taxpayer's check was returned and payment is still due from the taxpayer. In addition, adjustments are not made to deduct NSF check amounts from monthly disbursements of tax collections to the county and other political subdivisions. Restitution for NSF checks may not be received until several months after the receipt was initially collected and, in some instances, restitution may never be received. As a result, the office needs records to track the repayment status of NSF checks.

Without adequate procedures for the collection and recording of NSF checks, the County Collector's office cannot ensure amounts due from taxpayers are properly tracked.

1.5 Segregation of duties

The County Collector has not segregated accounting duties. All employees receive and record monies in the property tax system and are responsible for preparing deposits for receipts they collect. The former County Collector did not review employee deposits or compare receipt records to deposits to ensure all monies receipted were deposited. The current County Collector stated she performs undocumented reviews of some deposits prepared by office staff.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, the County Collector should implement an adequate documented supervisory review of the accounting records.

Recommendations

The County Collector:

1.1 Work with the computer software vendor to establish controls to account for the numerical sequence of payment numbers assigned by the computerized property tax system, maintain an audit trail of

changes made in the property tax system, and prevent the editing of payment transaction information after a receipt slip has been printed.

1.2 Ensure daily tax registers are printed and reconciled to daily collections and deposits. In addition, deposits should be made intact.

1.3 Reconcile bank balances to a list of liabilities monthly, and ensure any differences are investigated and promptly resolved. In addition, the County Collector should attempt to identify and distribute funds held in the dormant bank account, disburse any remaining unidentified balance in accordance with state law, and close the account.

1.4 Ensure a policy is established for the collection of NSF checks and accounting records accurately document the status of accounts involving bad checks.

1.5 Segregate accounting duties to the extent possible or ensure a supervisory review of accounting records is performed and documented.

Auditee's Response

The County Collector provided the following responses:

1.1 I am working with the software designer to address the control issues noted. The system has been updated to include an audit trail for changes made to tax records, including any deposits or payments deleted from the tax system. Controls have been added to the tax system to allow penalties and interest to be assessed as of the date the payment is postmarked and the payment included in the current day's receipts. Additionally, the system has been updated to enable office staff to run a payment report by the date posted to account for all payment numbers. We are also keeping copies of all deleted payments and deleted deposit records.

1.2 We now deposit intact at the end of each day. All checks are included in one deposit and separate deposits are prepared for cash collections for each drawer. Separate deposits may be prepared for check collections for each drawer when the office is busy. We are now reconciling total daily deposits to the daily tax register and are noting any differences.

1.3 As of August 2014, I am diligently working on reconciliations. I will distribute identified amounts included in the dormant account and

turn the balance in the account over to the County Treasurer as unclaimed property upon completion of the audit.

1.4 We have established a policy for the collection of NSF checks and have implemented a spreadsheet to track these checks. If a NSF check is not settled within 10 business days, the NSF check will be turned over to the Prosecuting Attorney's office for collection. We will void the transaction in the tax system at the time the check is turned over to the Prosecuting Attorney and will make a notation in the tax system. I will reverse the payment amount off the settlement sheet until payment has been received and will then include it as an adjustment.

1.5 I am now depositing all checks collected by all employees. I also review and initial cash deposits prepared by employees. Additionally, I will spot check employees cash drawers randomly. Daily, I ensure all transactions collected have been deposited.

2. Property Tax System Controls and Procedures

We identified significant weaknesses in controls and procedures over the county's property tax system.

2.1 Annual settlements

The former County Collector did not prepare annual settlements for the year ended February 28, 2013, and the year ended February 29, 2012. Additionally, as of August 1, 2014, the current County Collector has not finalized the annual settlement for the year ended February 28, 2014.

To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is imperative the County Collector file timely annual settlements. Section 139.160, RSMo, requires the County Collector to settle accounts with the County Commission by the first Monday of March.

A similar condition was noted in our prior audit report.

2.2 Additions and abatements

Controls over property tax additions and abatements are not adequate. There is no independent comparison of property assessment changes made by the County Assessor to the related changes in the property tax system made by the County Clerk. In addition, the County Collector has the ability to enter additions and abatements into the computer system.

The County Assessor's office records changes to property assessments on manual forms. These forms are forwarded to the County Clerk's office, where additions and abatements are entered into the property tax system and

sequentially numbered orders of assessment changes are prepared for County Commission approval. However, the County Clerk does not generate a monthly report of additions and abatements that can be reconciled to individual court orders approved by the County Commission. Errors made by the County Clerk when entering some property tax additions and abatements into the system were not detected timely, contributing to the delay by the current County Collector in preparing the annual settlement for the year ended February 28, 2014.

The lack of independent verification and approval of assessed valuation changes made by the County Assessor and tax book additions and abatements entered by the County Clerk significantly increases the risk of intentional and unintentional errors and omissions to the property tax books. Because the County Collector is responsible for collecting tax monies, good internal controls require she not have system access rights to be able to alter or delete tax rates, assessed values, and property tax billings.

Recommendations

2.1 The County Collector should prepare and file timely annual settlements.

2.2 The County Commission should ensure all tax book additions and abatements are properly recorded, approved, and charged to the County Collector. The County Commission should also ensure property tax system access rights are limited to only what is needed for users to perform their job duties and responsibilities.

Auditee's Response

The County Collector provided the following responses:

2.1 I filed the annual settlement for the year ended February 28, 2014, in September 2014. I will file future annual settlements in a timely manner.

2.2 Since I need to be able to create files to add drainage districts, payment in lieu of taxes, and forest crop land records, I have requested the software designer update the tax system to allow me access to those records only.

The County Commission and County Clerk provided the following response:

2.2 The County Commission will ensure changes made to property assessments by the County Assessor's office agree to respective assessment changes made in the property tax system. In addition, the software designer has been contacted and asked to remove the County Collector's access in the property tax system for additions and abatements with the exception of drainage districts, payment in lieu of taxes, and forest crop land.

Lewis County Collector and Property Tax System
Organization and Statistical Information

The County Collector bills and collects property taxes for the county and most local governments. Pursuant to Section 52.015, RSMo, the term for which collectors are elected expires on the first Monday in March of the year in which they are required to make their last final settlement for the tax book collected by them. Annual settlements are to be filed with the county commission for the fiscal year ended February 28 (29).

Robert E. Veatch served as County Collector until October 28, 2013. Denise Goodwin was appointed the Lewis County Collector and sworn into office on December 23, 2013.

The County Collector received compensation of $30,113 for the period March 1, 2013, to October 28, 2013. During the year ended February 28, 2013, the County Collector received compensation of $47,285. Compensation was in accordance with statutory provisions.

Thomas A. Schweich

Missouri State Auditor

Village of Country Club

November 2014

Report No. 2014-105

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Village of Country Club

Street Repair and Funding

Village streets are in poor condition, and village officials have not established a separate fund for, nor have they separately tracked the balance of, restricted street monies. During the 6 years ended December 31, 2013, the village received $456,000 in motor vehicle-related fees from the state and $293,000 in sales tax revenue. The Missouri Constitution limits state motor vehicle-related revenues to road and street purposes, and it is unclear whether the sales tax is restricted to street improvement. The village deposits these revenues in the General Fund and does not identify or restrict the unspent portions. In response to residents' concerns, the village prepared spreadsheets, with assistance from its independent auditor, to show how these restricted revenues were spent. Only $213,000 of the nearly $750,000 was clearly spent on street-related expenses. The balance (over $530,000) appears to have been allocated in an unallowable and/or unreasonable manner. For example, 65 percent of salaries, fringe benefits, insurance, training, and other costs related to the police department are allocated to these restricted revenues, and other expenses were allocated with no justification for the percentages used or how they were street-related. Complicating matters, the village did not retain the original ballot supporting passage of the 1/2 cent sales tax from April 1999, so it is unclear what the voters actually approved. Minutes from one board meeting indicate the sales tax was to be restricted for road improvements, but minutes from another meeting make no mention of such a restriction, and the ordinance signed by the Board does not contain a restriction. The proposed ballot language published in the newspaper in January of 1999 does not mention a restriction, but the language published in March and April of 1999 says the tax is to be limited to street repairs. Finally, the village should develop a formal annual maintenance plan for village streets.

Wastewater System

As of December 31, 2013, the village had spent $150,164 from the General Revenue Fund to pay wastewater treatment plant project expenses, but the village does not have a payment plan or time frame for repayment of this loan. Village officials did not properly monitor construction costs and overpaid a contractor $25,664, and the Board did not approve a change totaling $146,455. The village has not developed adequate procedures regarding handling and accounting for delinquent wastewater accounts, and the delinquent account balances continue to grow monthly. Village ordinance states the village will contact the provider to shut off services if bills are more than 30 days past due, but the village has not initiated shut off procedures for any delinquent customers nor attempted to collect on the $116,973 in amounts delinquent over 30 days as of January 31, 2014. The village adds a $10 surcharge to wastewater bills but does not track these monies ($51,443 in 2013) and cannot determine if they are spent for sewer maintenance in accordance with the village ordinance.

Disbursements	The village does not have a written contract with, or charge a fee to, the local fire protection district for services provided, and does not have written contracts with some service providers. The village has not always solicited bids as required by village ordinance and paid some disbursements electronically without Board approval. The village did not obtain adequate documentation to support some disbursements, including $596 per month to reimburse the Police Chief for health insurance, $500 to reimburse the Police Chief for ammunition, and $2,500 to a home owners' association for road repair. Procedures were not adequate to prevent duplicate payments, late fees and finance charges, and unnecessary payment of sales taxes on purchases.
Accounting Records and Procedures	The Board has not segregated accounting duties, and there was not adequate independent oversight of the work of the Village Clerk. The Village Clerk kept inaccurate records, did not perform bank reconciliations, and did not maintain a running balance of accounts. There is no independent review of the credit card statements or supporting documentation to ensure purchases are reasonable, and the village needs to improve its receipting and depositing procedures.
Budgets	The 2014 and 2013 budgets were missing elements required by law, and the village did not hold a public hearing on the adoption of the budgets. The Wastewater Treatment Plant Fund was budgeted as part of General Fund operations for 2014, and no budget was prepared for this fund in 2013.
Ordinances and Sunshine Law Issues	The Board Secretary or a Board member did not sign some minutes, and no one prepared minutes for some committee meetings. Some topics discussed in closed meetings were not allowable or were not subsequently disclosed in open meetings. In a closed meeting, the Board voted to change the village hall office hours, approved a pay increase for a police officer, and retroactively recognized the Police Chief as a full-time employee. The Board also voted and approved a settlement agreement with an employee in a closed meeting and did not subsequently make the settlement agreement public.

In the areas audited, the overall performance of this entity was **Poor**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Village of Country Club
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the Honorable Chairperson
and
Members of the Board of Trustees
Village of Country Club, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Village of Country Club. We have audited certain operations of the village in fulfillment of our duties. The village engaged Troutt, Beeman & Co., P.C., Certified Public Accountants (CPAs), to audit the village's financial statements for the year ended December 31, 2013. To minimize duplication of effort, we reviewed the report of Kevin G. Hudson, CPA, for the year ended December 31, 2012, audit, since the year ended December 31, 2013, audit had not been completed. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the village's internal controls over significant management and financial functions.

2. Evaluate the village's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the village, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in our audit of the village.

For the areas audited, we identified (1) deficiencies in internal control, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Village of Country Club.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Robert McArthur II
Audit Staff:	Amanda Messick

1. Street Repair and Funding

The village has not used available restricted monies to adequately repair its streets and did not retain the original ballot language for a 1/2 cent sales tax leading to confusion as to the proper use of these monies. In addition, the village has not developed a formal maintenance plan.

1.1 Restricted street monies

Village streets are in poor condition and village officials have not established a separate fund for, nor have they separately tracked the balance of, restricted street monies. We observed village streets in various states of disrepair, noting numerous potholes, cracking and crumbling pavement, and several areas where water pooled during heavy rain. During the 6 years ending December 31, 2013, the village received almost $750,000 in revenue from motor vehicle-related fees from the state (approximately $456,000) and sales tax (approximately $293,000). The motor vehicle-related fees are restricted by the Missouri Constitution to road and street related purposes, and it is unclear whether the sales tax revenue is legally restricted (see section 1.2), although based on the village officials actions, it appears the intent was to restrict the sales tax. These monies are deposited in the General Fund and the unspent portions are not identified or restricted.

After residents expressed concerns, village officials consulted with their independent financial statement auditor and prepared spreadsheets for 2008 through 2013 to show how these restricted revenues were spent. These spreadsheets documented only $213,000 in disbursements that were clearly street related, including $78,000 for street repairs, $111,000 on snow/ice removal; and $24,000 for streets signs, street lights, and auto repairs/maintenance. All or a percentage of various other disbursements were then listed in the spreadsheet to justify how the remaining monies (over $530,000) was spent. Some items and amounts allocated on these spreadsheets raised concerns and do not appear allowable and/or reasonable.

These spreadsheets were prepared to demonstrate that motor vehicle-related fees and the sales tax revenues have been spent for street related purposes, but adequate documentation was not maintained to support how the percentages were determined and if they were reasonable. The Village Clerk, Police Chief and Deputy Chief, with assistance from the village's independent auditor, determined percentages to allocate for various village costs, based on estimates of their workload, rather than based on actual time and examining the use of services and supplies by various funds. These costs included employees' salaries, police vehicle operating and maintenance, payroll taxes, several types of insurance, mowing, and legal fees, among others. The percentages allocated ranged from 20 percent to 100 percent. For example, the spreadsheet for 2013 shows 65 percent of salaries, fringe benefits, insurance, training, and other costs related to the police department were allocated to these restricted revenues. Numerous other disbursements were allocated with no justification for the percentages used or how they were street related. In an attempt to justify the large

amount of general law enforcement expenses allocated to these restricted revenues, the state representative for the district in which the village is located requested assistance from the Attorney General's office regarding the use of the constitutionally restricted motor vehicle-related fees received by the village. The response provided does not support the uses of these funds in the manner the village has been using them.

To ensure restricted monies are spent appropriately and disbursements are allocated to various funds in proportion to the benefits received, the village should ensure the allocation of costs is reasonable and supported by adequate documentation. Article IV, Section 30, Missouri Constitution, requires motor vehicle-related revenues apportioned by the state of Missouri be expended for street purposes only. In addition, in March 2013 the Attorney General issued a letter concluding "the motor vehicle fuel tax monies may not be used for law enforcement purposes in general. Only that portion of law enforcement engaged in keeping the roads controlled, regulated, and in good order may be funded with these monies."

1.2 Sales tax

The village did not retain the actual ballot language supporting the passage of a 1/2 cent sales tax voted on during the April 6, 1999, election. Without this information it is unclear what the voters actually approved. This problem has led to debates amongst village officials and citizens related to the proper use of these monies (see section 1.1).

During our review, we noted the December 8, 1998, meeting minutes document the Board of Trustees (Board) approval of a 1/2 cent sales tax for road improvements. However, the meeting minutes from January 12, 1999, indicate Ordinance No. 327 was passed approving the 1/2 cent sales tax and the ballot language, but the minutes provided no indication the sales tax was to be used for road improvements. In addition, the ordinance signed by the Board does not restrict the sales tax revenues for road improvements.

We also reviewed an initial affidavit of publication of the ordinance and proposed ballot language published in the local newspaper on January 21, 1999. There was no indication these revenues would be restricted. However, another affidavit of publication of the proposed ballot language published in the local newspaper on March 25, 1999, and April 1, 1999, has a restriction on the 1/2 cent sales tax for street repairs.

Current village officials indicate they believe the Board's intent at that time was not to restrict the tax for road improvements and they provided the official ordinance as evidence. Village citizens contend they voted on the tax because it was to be used for street repairs as evidenced by the second published proposed ballot language. Spreadsheets showing allocations of restricted street revenues prepared by village officials (see section 1.1) included these sales tax revenues, indicating the Board's intent to spend

these funds on street-related purposes. The Board did not seek a legal opinion on the potential restrictions on these sales tax revenues and it is unclear if the current Board intends for these revenues to be restricted. Because it is unclear what ballot language village residents voted on and approved, it is not known if use of these monies is restricted.

The Secretary of State's office provides guidelines on record retention. It is the responsibility of local governments to maintain and manage records to ensure their preservation, especially records of a permanent nature.

To resolve the dispute, it is imperative the Board evaluate and make a decision regarding the sales tax monies. The Board needs to seek the opinion of legal counsel, solicit citizen input, and determine how these sales tax monies will be used in the future. These actions and decisions should be documented and the Board should ensure future use of the sales tax monies is consistent with decisions made.

1.3 Street maintenance plan

The village has not developed a formal annual maintenance plan for village streets. As indicated in section 1.1, village streets are in very poor condition and a relatively small amount of money has been spent to repair/replace village streets since 2008. As of April 2014, the village had selected an engineering firm to evaluate the condition of the roads and assess the improvements needed.

A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and approved by the Board. In addition, a public hearing should be held to obtain input from village citizens.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

Recommendations

The Board of Trustees:

1.1 Determine the balance of restricted street monies and establish a separate fund or a separate accounting of these monies as required by state law. In addition, if disbursements are to be allocated to the Street Fund, the methods used for the allocations should be supported by adequate documentation.

1.2 Seek a legal opinion regarding restrictions on the uses of the sales tax, solicit citizen input on the issue, and determine how these monies will be handled in the future. In addition, ensure permanent records are properly retained and preserved.

1.3 Establish a formal annual maintenance plan for village streets.

Auditee's Response

The Board of Trustees provided the following written responses:

1.1 We agree and the village is in the process of implementing the recommendation. Fund reports were created and are in use for 2014.

1.2 We agree and will implement this recommendation.

1.3 We agree. The process to implement this recommendation began in February 2014 after concerns were expressed by the auditors.

2. Wastewater System

The village has not developed a repayment schedule to repay its General Fund for expenses paid during the construction of the new wastewater treatment plant. Village officials also did not approve all construction change orders and overpaid a construction contract. In addition, adequate procedures have not been developed to collect delinquent customer wastewater accounts.

The village began construction of a new wastewater treatment plant in 2011. The original bid for construction of the plant was $3,625,376. The plant became fully operational in April 2013. The village contracts with an outside vendor for operation and maintenance of the wastewater plant. In addition, the village contracts with the city of St. Joseph to perform wastewater billings and collections. The village remains responsible for pursuing delinquent customer accounts.

2.1 Loans

It is unclear when the General Fund will be reimbursed for funds paid on behalf of, or transferred to the Wastewater Treatment Plant (WWTP) Fund, to pay for wastewater treatment plant project expenses.

On March 9, 2010, the Board approved resolution 2010-001 stating it would reimburse the General Fund for wastewater treatment plant project disbursements. Up to that point the General Fund had paid $113,852 in wastewater treatment plant expenses. Since then an additional $36,312 in wastewater treatment plant expenses have been paid from the General Fund, including $21,000 in February 2013 to make a wastewater treatment plant debt service payment. As of December 31, 2013, $150,164 had been spent on wastewater treatment plant disbursements from the General Fund. The village does not have a payment plan or time frame for repayment of the

loan from the General Fund to the WWTP Fund. Village officials indicated the village plans to repay a portion of the loan with any monies remaining in the wastewater treatment plant construction account. As of January 31, 2014, approximately $57,000 remained unspent in this account.

The village should develop a plan to repay the entirety of the General Fund loan in accordance with the Board approved resolution.

2.2 Construction disbursements and change orders

Village officials did not properly monitor wastewater treatment plant construction expenses, resulting in an overpayment to a contractor. In addition, the Board did not approve a change order made to the initial construction contract for the wastewater treatment plant project. These changes resulted in additional costs to the project.

The village twice paid $25,664 for construction change orders No. 5 and No. 6. The Board approved these change orders. The total value of the construction contract with all change orders was $3,881,708, but the contractor was paid $3,907,372. Village officials were unaware of the overpayment until we discussed the issue with them. In addition, the Board did not approve change order No. 3, totaling $146,455.

Proper monitoring of project costs is necessary to ensure village funds are properly disbursed. In addition, the Board should approve change orders for all significant changes to construction contracts to ensure any additional disbursements represent valid and appropriate costs to the district.

2.3 Delinquent accounts

The village has not developed adequate procedures regarding handling and accounting for delinquent wastewater accounts. As a result, a significant amount of wastewater fees have not been collected since collection began in August 2013 and the delinquent account balances continue to grow monthly. Wastewater billings currently exceed $50,000 per month.

Village Ordinance No. 476 states the village will contact the provider to shut off services if bills become more than 30 days past due. However, the village has not initiated shut off procedures for any delinquent customers nor attempted to collect on these delinquent amounts. As of December 31, 2013, accounts delinquent for over 30 days totaled $103,463. As of January 31, 2014, the delinquent balance had grown an additional $13,510, to $116,973 and included 174 of the 505 active accounts, or 34 percent. In addition, there were another 81 inactive accounts with delinquent balances totaling over $26,000.

To help maximize utility revenues, procedures should be developed to ensure adequate steps are taken to collect delinquent accounts.

2.4 Restricted surcharge

The village has not established a separate fund for, nor have they separately tracked the balance of, the restricted surcharge added to wastewater bills. By

ordinance, the village adds a $10 surcharge to wastewater bills. These surcharges are currently comingled with other wastewater revenues in the WWTP Fund. The balance of unspent surcharges is not tracked and the village has no mechanism to determine if the surcharge collections are spent for sewer maintenance in accordance with the village ordinance. During the year ended December 31, 2013, the village collected $51,443 in surcharges.

Village Ordinance No. 476 states the surcharge is imposed for the purpose of establishing an "Operations, Maintenance, and Replacement Fund" to be maintained in a separate checking account for this purpose.

Recommendations

The Board of Trustees:

2.1 Develop and implement a loan repayment schedule for amounts due to the General Fund from the WWTP Fund.

2.2 Request reimbursement of the overpayment to the construction contractor. In addition, the Board should ensure adequate monitoring of project costs is performed and documented on future projects and change orders are approved.

2.3 Follow village ordinance shut off procedures for delinquent wastewater accounts and establish policies and procedures regarding the collection of delinquent accounts.

2.4 Determine the balance of restricted wastewater monies and establish a separate fund or a separate accounting of these monies as required by village ordinance.

Auditee's Response

The Board of Trustees provided the following written responses:

2.1 We agree and will implement this recommendation with advisement from our bond counsel.

2.2 We agree. The process to implement the recommendation began in March 2014 after this was brought to our attention by the auditors. As of September 2014 reimbursement has not been received and this matter has been turned over to the village attorney for resolution.

2.3 We agree. The village is in the process of implementing this recommendation.

2.4 We agree and will implement this recommendation.

3. Disbursements

Weaknesses exist in controls and procedures over disbursements.

3.1 Written contracts

The village does not have a written contract with, or charge a fee to, the local fire protection district (FPD) for services provided for the district and does not have written contracts with some service providers.

- The village does not have a written contract with the FPD for services provided and does not require the FPD to reimburse the village for any expenses. The Village Clerk maintains the FPD's bank account, handles all its accounting duties (including preparing disbursements and financial reports), posts FPD meeting notices, and prepares district meeting minutes, etc. The village pays the clerk's salary for time spent performing these duties for the FPD. The Village Clerk does not track the amount of time spent performing these duties. The FPD has a separate Board and is considered a separate political subdivision. According to the Village Clerk, the FPD had revenues exceeding $80,000 for the year ended December 31, 2013, and had a bank account balance of $98,741 as of December 31, 2013.

- The village does not have a contract with the Andrew County Circuit Court to process the village's traffic tickets. The village paid $3,338 for this service during 2013.

- The village does not have a contract with a mowing company receiving payments of approximately $3,900 during 2013.

- The village last had a written contract in place with its attorney through December 31, 2009. Currently, the village is billed a $500 monthly retainer for "reviewing, processing, and litigating any and all Village of Country Club court matters each month," plus $100 per hour for additional services. The village spent $11,975 during 2013 for attorney's services.

Clear and detailed written contracts, including reporting requirements and provisions to allow for proper monitoring, are necessary to ensure all parties are aware of their duties and responsibilities, prevent misunderstandings, and ensure village monies are used appropriately and effectively. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

3.2 Bidding

The village has not always solicited bids as required by village ordinance. The village did not solicit bids for computers costing $4,532. In addition, the village has used the same attorney for legal services for approximately 25 years without conducting a competitive selection process. As noted in section 3.1, the village paid $11,975 for legal services during the year ended December 31, 2013.

Section 135.020 of the village ordinances, requires supplies and contractual services to be bid when the estimated cost exceeds $2,500 and contracts to be awarded to the lowest responsible bidder. In addition to being required by village ordinance, the routine use of a competitive procurement process for major purchases ensures the village has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in village business.

3.3 Board approval

The village paid some disbursements electronically through its bank's bill payment system without Board approval. The Board generally reviews and approves disbursements during Board meetings by reviewing a list of disbursements prepared by the Village Clerk, however, there were instances where electronic payments were not included in the list and approved by the Board.

Payment of invoices without documented approval from a Board member increases the risk of paying for goods or services not actually received. To ensure disbursements are appropriate, including electronic payments, the Board should require complete and accurate financial information be provided for its review and approval.

3.4 Supporting documentation

The village did not obtain adequate documentation to support some disbursements.

- The village reimburses the Police Chief $596 per month for his cost of health insurance through his former place of employment because it is less expensive than village provided insurance. The Police Chief gives the village a self-made invoice each month to document the amount owed. The village does not obtain any other documentation to ensure the amount being billed to the village is correct. In addition, Internal Revenue Service (IRS) regulations provide that when an employer gives an employee money to pay for health insurance without requiring proof of payment of premiums, the amount is a taxable fringe benefit. The payments to the Police Chief were not reported on his W-2 form.

- The village reimbursed the Police Chief $500 for the purchase of ammunition without any external documentation showing the purchase date or amount paid.

- The village gave a local homeowners' association $2,500 for road repairs but did not obtain documentation supporting the work performed or its completion.

To ensure obligations were actually incurred and amounts paid were proper, all disbursements should be supported by paid receipts, itemized vendor invoices or other detailed documentation with payment information clearly indicated. In addition, proof of payment of the Police Chief's health

insurance should be provided or the amount should be reported as a taxable fringe benefit on his W-2 form in accordance with IRS regulations.

3.5 Duplicate payments

Procedures used to review and mark invoices to prevent duplicate payments need improvement.

- The village received 2 invoices for the same vehicle repair service. The invoices were for 2 different amounts but had the same invoice number and date. The village paid both invoices on December 9, 2013, without noticing they were for the same service. The vendor identified the error and issued a refund to the village.

- For 3 of 30 (10 percent) disbursements tested the check number and/or date paid was not noted on the invoice.

A thorough and documented review of disbursements as well as documentation of payment of invoices by canceling the document upon payment reduces the possibility of duplicate payments.

3.6 Late fees, finance charges, and sales tax

The Village Clerk does not ensure bills are paid timely resulting in the village incurring late fees and finance charges. In addition, the village does not ensure all vendors are notified of the village's sales tax exemption status resulting in unnecessary expenses.

For 9 of 30 (30 percent) disbursements tested the invoice was paid past the due date. In addition to these late payments, there were invoices where the current balance was paid on time but the invoice showed there was a past due amount or indicated the prior month's payment was made after the due date. Because of the errors, we reviewed additional disbursements focusing on utility, phone, and credit card billings. For the year ended December 31, 2013, we identified 38 payments with late fees and financing charges totaling $175. We also noted the village paid sales tax of $1,968 in bills we reviewed that should not have been paid.

To prevent unnecessary late fees and finance charges, procedures should be in place to ensure bills are paid timely. In addition, sales tax should not be paid on purchases since the village is tax exempt.

Recommendations

The Board of Trustees:

3.1 Enter into written agreements defining services provided and benefits received.

3.2 Solicit bids and proposals as required by village ordinance.

3.3 Ensure all invoices are reviewed and approved by appropriate officials prior to payment.

3.4 Obtain adequate supporting documentation for all disbursements. Also, the Board should ensure health insurance reimbursements to the Police Chief are properly reported under IRS regulations.

3.5 Ensure all invoices are adequately reviewed, and the payment number and payment date is recorded on all invoices to prevent duplicate payments.

3.6 Implement procedures to ensure bills are paid timely and all vendors are aware of the village's sales tax exempt status. In addition, the village should attempt to recover any unnecessary sales tax paid.

Auditee's Response

The Board of Trustees provided the following written responses:

3.1 We agree. The village is in the process of implementing this recommendation.

3.2 We agree and have already implemented this recommendation. The village joined the State of Missouri Cooperative Procurement Program in February 2014 and will follow its guidelines for future purchases.

3.3& 3.5 We agree. These recommendations were implemented in May 2014 after the auditors notified us of their concerns.

3.4 We agree. This recommendation was implemented in January 2014 after the auditors notified us of their concerns.

3.6 We agree. This recommendation was implemented in February 2014 after the auditors notified us of their concerns. The Village Clerk reviewed village invoices for any additional sales tax paid and the village has already requested and received refunds of approximately $3,000 from various vendors.

4. Accounting Records and Procedures

Village accounting records and financial reports provided to the Board are not always accurate, bank reconciliations are not performed, there is no Board review of credit card purchases, and the village's receipting, recording, and depositing procedures are in need of improvement.

4.1 Segregation and oversight

The Board has not segregated accounting duties and there is not adequate independent oversight of the work performed by the Village Clerk. Had reviews been performed, many of the errors noted in section 4.2 would likely have been identified. The Village Clerk is responsible for all record keeping and accounting functions of the village and has access and authority

to make electronic bill payments through the village's bank accounts. Adequate independent reviews of her work are not performed.

One person performing all record keeping and accounting functions does not allow the segregation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances needed for good internal control. If segregation of duties is not possible, periodic independent or supervisory reviews, including a comparison of financial records to the reconciled bank statement, should be performed and documented.

4.2 Accounting records

The Village Clerk's accounting records contained inaccuracies, resulting in errors on monthly finance reports provided to the Board.

- Revenues of $44,376 received December 27, 2013, are excluded from the year-end finance report for the WWTP Fund because the bank statement for this account runs monthly from the 19th to the 18th. All disbursements made from December 18, 2013, through December 31, 2013, were also not recorded in the finance report until January 2014. The Village Clerk matches the finance reports to the bank statement so she did not include activity for December 18, 2013, through December 31, 2013, in the report.

- Revenues of $54,404 received from the Andrew County Collector before the end of 2013 are excluded from the year-end finance report for the General Fund because this payment was not deposited until January 9, 2014, and not recorded in the accounting records until after the deposit. The revenue should have been recognized in the December 2013 finance report.

- We noted a payment of $1,290 for wastewater treatment plant construction expenses was paid on October 8, 2013, from the General Fund but was recorded in the WWTP Fund. We also noted a check for $40, written on January 25, 2013, for police training and an electronic payment for $212 made on April 29, 2013, to the Family Support Division were not recorded in the General Fund financial records. Finally, a fuel payment from the general bank account on July 3, 2013, for $758 was incorrectly posted to the General Fund financial records as $576.

Accurate and complete financial information is necessary for the Board to make informed decisions and to provide residents with reliable information about village finances. Inaccurately recorded transactions also make it more difficult to detect loss, theft, or misuse of funds.

4.3 Bank reconciliations

The Village Clerk does not perform bank reconciliations for any of the village's 6 bank accounts and does not maintain a running balance for these accounts.

A monthly bank reconciliation helps ensure bank and book balances are in agreement and errors are detected and corrected timely. Maintaining a checkbook balance would also aid in preparing the monthly bank reconciliation and monitoring the bank balance.

4.4 Credit cards

Controls over credit cards need improvement. The village has one credit card account with cards issued to two employees and the Board Chairperson. There is no independent review of the credit card statements or supporting documentation to ensure purchases are reasonable and for village purposes. Village employees indicate they obtain verbal approval from a Board member prior to making a purchase. Credit card purchases totaled $2,529 in 2013.

The Board should perform a review of all credit card purchases to ensure expenses paid are necessary, reasonable, and adequately documented.

4.5 Receipting and depositing procedures

Receipting and depositing procedures need improvement.

Receipt slips are not always issued for payments received. Receipt slips are generally written for walk-in payments only. In addition, receipt slips do not always document the method of payment received, and the composition of receipts is not reconciled to the composition of the deposit. Furthermore, receipts are not always deposited timely.

For example, we noted two checks received by mail from the Andrew County Circuit Court dated June 28, 2013, totaling $1,575 were not receipted and not deposited until July 29, 2013. Also during the month of July 2013, village personnel made 6 deposits on July 29 and 30, 2013, totaling $10,447 and made no other deposits during the month. In addition, payments from the Andrew County Collector were not deposited timely.

Failure to implement adequate receipting and depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected and accounting records will contain errors.

Recommendations

The Board of Trustees:

4.1 Segregate accounting duties to the extent possible and ensure a documented supervisory review of the accounting records is performed.

4.2 Ensure accounting records are accurately maintained.

4.3 Ensure monthly bank reconciliations are prepared for all bank accounts and running checkbook balances are maintained.

4.4 Review credit card usage and require adequate documentation be maintained and reconciled to billing statements.

4.5 Ensure receipt slips are issued for all monies received and the numerical sequence of receipt slips is accounted for properly. The method of payment should be documented and the composition of receipts reconciled to the composition of deposits. Additionally, the Board should ensure receipts are posted to the accounting system and deposited timely.

Auditee's Response

The Board of Trustees provided the following written responses:

4.1-4.4 We agree. These recommendations were implemented in May 2014 after the auditors notified us of their concerns.

4.5 We agree. This recommendation was implemented in January 2014 immediately after the auditors notified us of their concern.

5. Budgets

Village budgets are not complete and prepared in compliance with state law. In addition, public hearings were not held concerning their adoption.

- The 2014 and 2013 budgets did not contain a budget message, actual receipts and disbursements for the 2 preceding years for comparison purposes, or amounts related to the debt of the village. In addition, beginning available resources and estimated ending available resources were not included in these budgets but are needed to present a complete financial plan for village finances.

- A budget was not prepared for the WWTP Fund in 2013, the plant's first year of operation, and in the 2014 budget, the wastewater treatment plant activity was included in the General Fund budget.

- For the 2014 and 2013 budgets, village officials did not hold a public hearing to obtain resident input.

Section 67.010, RSMo, provides requirements for the information to be presented in the annual operating budget. A complete and well-planned budget, in addition to meeting statutory guidelines, can serve as a useful management tool by establishing specific expectations for each area of village operations and provides a means to effectively monitor actual financial activity. In addition, obtaining input from village residents through a public hearing when adopting budgets can help residents better understand decisions made.

Recommendation

The Board of Trustees prepare complete budget documents for all village funds in accordance with state law and ensure a public hearing is held to obtain input from village residents.

Auditee's Response

The Board of Trustees provided the following written response:

We agree and will implement this recommendation when preparing the 2015 budget.

6. Ordinances and Sunshine Law Issues

Weaknesses exist in the documentation of minutes for Board and committee meetings. Items discussed in closed meetings were not always allowable or subsequently disclosed in open meetings as required by the Sunshine Law. We identified some problems regarding compliance with village ordinances.

6.1 Meeting minutes

Weaknesses exist in the documentation of minutes for Board and committee meetings.

- The number of votes on a given issue was inaccurately recorded in several instances. For example, at its May 14, 2013, meeting, the Board reviewed varying proposals from a vendor for a phone system. The Board meeting minutes indicate the motion to select one of proposals carried 5-0, but only 4 Board members attended the meeting.

- The Board minutes do not document a vote at the June 11, 2013, meeting when a bill was introduced to change workers' compensation insurance companies. The Village Clerk reviewed her handwritten notes for this meeting and determined a vote took place approving the bill 5-0. During this meeting, minutes indicate there was a motion to adjourn but no one is listed as making the motion, there was no second to the motion, and no vote recorded.

- The July 9, 2013, Board meeting minutes list the monthly bills to be paid but there is no motion or vote recorded to approve their payment.

- The September 10, 2013, Board meeting minutes indicate a bill was introduced and accepted to amend the sewer rate charge. The bill was approved but no vote was recorded, only a notation that the motion carried. In addition, the monthly bills were listed for payment, but there was no motion or vote recorded to approve their payment.

We also noted two instances where the Board Secretary or a Board member did not sign meeting minutes. In addition, no one prepared minutes for some committee meetings. For example, the Personnel Committee did not keep minutes for 6 of 7 meetings held during 2013 and the minutes for the meeting held October 2, 2013, do not show who attended the meeting or if

any motions or decisions occurred. The minutes include only a list of topics discussed.

Section 610.020, RSMo, requires meeting minutes be maintained as a record of business conducted and to provide an official record of board actions and decisions. The meeting minutes should be accurate and signed by the Board Secretary as preparer and by the Board Chairperson or another Board member to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the meetings. In addition, Section 610.010, RSMo, defines committees appointed by and reporting to public governmental bodies as subject to Sunshine Law requirements.

6.2 Closed meetings

Some topics discussed and voted on in closed meetings were not allowable or were not subsequently disclosed in open meetings in accordance with the Sunshine Law.

- On July 23, 2013, the Board voted to change the village hall office hours. The change was not documented in the open minutes. In addition, the Board approved a pay increase for a police officer and decided to retroactively recognize the Police Chief as a full-time employee and made him eligible to receive 3 weeks of vacation. There was no documented discussion of personal information regarding either employee which is necessary for these discussions to be closed.

- On March 19, 2013, the Board voted and approved a settlement agreement to terminate an employee. The village did not make public the settlement agreement.

Section 610.021, RSMo, lists the topics that may be discussed in closed meetings and requires the results of votes related to certain decisions made in closed meetings to be made public within specified timeframes or after conclusion of the action authorized by the vote.

6.3 Ordinances

Village ordinances are not complete and organized. The village has not adopted ordinances regarding the Village Clerk's job responsibilities, work hours, compensation, etc. Section 80.240, RSMo, provides that the Board appoint certain officials, prescribe their duties, and fix their compensation. Compensation should be set by ordinance. In addition, while ordinances appear to have been codified in 2004, the ordinances are maintained in a file folder and there is no up-to-date official ordinance book. An index of all ordinances passed and rescinded by the village is not maintained.

Since ordinances represent legislation passed by the Board to govern the village and its residents, it is important ordinances be current, complete, and organized. The lack of an ordinance index also makes it more difficult for the village to determine which ordinances are active or have been rescinded.

Recommendations

The Board of Trustees:

6.1 Maintain complete and accurate minutes for all open meetings.

6.2 Ensure meeting minutes publicly disclose the final disposition of applicable matters discussed in closed meetings. In addition, only allowable topics should be discussed in closed meetings.

6.3 Establish, by ordinance, certain officials duties and compensation. The Board of Trustees should also ensure ordinances are maintained in a complete, well-organized, and up-to-date manner, new ordinances are passed when appropriate, and an index of all ordinances passed and rescinded is established.

Auditee's Response

The Board of Trustees provided the following written response:

6.1-6.3 We agree and are in the process of implementing these recommendations.

Village of Country Club
Organization and Statistical Information

The Village of Country Club is located in Andrew County. The village was incorporated in 1953. The village employed three full-time employees and one part-time employee on December 31, 2013.

Village operations include law enforcement services, utilities (wastewater and trash), street maintenance, and planning and zoning.

Chairperson and Board of Trustees

The village government consists of a five-member board of trustees. The members are elected for 2-year terms. The chairperson and clerk are appointed by the board from the trustees. The members of the Board of Trustees at December 31, 2013, are identified below. The Board of Trustees members receive no compensation.

Kent Shipley, Chairperson
Charles Owen Compton, Clerk
Marvin Ed Chrisman, Vice-Chair
Bill Schellhorn
Allen Ashelford

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Dallas County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Dallas County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Nichols, Stopp & VanHoy, Certified Public Accountants, is attached.

Thomas A. Schweich
State Auditor

November 2014
Report No. 2014-106

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

The County of Dallas
Buffalo, Missouri
Independent Auditor's Report and Financial Statements
For the years ended December 31, 2013 & 2012

The County of Dallas
Buffalo, Missouri
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INDEPENDENT AUDITOR'S REPORT

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141
PHONE: 314-569-3800
FAX: 314-569-0020
www.nsvcpa.com

To the County Commission and
Officeholders of Dallas County, Missouri

We have audited the accompanying financial statements of Dallas County, Missouri, as of and for the years ended December 31, 2013 and 2012, which collectively comprise the County's basic financial statements and the related notes to the financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Dallas County, Missouri, using accounting practices prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Dallas County, Missouri, as of December 31, 2013 and 2012, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Dallas County, Missouri, as of December 31, 2013 and 2012, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2014, on our consideration of Dallas County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dallas County, Missouri's internal control over financial reporting and compliance.

Nichols, Stopp, & VanHoy, LLC

Creve Coeur, Missouri
September 22, 2014

The County of Dallas
Buffalo, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2013

Fund	Cash and Equivalents January 1, 2013	Receipts 2013	Disbursements 2013	Cash and Equivalents December 31, 2013
General Revenue Fund	$ 288,075	$ 1,334,577	$ 1,404,495	$ 218,157
Special Road and Bridge Fund	267,960	1,088,205	1,113,829	242,336
Assessment Fund	218	224,179	219,139	5,258
Road and Bridge Capital Improvement Fund	161,866	709,445	789,511	81,800
Law Enforcement Sales Tax Fund	14,692	986,179	979,694	21,177
Law Enforcement Civil Fees Fund	6,058	18,377	16,595	7,840
Law Enforcement Training Fund	892	5,677	3,259	3,310
Prosecuting Attorney Training Fund	1,377	1,423	876	1,924
Bad Check Fund	11,625	4,048	4,617	11,056
Domestic Violence Fund	20	450	430	40
Jury Fund	2,342	5,332	7,569	105
Local Emergency Planning Committee Fund	13,116	-	337	12,779
Record Storage Fund	30,171	12,993	13,422	29,742
Election Services Fund	3,668	2,286	2,959	2,995
Tax Maintenance Fund	63,029	18,682	19,559	62,152
Assessment 50% Tax Fund	19,794	30,922	31,048	19,668
911 Board Fund	293,237	536,128	550,048	279,317
Sheriff's Revolving Fund	4,571	7,409	811	11,169
Prosecuting Attorney Tax Fund	1,692	195	-	1,887
Inmate Security Fund	5,568	7,654	3,350	9,872
Law Enforcement Restitution Fund	10,962	10,837	11,985	9,814
Special Election Fund	3,791	10,746	14,537	-
Total	$ 1,204,724	$ 5,015,744	$ 5,188,070	$ 1,032,398

See Notes to the Financial Statements

The County of Dallas
Buffalo, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

Fund	Cash and Equivalents January 1, 2012	Receipts 2012	Disbursements 2012	Cash and Equivalents December 31, 2012
General Revenue Fund	$ 84,253	$ 1,661,070	$ 1,457,248	$ 288,075
Special Road and Bridge Fund	229,264	1,113,468	1,074,772	267,960
Assessment Fund	1,794	221,939	223,515	218
Road and Bridge Capital Improvement Fund	263,342	842,644	944,120	161,866
Law Enforcement Sales Tax Fund	15,081	966,863	967,252	14,692
Law Enforcement Civil Fees Fund	5,905	26,395	26,242	6,058
Law Enforcement Training Fund	1,486	5,327	5,921	892
Prosecuting Attorney Training Fund	563	1,342	528	1,377
Bad Check Fund	7,626	5,516	1,517	11,625
Domestic Violence Fund	-	480	460	20
Jury Fund	143	7,589	5,390	2,342
Local Emergency Planning Committee Fund	8,480	4,642	6	13,116
Record Storage Fund	24,578	23,804	18,211	30,171
Election Services Fund	4,460	4,606	5,398	3,668
Tax Maintenance Fund	62,217	21,744	20,932	63,029
Assessment 50% Tax Fund	19,254	31,631	31,091	19,794
911 Board Fund	287,890	559,368	554,021	293,237
Sheriff's Revolving Fund	2,343	3,528	1,300	4,571
Prosecuting Attorney Tax Fund	1,520	172	-	1,692
Inmate Security Fund	2,231	5,228	1,891	5,568
Law Enforcement Restitution Fund	2,613	8,349	-	10,962
Special Election Fund	-	69,139	65,348	3,791
Total	$ 1,025,043	$ 5,584,844	$ 5,405,163	$ 1,204,724

See Notes to the Financial Statements

The County of Dallas
Buffalo, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	General Revenue Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 282,900	$ 261,601	$ 263,000	$ 262,480
Sales Taxes	580,000	574,637	600,000	578,504
Intergovernmental	121,750	118,095	409,600	438,478
Charges for Services	225,100	248,513	237,250	247,286
Interest	9,000	5,268	5,500	8,686
Other Receipts	73,300	56,912	25,825	62,948
Transfers In	65,572	69,551	62,040	62,688
Total Receipts	$ 1,357,622	$ 1,334,577	$ 1,603,215	$ 1,661,070
Disbursements				
General County Government:				
County Commission	$ 87,065	$ 85,667	$ 87,950	$ 86,688
County Clerk	77,302	73,503	75,275	73,976
Elections	30,693	30,540	75,500	35,440
Buildings and Grounds	65,650	73,444	135,020	102,420
Employee Fringe Benefits	119,700	122,473	119,700	111,749
County Treasurer	47,750	46,267	47,105	45,875
County Collector	111,303	107,727	112,069	110,974
Recorder of Deeds	47,038	46,890	49,848	47,022
Circuit Clerk	29,175	18,695	17,050	16,841
Court Administration	15,874	10,106	16,714	13,781
Public Administrator	31,260	32,105	31,660	30,847
Public Safety:				
Sheriff	25,000	25,457	13,100	12,156
Prosecuting Attorney	197,616	195,010	193,595	187,956
Juvenile Officer	38,366	31,023	12,342	34,336
County Coroner	21,350	29,618	22,045	18,659
Other:				
Emergency Management	9,100	8,879	12,810	12,318
Other Disbursements	129,977	134,691	135,007	124,210
Transfers Out	340,100	332,400	355,500	392,000
Emergency Fund	75,000	-	75,000	-
Total Disbursements	$ 1,499,319	$ 1,404,495	$ 1,587,290	$ 1,457,248
Receipts Over (Under) Disbursements	$ (141,697)	$ (69,918)	$ 15,925	$ 203,822
Cash, January 1	288,075	288,075	84,253	84,253
Cash, December 31	$ 146,378	$ 218,157	$ 100,178	$ 288,075

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Buffalo, Missouri
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Budget and Actual, All Governmental Funds: Regulatory Basis
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	Special Road and Bridge Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	$ 409,200	$ 396,589	$ 412,800	$ 406,170
Sales Taxes	-	-	-	-
Intergovernmental	687,000	680,972	675,900	693,899
Charges for Services	-	-	-	-
Interest	7,500	5,663	6,500	7,862
Other Receipts	5,700	4,981	4,500	5,537
Transfers In	-	-	-	-
Total Receipts	$ 1,109,400	$ 1,088,205	$ 1,099,700	$ 1,113,468
Disbursements				
Salaries	$ 526,643	$ 521,534	$ 532,573	$ 526,643
Employee Fringe Benefits	160,577	163,221	167,550	160,524
Supplies	260,000	222,482	270,000	241,236
Insurance	40,000	38,483	24,000	35,349
Road and Bridge Materials	5,000	3,643	5,000	2,805
Equipment Repairs	65,000	82,884	75,000	64,342
Equipment Purchases	27,000	35,169	-	-
Other Expenditures	14,300	13,133	12,700	10,873
Transfers Out	33,280	33,280	33,000	33,000
Total Disbursements	$ 1,131,800	$ 1,113,829	$ 1,119,823	$ 1,074,772
Receipts Over (Under) Disbursements	$ (22,400)	$ (25,624)	$ (20,123)	$ 38,696
Cash, January 1	267,960	267,960	229,264	229,264
Cash, December 31	$ 245,560	$ 242,336	$ 209,141	$ 267,960

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	Assessment Fund				Road and Bridge Capital Improvement Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	580,000	574,638	600,000	578,504
Intergovernmental	101,553	100,488	107,000	101,640	137,925	122,940	264,000	159,818
Charges for Services	-	-	-	-	-	-	-	-
Interest	440	354	500	469	6,500	2,067	9,000	5,995
Other Receipts	7,035	12,337	8,413	6,330	312,000	9,800	95,000	98,327
Transfers In	116,500	111,000	113,500	113,500	-	-	-	-
Total Receipts	$ 225,528	$ 224,179	$ 229,413	$ 221,939	$ 1,036,425	$ 709,445	$ 968,000	$ 842,644
Disbursements								
Salaries	$ 162,700	$ 160,172	$ 161,059	$ 161,705	$ -	$ -	$ -	$ -
Employee Fringe Benefits	38,078	34,752	39,861	38,078	-	-	-	-
Materials and Supplies	17,800	15,984	19,000	15,321	480,000	416,318	495,000	510,556
Services and Other	7,000	8,231	6,000	8,411	130,000	128,564	262,000	172,651
Capital Outlay	-	-	-	-	227,735	212,337	202,735	231,873
Transfers Out	-	-	-	-	32,292	32,292	29,040	29,040
Total Disbursements	$ 225,578	$ 219,139	$ 225,920	$ 223,515	$ 870,027	$ 789,511	$ 988,775	$ 944,120
Receipts Over (Under) Disbursements	$ (50)	$ 5,040	$ 3,493	$ (1,576)	$ 166,398	$ (80,066)	$ (20,775)	$ (101,476)
Cash, January 1	218	218	1,794	1,794	161,866	161,866	263,342	263,342
Cash, December 31	$ 168	$ 5,258	$ 5,287	$ 218	$ 328,264	$ 81,800	$ 242,567	$ 161,866

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	Law Enforcement Sales Tax Fund				Law Enforcement Civil Fees Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	580,000	574,642	600,000	578,507	-	-	-	-
Intergovernmental	130,467	153,800	125,105	91,803	-	-	-	-
Charges for Services	55,000	36,149	30,000	54,349	25,000	18,377	22,280	26,395
Interest	800	609	780	858	-	-	-	-
Other Receipts	5,500	4,879	28,250	10,346	-	-	-	-
Transfers In	216,100	216,100	231,000	231,000	-	-	-	-
Total Receipts	$ 987,867	$ 986,179	$ 1,015,135	$ 966,863	$ 25,000	$ 18,377	$ 22,280	$ 26,395
Disbursements								
Salaries	$ 577,810	$ 560,910	$ 558,629	$ 574,842	$ -	$ -	$ -	$ -
Employee Fringe Benefits	159,680	163,650	173,100	154,154	-	-	-	-
Materials and Supplies	48,700	52,665	45,450	47,257	-	3,274	-	169
Services and Other	71,600	84,432	66,300	69,640	25,000	7,315	26,273	5,577
Capital Outlay	122,780	118,037	136,737	121,359	-	6,006	-	20,496
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 980,570	$ 979,694	$ 980,216	$ 967,252	$ 25,000	$ 16,595	$ 26,273	$ 26,242
Receipts Over (Under) Disbursements	$ 7,297	$ 6,485	$ 34,919	$ (389)	$ -	$ 1,782	$ (3,993)	$ 153
Cash, January 1	14,692	14,692	15,081	15,081	6,058	6,058	5,905	5,905
Cash, December 31	$ 21,989	$ 21,177	$ 50,000	$ 14,692	$ 6,058	$ 7,840	$ 1,912	$ 6,058

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	Law Enforcement Training Fund				Prosecuting Attorney Training Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,950	-	1,959	-	-	-	-	-
Charges for Services	5,320	5,677	4,068	5,327	1,300	1,423	1,000	1,342
Interest	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 7,270	$ 5,677	$ 6,027	$ 5,327	$ 1,300	$ 1,423	$ 1,000	$ 1,342
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	7,270	3,259	7,318	5,921	1,500	876	1,000	528
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 7,270	$ 3,259	$ 7,318	$ 5,921	$ 1,500	$ 876	$ 1,000	$ 528
Receipts Over (Under) Disbursements	$ -	$ 2,418	$ (1,291)	$ (594)	$ (200)	$ 547	$ -	$ 814
Cash, January 1	892	892	1,486	1,486	1,377	1,377	563	563
Cash, December 31	$ 892	$ 3,310	$ 195	$ 892	$ 1,177	$ 1,924	$ 563	$ 1,377

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	Bad Check Fund				Domestic Violence Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	4,000	3,955	6,000	5,410	600	450	600	480
Interest	100	93	25	106	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 4,100	$ 4,048	$ 6,025	$ 5,516	$ 600	$ 450	$ 600	$ 480
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	7,200	4,617	5,900	1,517	600	430	600	460
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 7,200	$ 4,617	$ 5,900	$ 1,517	$ 600	$ 430	$ 600	$ 460
Receipts Over (Under) Disbursements	$ (3,100)	$ (569)	$ 125	$ 3,999	$ -	$ 20	$ -	$ 20
Cash, January 1	11,625	11,625	7,626	7,626	20	20	-	-
Cash, December 31	$ 8,525	$ 11,056	$ 7,751	$ 11,625	$ 20	$ 40	$ -	$ 20

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	Jury Fund				Local Emergency Planning Committee Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	4,642
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other Receipts	-	32	-	89	-	-	-	-
Transfers In	7,500	5,300	11,000	7,500	-	-	-	-
Total Receipts	$ 7,500	$ 5,332	$ 11,000	$ 7,589	$ -	$ -	$ -	$ 4,642
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	200	112	200	-
Services and Other	7,600	7,569	10,800	5,390	2,300	225	2,300	6
Capital Outlay	-	-	-	-	4,500	-	4,500	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 7,600	$ 7,569	$ 10,800	$ 5,390	$ 7,000	$ 337	$ 7,000	$ 6
Receipts Over (Under) Disbursements	$ (100)	$ (2,237)	$ 200	$ 2,199	$ (7,000)	$ (337)	$ (7,000)	$ 4,636
Cash, January 1	2,342	2,342	143	143	13,116	13,116	8,480	8,480
Cash, December 31	$ 2,242	$ 105	$ 343	$ 2,342	$ 6,116	$ 12,779	$ 1,480	$ 13,116

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	Record Storage Fund				Election Services Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,500	1,765	1,700	1,242
Charges for Services	13,175	12,611	8,650	22,961	500	-	2,000	307
Interest	500	382	500	590	100	41	175	81
Other Receipts	250	-	100	253	-	-	-	-
Transfers In	-	-	-	-	-	480	-	2,976
Total Receipts	$ 13,925	$ 12,993	$ 9,250	$ 23,804	$ 2,100	$ 2,286	$ 3,875	$ 4,606
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	3,000	1,342	4,000	2,948	-	-	-	-
Services and Other	11,589	2,051	9,650	1,920	3,100	2,959	1,000	5,398
Capital Outlay	5,000	10,029	5,000	13,343	-	-	4,400	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 19,589	$ 13,422	$ 18,650	$ 18,211	$ 3,100	$ 2,959	$ 5,400	$ 5,398
Receipts Over (Under) Disbursements	$ (5,664)	$ (429)	$ (9,400)	$ 5,593	$ (1,000)	$ (673)	$ (1,525)	$ (792)
Cash, January 1	30,171	30,171	24,578	24,578	3,668	3,668	4,460	4,460
Cash, December 31	$ 24,507	$ 29,742	$ 15,178	$ 30,171	$ 2,668	$ 2,995	$ 2,935	$ 3,668

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	Tax Maintenance Fund				Assessment 50% Tax Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	32,000	30,887	31,000	31,594
Charges for Services	20,000	17,880	18,000	20,358	-	-	-	-
Interest	1,400	802	1,400	1,386	40	35	50	37
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 21,400	$ 18,682	$ 19,400	$ 21,744	$ 32,040	$ 30,922	$ 31,050	$ 31,631
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	25,000	908	25,000	1,045	800	31,048	2,000	644
Capital Outlay	5,000	18,651	5,000	19,887	33,301	-	37,600	30,447
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 30,000	$ 19,559	$ 30,000	$ 20,932	$ 34,101	$ 31,048	$ 39,600	$ 31,091
Receipts Over (Under) Disbursements	$ (8,600)	$ (877)	$ (10,600)	$ 812	$ (2,061)	$ (126)	$ (8,550)	$ 540
Cash, January 1	63,029	63,029	62,217	62,217	19,794	19,794	19,254	19,254
Cash, December 31	$ 54,429	$ 62,152	$ 51,617	$ 63,029	$ 17,733	$ 19,668	$ 10,704	$ 19,794

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	911 Board Fund				Sheriff's Revolving Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	515,000	527,769	510,000	519,239	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	3,000	7,409	2,216	3,528
Interest	5,500	3,400	6,000	5,923	-	-	-	-
Other Receipts	-	4,959	-	34,206	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 520,500	$ 536,128	$ 516,000	$ 559,368	$ 3,000	$ 7,409	$ 2,216	$ 3,528
Disbursements								
Salaries	$ 360,700	$ 354,627	$ 345,000	$ 344,716	$ -	$ -	$ -	$ -
Employee Fringe Benefits	77,000	69,989	75,000	70,203	-	-	-	-
Materials and Supplies	69,900	57,552	60,500	56,972	1,000	-	1,000	-
Services and Other	57,350	46,988	64,580	76,052	-	-	-	-
Capital Outlay	14,970	20,892	1,200	6,078	2,000	811	3,177	1,300
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 579,920	$ 550,048	$ 546,280	$ 554,021	$ 3,000	$ 811	$ 4,177	$ 1,300
Receipts Over (Under) Disbursements	$ (59,420)	$ (13,920)	$ (30,280)	$ 5,347	$ -	$ 6,598	$ (1,961)	$ 2,228
Cash, January 1	293,237	293,237	287,890	287,890	4,571	4,571	2,343	2,343
Cash, December 31	$ 233,817	$ 279,317	$ 257,610	$ 293,237	$ 4,571	$ 11,169	$ 382	$ 4,571

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	Prosecuting Attorney Tax Fund				Inmate Security Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	500	190	1,800	160	-	-	-	-
Charges for Services	-	-	-	-	5,200	7,654	3,600	5,228
Interest	13	5	20	12	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	$ 513	$ 195	$ 1,820	$ 172	$ 5,200	$ 7,654	$ 3,600	$ 5,228
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	1,700	-	1,820	-	6,000	3,350	3,500	1,891
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	$ 1,700	$ -	$ 1,820	$ -	$ 6,000	$ 3,350	$ 3,500	$ 1,891
Receipts Over (Under) Disbursements	$ (1,187)	$ 195	$ -	$ 172	$ (800)	$ 4,304	$ 100	$ 3,337
Cash, January 1	1,692	1,692	1,520	1,520	5,568	5,568	2,231	2,231
Cash, December 31	$ 505	$ 1,887	$ 1,520	$ 1,692	$ 4,768	$ 9,872	$ 2,331	$ 5,568

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	Law Enforcement Restitution Fund				Special Election Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	6,000	10,837	4,500	8,349	-	10,746	-	29,139
Interest	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	40,000
Total Receipts	$ 6,000	$ 10,837	$ 4,500	$ 8,349	$ -	$ 10,746	$ -	$ 69,139
Disbursements								
Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	12,000	11,985	6,635	-	-	10,078	-	61,724
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	4,459	-	3,624
Total Disbursements	$ 12,000	$ 11,985	$ 6,635	$ -	$ -	$ 14,537	$ -	$ 65,348
Receipts Over (Under) Disbursements	$ (6,000)	$ (1,148)	$ (2,135)	$ 8,349	$ -	$ (3,791)	$ -	$ 3,791
Cash, January 1	10,962	10,962	2,613	2,613	3,791	3,791	-	-
Cash, December 31	$ 4,962	$ 9,814	$ 478	$ 10,962	$ 3,791	$ -	$ -	$ 3,791

See Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

Organized in 1841, the county of Dallas was named after George M. Dallas, who served as Vice President under James K. Polk. Dallas County is a county-organized, third-class county and is part of the Thirtieth Judicial Circuit. The county seat is Buffalo. Dallas County's government is composed of a three-member county commission and the following separately elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk, Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

As discussed further in Note I, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Dallas County, Missouri and the Dallas County 911 Board.

Dallas County's operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Dallas County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise Dallas County's legal entity. The Dallas County 911 Board is controlled by a separately elected board, and is also included under the control of Dallas County.

Certain elected County officials, such as the County Collector, Treasurer, and Sheriff, collect and hold monies in a trustee capacity as an agent of an individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements and are unaudited.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Dallas County, Missouri, and the comparisons of such information with the corresponding budgeted information for all funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the 911 Board. The General Revenue Fund is the County's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If Dallas County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo, Dallas County adopts a budget for each governmental fund.

On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

Budgets are prepared and adopted on the cash basis of accounting.

During our audit we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The County did not prepare a budget for the Special Election Fund in 2013 and 2012. Also, the 911 Board Fund had expenses exceeding their budget in 2012.

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuation of the tangible taxable property included within Dallas County's boundaries for the calendar year 2013 and 2012, respectively, for the purposes of County taxation, was as follows:

	2013	2012
Real Estate	$ 107,570,230	$ 107,209,423
Personal Property	30,734,479	31,063,844
Railroad and Utilities	14,969,218	13,387,361
	$ 153,273,927	$ 151,660,628

The tax levy per $100 assessed valuation of tangible taxable property for the calendar year 2013 and 2012, respectively, for the purpose of County taxation, was as follows:

	2013	2012
General Revenue Fund	$ 0.1702	$ 0.1709
Special Road and Bridge Fund	0.2647	0.2647

The County also receives sales tax collected by the State and remitted based on the County’s sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in Dallas County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

Note 2 - Deposits and Investments

Dallas County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013 and 2012, the carrying amount of Dallas County's deposits was $1,032,398 and $1,204,724 and the bank balance was $1,097,694 and $1,245,932, respectively. As of December 31, 2013, 100% of Dallas County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2013, as follows:

Deposits	$ 1,032,398
Investments	-
Restricted Cash	-
Total Deposits & Investments as of December 31, 2013	$ 1,032,398

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2012, as follows:

Deposits	$ 1,204,724
Investments	-
Restricted Cash	-
Total Deposits & Investments as of December 31, 2012	$ 1,204,724

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Dallas County's investment policy does not include custodial credit risk requirements. Dallas County's deposits were not exposed to custodial credit risk for the years ended December 31, 2013, and 2012.

Note 2 - Deposits and Investments (continued)

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to Dallas County or its agent but not in the government's name. Dallas County does not have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of Dallas County or of a type that are not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Dallas County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by Dallas County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U. S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). Dallas County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. Dallas County's deposits were not exposed to concentration of investment credit risk for the years ended in December 31, 2013 and 2012.

Note 3 - Interfund Transfers

Transfers between funds for the years ended December 31, 2013 and 2012 are as follows:

	2013		2012	
Fund	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue	69,551	332,400	62,688	392,000
Special Road and Bridge	-	33,280	-	33,000
Assessment	111,000	-	113,500	-
Road and Bridge Capital Improvement	-	32,292	-	29,040
Law Enforcement Sales Tax	216,100	-	231,000	-
Jury	5,300	-	7,500	-
Election Services	480	-	2,976	-
Special Election	-	4,459	40,000	3,624
Total	$ 402,431	$ 402,431	$ 457,664	$ 457,664

Note 4 - County Employees' Retirement Fund (CERF)

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees. The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than (1,000) one thousand hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government.

It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Section 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994. The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

Pension Benefits:

Beginning January 1, 1997, employees attaining the age of sixty-two may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar amount, targeted replacement ratio formula, and the prior plan's formula). A death benefit of $10,000 will be paid to the designated beneficiary of every active eligible member upon his or her death. Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed. Any member with less than eight years creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions. The County Employee's Retirement Fund issues audited financial statements.

Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO, 65102, or by calling 1-877-632-2373.

Funding Policy

In accordance with State Statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 are required to contribute 2% of their annual salary, while employees hired after February 2002 are required to contribute 6% of their annual salary in order to participate in CERF. During 2013 and 2012, the County collected and remitted to CERF, employee contributions of $73,264 and $70,298, respectively, for the years then ended.

Note 5 - Prosecuting Attorney Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, Dallas County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. Dallas County has contributed $7,752 and $7,752, respectively, for the years ended December 31, 2013 and 2012.

Note 6 - Post-Employment Benefits

Dallas County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by Dallas County.

Note 7 - Claims, Commitments and Contingencies

Litigation

Dallas County is involved in pending litigation as of December 31, 2013. The extent of the liability, if any, cannot be determined at this time.

Compensated Absences

The County provides employees with up to three weeks of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused vacation and overtime, if applicable. These have not been subjected to auditing procedures.

Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs maybe questioned as not appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Landfill

The County sold a closed solid waste disposal area in 2012. At December 31, 2013, the County is not aware of any obligation, however, any future obligations or liabilities related to improper closure of the solid waste disposal area are unknown.

Note 8 - Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Note 9 - Subsequent Events

The County has evaluated events subsequent to December 31, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through September 22, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

Note 10 - Long-Term Debt

Capital Lease Obligations

In 2013, the County entered into a cancelable lease purchase agreement to finance the purchase of four new John Deere 772G Motor graders at a cost of $936,949 plus accrued interest of $18,186. The agreement includes interest of 3.3%, and requires annual payments of $78,308 ending June 1, 2018, with a balloon payment of $688,000.

Although the agreements provide cancellation of the leases if the County should fail to appropriate funds at the annual renewal dates, the County does not foresee exercising its option to cancel.

The following is the changes in long-term debt for the year ended December 31, 2013:

Capital Lease Obligations	Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013	Interest Paid
John Deere Motor Graders	$ -	$ 955,135	$ -	$ 955,135	$ -

The following is the 2013 future minimum payments for all capital leases:

Year Ending December 31,	Principal	Interest	Total
2014	$ 47,827	$ 30,481	$ 78,308
2015	49,430	28,878	78,308
2016	51,085	27,223	78,308
2017	52,796	25,512	78,308
2018	753,997	12,313	766,310
	$ 955,135	$ 124,407	$ 1,079,542

Notes Payable

In 2012, the County entered into an agreement to purchase land at 305 North Ash Street, Buffalo, Missouri at a cost of $125,000. The agreement requires a payment at the signing of $50,000, the second payment of $25,000 is due on or before January 1, 2014, and the remaining balance of $50,000 is due on or before January 1, 2015. The agreement has no stated interest rate.

In 2011, the County entered into an agreement to finance the purchase of four Peterbilt Dump trucks at a cost of $288,000. In 2013 the County refinanced the loan. The new agreement requires monthly payments of $5,271 ending September 4, 2014 and one payment of $126,999 due October 4, 2014, which includes interest of 3%.

Note 10 - Long-Term Debt (continued)

The following are the changes in the notes payable for the year ended December 31, 2013:

Notes Payable	Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013	Interest Paid
Land	$ 75,000	$ -	$ 25,000	$ 50,000	$ -
Peterbilt Dump Trucks	228,195	-	57,176	171,019	6,070
	$ 303,195	$ -	$ -	$ 221,019	$ 6,070

The following are the changes in the notes payable for the year ended December 31, 2012:

Notes Payable	Balance December 31, 2011	Additions	Retirements	Balance December 31, 2012	Interest Paid
Land	$ -	$ 125,000	$ 50,000	$ 75,000	$ -
Peterbilt Dump Trucks	278,826	-	50,631	228,195	5,238
	$ 278,826	$ 125,000	$ 100,631	$ 303,195	$ 5,238

The following is the 2013 future minimum payments for the notes payable:

Year Ending December 31,	Principal	Interest	Total
2014	$ 171,019	$ 3,729	$ 174,748
2015	50,000	-	50,000
	$ 221,019	$ 3,729	$ 224,748

Nichols Stopp & VanHoy LLC
Certified Public Accountants

10425 Old Olive Street Road, Suite 101
Creve Coeur, Missouri 63141

PHONE: 314-569-3800
FAX: 314-569-0020

www.nsvcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission and
Officeholders of Dallas County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Dallas County, Missouri, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Dallas County, Missouri's basic financial statements and have issued our report thereon dated September 22, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dallas County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dallas County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Dallas County, Missouri's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 13/12-2 and 13/12-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dallas County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of

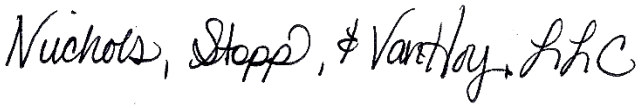
noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item: 13/12-1.

Dallas County, Missouri's Response to Findings

Dallas County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Dallas County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Creve Coeur, Missouri
September 22, 2014

The County of Dallas
Buffalo, Missouri
Schedule of Findings and Responses
For the years ended December 31, 2013 & 2012

Financial Statement Findings

13/12-1 ***Condition:*** During our audit, we noted the County did not prepare a budget for the Special Election Fund, and the 911 Board Fund had expenses exceeding budget.

Effect: Missouri statutes requires Counties to prepare an annual budget and expenditures are not to exceed the budget. Due to not preparing a budget in the Special Election Fund and exceeding budget in the 911 Board Fund the County is in violation of Missouri Revised Statutes.

Cause: Oversight

Recommendation: We recommend that the County adopt a budget for all funds, and periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: The County will comply with your recommendation for the 2015 budget regarding the Special Election Fund.

With respect to the 911 Board Fund, management of the 911 Board will review actual expenditures as compared to budget and amend the budget as necessary.

13/12-2 ***Condition:*** Documentation of the County's internal controls has not been prepared.

Effect: Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Management has not prepared documentation of internal control.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: We will develop internal control documentation.

13/12-3 ***Condition:*** During our audit, we noted there is no formal fraud risk assessment in place.

Effect: Lack of an appropriate fraud risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identifying risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.

Management's Response: The Commissioners & officials will perform a risk assessment.

The County of Dallas
Buffalo, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Dallas County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2010.

Prior Year Financial Statement Findings

10-1 Segregation of Duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties.

Status: This in no longer considered a material weakness.

10-2 Reconciliation of Interfund Transfers

Condition: Some transfers between funds were recorded as revenues in the funds receiving the transfer and as expenses in the funds making the transfer. Transfers between funds are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Criteria: Transfers between funds should be recorded in separate transfer accounts instead of being recorded in revenue and expense accounts.

Effect: Expenses and revenues are overstated as a result of transfers being recorded in revenue and expense accounts.

Recommendation: Transfer accounts should be established and used when funds are transferred among funds. In addition, at year-end, the County Clerk should perform a reconciliation to ensure that the total of transfers in and transfers out equals zero.

Response: The County will implement procedures to properly record interfund transfers.

Status: Management has corrected this issue.

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Eleventh Judicial Circuit

City of New Melle Municipal Division

November 2014

Report No. 2014-107

http://auditor.mo.gov

Eleventh Judicial Circuit
City of New Melle Municipal Division
Follow-Up Report on Audit Findings - Table of Contents

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*Includes selected findings

THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge
Eleventh Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
City of New Melle, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2014-032, *Eleventh Judicial Circuit, City of New Melle Municipal Division*, issued in May 2014, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the municipal division about the follow-up review on those findings.

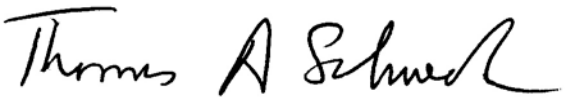
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the municipal division, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. However, the City of New Melle Police Department discontinued operations upon the resignation of all police personnel effective June 7, 2014; and on October 23, 2014, the city entered into a contract with St. Charles County for law enforcement services. The municipal division was discontinued effective October 31, 2014. Fines and court costs will be collected through the St. Charles County courts, but the City of New Melle City Clerk will collect amounts due on existing cases. This report provides the status

of the recommendations prior to dissolution of the municipal division. Recommendation numbers 1.2 and 2.1 were not evaluated because the municipal division was dissolved before the recommendations could be implemented.

Our work was primarily conducted after the Police Department had discontinued operations, and during the time period the city was making decisions regarding the dissolution of the municipal division. As part of the AFTER work conducted, we spoke with the Court Administrator and the City Finance Director regarding the status of the recommendations and requested various records and supporting documentation; however, most of the requested information was not provided. We also spoke with the Mayor and the City Clerk regarding the status of the Police Department and the municipal division; and previously spoke with the former Chief of Police regarding implementation of recommendations during our audit exit conference in April 2014. This report is a summary of the results of this follow-up work, which was substantially completed in August through October 2014.



Thomas A. Schweich
State Auditor

1.1 Accounting Controls and Procedures - Unaccounted for bond monies

Our review of municipal division receipts and Police Department bond records determined two cash bonds totaling $415 received by the Police Department in 2012 were apparently not deposited; and as of November 2013, these monies had not been deposited into the bond account. The former Court Administrator indicated she did not have a record showing receipt of these bond monies or related information provided by the Police Department, and Police Department personnel could not locate any other records related to these bonds. Despite various audit procedures performed, we were unable to determine the disposition of these monies.

Recommendation

The City of New Melle Municipal Division investigate all shortages and undeposited receipts, and review current records to determine whether there are additional unaccounted for monies.

Status

In Progress

The Court Administrator indicated she continued to review old court records, but was unable to determine what happened to these missing receipts. She indicated she had not identified any additional unaccounted for monies, but the review process was not completed due to the poor court records.

1.3 Accounting Controls and Procedures - Receipts

The municipal division lacked procedures to ensure all monies received were receipted, recorded, and deposited properly. For all types of receipts, adequate documentation was not maintained when individuals made payments on behalf of a defendant and deposit tickets did not adequately detail the receipts included. In addition, many receipts were handled by employees of both the municipal division and the city before deposit, and there was often no documentation to support the transmittal of monies from one employee to another.

The City Clerk did not issue receipt slips for all monies received through the violation bureau. Generic receipt slips were issued only for cash receipts or upon request by the payor, and receipt slips were not issued in numerical sequence. The former Court Administrator did not record some violation bureau receipts in the municipal division's computer system and some court receipts were not recorded timely.

The Police Department and the former Court Administrator did not issue receipt slips for some bond monies received. Generic receipt slips were utilized by both the Police Department and the municipal division, and the method of payment (cash, check, or money order) was not always accurately indicated on receipt slips. The former Court Administrator did not always issue receipt slips immediately when monies were received and in sequential order, and some receipt slips were issued after the monies had been deposited. The former Court Administrator did not record several

bonds received from other entities in the computer system immediately when received. Some receipts were not deposited intact or timely, and some receipts were not deposited.

Recommendation

The City of New Melle Municipal Division work with the City of New Melle and the Police Department to ensure official prenumbered receipt slips are issued immediately and in numerical sequence for all receipts. In addition, the method of payment and instances when an individual makes a payment on behalf of a defendant should be properly indicated on receipt slips. The municipal division should work with the city to document transmittals of monies between employees, ensure receipts are deposited intact and timely, and ensure itemized listings of deposits are prepared. The municipal division should also ensure all receipts are recorded in the municipal division's computer system timely.

Status

Implemented

The Court Administrator indicated she implemented a procedure to ensure all receipts were entered in the municipal division's computer system immediately when received, and that any instances when an individual made a payment on behalf of a defendant were properly documented. The city purchased official prenumbered receipt slips to document court receipts received in the violation bureau. The Court Administrator indicated deposits were made on the day monies were received and individual receipts were listed on deposit tickets.

1.4 Accounting Controls and Procedures - Bond forms

Police Department personnel did not issue bond forms in sequential order or account for the numerical sequence of bond forms issued, and did not maintain a complete log of bond forms issued.

Recommendation

The City of New Melle Municipal Division work with the Police Department to issue bond forms in sequential order, account for the numerical sequence of all bond forms, and maintain a complete log of bond forms issued.

Status

Implemented

The Police Department purchased new prenumbered bond forms and implemented a bond log; however, the Court Administrator indicated no bonds were received after the department developed these procedures.

1.5 Accounting Controls and Procedures - Bond disbursements

The former Court Administrator did not disburse several bonds to the city or issue refunds timely, and some bonds associated with closed cases had not been disbursed.

Recommendation

The City of New Melle Municipal Division ensure bonds are disbursed to the city or refunded in a timely manner.

Status

In Progress

The Court Administrator indicated no bond monies were received after the audit. She indicated she continued to review the bond bank account to account for and disburse monies in the account; however, the review process was difficult due to poor records.

1.6 Accounting Controls and Procedures - Bond records and reconciliations

The municipal division did not maintain a bond ledger indicating the date and amount received, related case, and date of disbursement. The city did not maintain an adequate book balance in the accounting system for the bond account, and bank reconciliation procedures did not include a comparison to book balances maintained by the former Court Administrator or an investigation of differences noted. Also, the former Court Administrator did not ensure bond account activities were accurately recorded in the bond account check register, and therefore a complete and accurate book balance was not maintained. In addition, the municipal division did not prepare a list of open bonds or reconcile open bonds to the reconciled bond account balance.

Recommendation

The City of New Melle Municipal Division maintain a complete bond ledger to account for all bond activities, and work with the City of New Melle to ensure all bonds are accounted for properly.

Status

In Progress

The Court Administrator implemented a bond ledger to account for bond activities; however, no bonds were received. She indicated she continued to review the bond bank account to account for and disburse monies in the account; however, this review process was difficult due to poor records.

2.2 Municipal Division Procedures - Ticket accountability

Neither the Police Department nor the municipal division adequately accounted for the numerical sequence and ultimate disposition of traffic tickets issued.

Some ticket books assigned to police officers were not posted to the log of ticket books maintained by the Police Department, and the log prior to May 2012 could not be located. In addition, there were no procedures to ensure each ticket was entered into the department's case management system by officers and accounted for properly.

The former Court Administrator did not track tickets that required no court action, such as voided tickets and warnings. Additionally, the former Court Administrator did not use the municipal division's computer system to

account for the numerical sequence of tickets received from the Police Department and entered into the municipal division's computer system.

Recommendation

The City of New Melle Municipal Division work with the Police Department to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.

Status

Implemented

The Police Department implemented a log to account for ticket books assigned to officers. The Court Administrator indicated she ensured all tickets were entered in the computer system monthly.

2.3 Municipal Division Procedures - Prosecuting Attorney approval

The Prosecuting Attorney did not sign all tickets processed by the municipal division as required by the Missouri Supreme Court Rules. The Prosecuting Attorney did not review and approve tickets paid through the violation bureau prior to court. In addition, the Prosecuting Attorney allowed the former Court Administrator to maintain the Prosecuting Attorney's signature stamp and stamp her signature on tickets submitted to the state's Department of Revenue for suspension of driving privileges for failure to appear in court.

Recommendation

The City of New Melle Municipal Division ensure the Prosecuting Attorney signs all traffic tickets, and discontinue the practice of using the Prosecuting Attorney's signature stamp.

Status

Implemented

The Court Administrator indicated she ensured the Prosecuting Attorney signed all traffic tickets, and she discontinued use of the Prosecuting Attorney's signature stamp.

2.4 Municipal Division Procedures - Ticket dispositions

The Municipal Judge did not approve all ticket dispositions. The Municipal Judge did not review and approve traffic tickets paid through the violation bureau, or the final docket report showing ticket dispositions recorded in the system.

Recommendation

The City of New Melle Municipal Division ensure the Municipal Judge signs all court dockets.

Status

Implemented

The Court Administrator indicated she ensured the Municipal Judge signed all court dockets.

2.5 Municipal Division Procedures - Organization of records

Some municipal division records requested during the audit, including six case files and several bond bank account statements, could not be located. In addition, it took several weeks for municipal division and city officials to locate some requested records.

Recommendation

The City of New Melle Municipal Division ensure records are appropriately retained, and organized efficiently so records can be readily located.

Status

In Progress

The Court Administrator indicated she organized most old court records; however, many of these records were maintained poorly and difficult to understand. She indicated she maintained current records in a logical, organized manner.

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Ash Grove R-IV School District

November 2014

Report No. 2014-108

http://auditor.mo.gov

Ash Grove R-IV School District
Follow-Up Report on Audit Findings
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*Includes selected findings

THOMAS A. SCHWEICH
Missouri State Auditor

To the Board of Education
Ash Grove R-IV School District

We have conducted follow-up work on certain audit report findings contained in Report No. 2014-031, *Ash Grove R-IV School District*, issued in May 2014, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the district about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the district, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we met with district officials and personnel and reviewed supporting documentation they provided us. Documentation reviewed included School Board meeting minutes, policies, receipt and deposit records, payroll records, employment contracts, year-end financial reports, budgets, and various other district records. This report is a summary of the results of this follow-up work, which was substantially completed during October 2014.

Thomas A. Schweich
State Auditor

Ash Grove R-IV School District
Follow-Up Report on Prior Audit Findings
Status of Findings

1. Accounting Controls over Cash Receipts and Change Funds

The district needed to improve its handling of various types of student activity and program receipts primarily received in cash and change funds.

1.1 Segregation of duties

The district had not adequately segregated duties of receiving, recording, and depositing or transmitting monies at the three schools or the administrative office, and documented supervisory or independent reviews of the accounting records were not performed.

Recommendation

The School Board segregate accounting duties to the extent possible and ensure periodic supervisory or independent reviews are performed and documented.

Status

In Progress

The Secretary to the School Board receives and records all monies received at the administrative office and prepares the deposit for most monies received. A comparison of monies received to those deposited has not been performed. The Superintendent indicated he will compare manual receipt slips issued by the Secretary to the School Board to deposits beginning in November 2014 and will document this action on a regular basis by initialing these reports.

The junior high/high school secretary receives and records monies collected, prepares the deposit for meal collections, and transmits the monies to the Secretary to the School Board for deposit. A comparison of monies received to those deposited has not been performed; however, the Principal indicated he will begin comparing manual receipt slips issued by the junior high/high school secretary to meal collection reports and to deposits and will document this action on a regular basis by initialing these reports beginning in November 2014.

The Ash Grove and Bois D'Arc Elementary secretaries receive and record monies collected, prepare the deposit for meal collections, and the monies are transmitted to the Secretary of the School Board for deposit. A comparison of monies received to those deposited has not been performed; however, the Principals indicated they would start performing this comparison in November 2014.

1.2 Receipting, recording, depositing, and transmitting procedures

The School Board had not established written policies that address the types of records to be maintained and the accounting procedures to be followed by employees for the collection of district monies. We noted several concerns regarding receipting and recording procedures, and identified numerous instances where staff did not transmit or deposit receipts timely and intact.

The administrative office and schools did not have adequate procedures in place to properly record all monies received. Some district receipts are handled by several employees before deposit and there was not always adequate documentation to support the transmittal of monies from one district employee to another. District personnel issued generic rediform manual receipt slips for some monies received. Receipt slips did not always indicate the composition of receipts, and the district did not reconcile the method of payment on the receipt slips to the composition of receipts recorded in the accounting system or to the deposit or transmittal. Original copies of some voided receipt slips were not retained.

The Secretary to the School Board did not always deposit monies received timely and intact. Teachers and school secretaries did not always transmit monies collected to the administrative office timely. Teachers sometimes used student activity fees to pay expenses of events rather than the fees being transmitted to the school secretary for deposit. One teacher borrowed monies from district receipts located in the junior high/high school office. Cash received at the junior high/high school office for caps, gowns and other graduation items ordered by students was paid directly to a vendor without documentation of transmittal. The district did not require inventory records of concession items purchased, sold, and on hand to be maintained, and reconciled to concession monies collected.

Recommendation

The School Board establish written policies to address the types of records to be maintained and procedures to be followed for the collection of district monies and monitor controls and procedures in all district schools and the administrative office. In addition, the Board should ensure transmittals of monies between employees are documented, checks are issued for purchases, and amounts collected for concessions are periodically reconciled to changes in concession inventory.

Status

In Progress

The School Board has established written policies to address the types of records to be maintained and procedures to be followed for the collection, transmittal, and handling of district monies.

Prenumbered official receipt slips are issued by the Secretary to the School Board and the method of payment is documented. However, during our review of receipt slips issued from August 15 to August 25, 2014, receipt slips were not issued for $9,460 received by the district through the mail. The Secretary to the School Board indicated she would immediately start issuing receipt slips for all monies received, including those received through the mail.

During the period August 14 through August 25, 2014, the junior high/high school secretary issued prenumbered official receipt slips for all monies

received, documented the method of payment, and transmitted the monies received timely to the Secretary to the School Board for deposit. Junior high/high school teachers issued prenumbered official receipt slips for monies received for this time period; however, the receipt slips were not always complete. Some receipt slips issued did not include the date of receipt or person receiving the monies. In addition, some of the teachers did not follow the district's new policy to transmit all monies received to the building secretary and instead transmitted the monies to the Secretary to the School Board. The junior high/high school Principal indicated the handling of district monies and related district policies would be re-communicated to the teachers.

Prenumbered official receipt slips are issued by the Ash Grove and Bois D'Arc Elementary secretaries. However during our review of manual receipt slips issued from August 14 through August 25, 2014, the receipt slips were not always issued in date sequence. The secretaries indicated they record meal collections in the computerized meal system at the time of receipt, and when time allows they issue manual receipt slips. We noted the method of payment was recorded on manual receipt slips and in the computerized meal system; however, the secretaries did not generate a collection report from the computerized system or compare the composition of manual receipt slips to the deposit. The composition of receipts (cash and check), according to the meal system collection reports generated at our request for August 14 and 15, 2014, did not agree to the composition of monies transmitted to the Secretary to the School Board for either elementary school. In addition, meal collections for August 14 and 15, 2014, were not transmitted to the Secretary to the School Board until August 18, 2014 (Ash Grove Elementary), and August 21, 2014 (Bois D'Arc Elementary). Both elementary secretaries indicated they would immediately start transmitting monies more timely, generating a computerized meal collection report at the time of transmittal, and comparing composition of monies received to those transmitted, documenting any differences.

The Superintendent indicated the district will start monitoring concession inventory in January 2015, by taking an inventory at the beginning of the year and regular inventories throughout the school year. Concession monies collected will be reconciled to concession inventories and purchases.

1.3 Security of monies

Monies collected were not always maintained in a secure location, and the district had numerous cash collection points throughout the schools. Teachers stored student activity monies in unlocked desks and file cabinets in classrooms at the junior high/high school, and were also allowed to store monies in a closet in the school office, which was accessible to all employees of that school during the school day. These monies were not tracked or accounted for by the school's secretary. In addition, checks received were not always restrictively endorsed immediately upon receipt.

Recommendation

The School Board maintain monies collected in a secure location, restrictively endorse checks and money orders immediately upon receipt, and consider establishing centralized collections points.

Status

Implemented

The district implemented new policies requiring all monies collected by teachers to be submitted to the building secretaries daily. Each building secretary indicated monies held overnight are stored in a locked safe, and checks and money orders are endorsed upon receipt.

1.4 Meal collections

The district did not account for tokens and meal cards or perform a reconciliation of the tokens and meal cards to the related monies collected.

The junior high/high school secretary did not maintain a daily collection log to account for meals purchased by students, and the district had not established procedures to account for tokens and meal cards used by students to obtain meals. The junior high/high school secretary prepared a weekly meal report; however, it was not complete. The junior high/high school secretary transmitted lunch monies to the Secretary of the School Board for deposit, and no meal collection report was prepared to support the transmittal.

Elementary teachers did not use a consistent form of recording student meal collections, and the elementary secretaries did not maintain a complete and accurate daily collection log. The elementary secretaries prepared a monthly report of meals served and collection log for the administrative office; however, the collection log was not accurate.

Meal collections were not always transmitted to the administrative office timely. Due to the lack of records maintained by the junior high/high school and elementary offices, the district did not have an adequate system to track meal accounts receivables or payables. A reconciliation of meals served to meals purchased, charged, and any meal monies on hand was not performed. Discrepancies were noted between the amount of meal collections (based upon records of meals served) and the amount of meal collections deposited.

Recommendation

The School Board ensure adequate controls, procedures, and records are established to properly account for meal collections at each school.

Status

In Progress

The district implemented a new meal collection system in Spring 2014. However, the two elementary schools were not generating computerized collection reports for each transmittal made to the Secretary to the School

Board. The secretaries at each school indicated they would immediately start preparing these reports. The junior high/high school secretary was transmitting meal collections to the Secretary to the School Board timely; however, the two elementary school secretaries were not. An accounts receivable report is not being generated or reviewed by district personnel at any of the three schools. The Superintendent indicated the district would immediately start to transmit monies received at the elementary schools more timely. The Superintendent also indicated the school district would contact the computer programmer to obtain a report that displays accounts receivable, which will then be reviewed and documented for accuracy by building Principals at least monthly starting in November 2014. The Secretary to the School Board reconciles meals served to invoices from the food service vendor.

1.5 Change funds

Controls over district change funds needed improvement. The district did not have a list of approved change funds and the authorized balances, or a written policy regarding change funds. Some change funds were not maintained at a constant amount, some schools occasionally held monies out of district receipts to make change, and one teacher indicated he used personal monies to make a change fund for student activities collected in his classroom. Adequate documentation of change funds given to/returned by district personnel for sporting events or student activities was also not maintained. The district's accounting records did not include the balance of change funds held.

Recommendation

The School Board establish written procedures governing the accounting for change funds. Also, the School Board should maintain a list of each change fund and the authorized balance of each fund, and record the cash on hand in the accounting system. In addition, the School Board should ensure the change funds are periodically counted and reconciled to the authorized balance by an independent person.

Status

In Progress

The district has not established written procedures governing the accounting for change funds; however, the Superintendent indicated the district will establish written procedures governing these funds by January 2015. A list of 10 change funds totaling $2,130 is being maintained and recorded in the district's accounting system. The former Superintendent counted each of the change funds in August 2014, and reconciled the balances to the list and amounts recorded in the accounting system.

2.1 District Compensation - Employment contracts and stipends

The district did not have adequate procedures for approving employment contracts, and did not prepare employment contracts or separately approve salary schedules for tenured teachers. Contract amendments contained errors

and were not properly approved and signed, and district procedures for stipends were informal.

The School Board did not review or approve non-tenured or administrative employees' employment contracts. These employment contracts were prepared and signed by the Secretary to the School Board. The Secretary to the School Board applied the Board President's electronic signature to the contracts, but a subsequent review of the contracts was not performed by the Board President or the School Board. Additionally, in some instances, these employment contracts were only signed by the Secretary to the School Board and the employee. Salary schedules for tenured teachers (who did not have employment contracts) were not separately approved by the School Board. As a result, the School Board approved compensation of tenured teachers through adoption of the district's annual budget, and three Board members approved compensation of relatives in this manner. The district did not prepare extra duty contracts, defining job duties or additional responsibilities performed for stipends paid.

Recommendation

The School Board ensure employment contracts and amendments are reviewed for accuracy and are signed by either the Superintendent or a Board member and the employee. The School Board should reconsider its process of approving tenured teachers' salaries and establish adequate policies and procedures requiring extra duty contracts be prepared that specify the stipend amount and duties to be performed.

Status

Implemented

All 2014-2015 school year employment contracts and amendments reviewed were accurate, and signed by a Board member and the employee. The School Board approved tenured teachers compensation for the 2014-2015 school year separately from the budget, and no Board members approved the compensation of relatives. Extra duty contracts reviewed for the 2014-2015 school year specified the stipend amount to be paid and duties to be performed.

2.3 District Compensation - Step-ladder program

The district had not established adequate policies and procedures for the step-ladder program, which gave compensation to teachers who provided student services and assistance beyond the traditional teaching responsibilities. The School Board had not approved a step-ladder plan in accordance with Board policy prior to disbursing step-ladder payments. Clear and consistent criteria had not been established to evaluate how compensation under the step-ladder program was earned, and some step-ladder logs reviewed reported activities that did not meet the criteria established by the step-ladder committee. Principals did not always require participants to submit step-ladder logs for review in conjunction with the final review sheet, and step-ladder committee member discussions with

participants regarding variances between allowable step-ladder activities and step-ladder plans and related decisions were not documented. The step-ladder committee provided the district bookkeeper incorrect payment information, and as a result, the district over-compensated eight participants and paid compensation to five employees who were not participants in the program. The district was notified of the error by one of the over-compensated participants, and the district subsequently corrected the payments.

Recommendation

The School Board establish a clear and consistent step-ladder policy, require preparation of adequate supporting documentation to support decisions made and amounts paid, and ensure an adequate review is performed of all documentation.

Status

In Progress

The district substantially revised the step-ladder program, requirements, and forms for the 2014-2015 school year. Since the school year has not been completed, we were unable to review the district's supporting documentation and review procedures.

3. Payroll Procedures, Records, and Policies

Significant improvement was needed related to payroll procedures, records, and policies.

3.1 Payroll procedures

The district had not established adequate segregation of duties or supervision over the payroll functions, and various district personnel did not perform sufficient reviews of time records. Errors were noted with some time and leave records, and some employees were allowed to carry negative compensatory (overtime) leave balances. Some employees, including the Superintendent and Principals, did not prepare timesheets, timecards, and leave requests. Other district employees prepared timesheets, timecards, and leave requests; however, these documents were not always signed by the employees or their supervisor to document approval of time worked and leave used.

Recommendation

The School Board adequately segregate payroll duties or ensure a periodic, documented review of these functions is performed by someone independent of the payroll functions. The Board should discontinue the practice of allowing employees to use unearned leave.

Status

In Progress

The former Superintendent implemented procedures to review paystubs and the related payroll records for each pay period and to document that review. The August 14, 2014, payroll records we reviewed included documentation of his review. The current Superintendent, who started working for the

district on September 29, 2014, indicated he would continue reviewing payroll records using the developed procedures. The Secretary to the School Board indicated she compared the payroll leave records she prepared to the payroll leave records prepared by the district bookkeeper for the month of September 2014. These records agreed, but the comparison performed was not documented. The Secretary to the School Board indicated she would document her comparison in the future. During our review of payroll records for the period August and September 2014, we identified no errors and no employees had negative compensatory (overtime) leave balances. District officials indicated the Superintendent and Principals are now required to complete leave requests; however, formal written policies have not been established and no leave request forms were prepared for the time period reviewed. The Superintendent indicated formal written policies requiring the Superintendent and Principals to complete leave requests will be adopted. Timesheets, timecards, and leave requests reviewed were signed by the employees and their supervisor.

3.2 Post-retirement employees

The district bookkeeper did not properly track hours worked by employees retired under the Public School Retirement System and Public Education Employee Retirement System. As a result, payroll records did not reflect instances when a retired employee exceeded the 550 hour limit.

Per Section 169.560, RSMo, a teacher or school employee retired and currently receiving a retirement allowance may be employed in any capacity in a school district on either a part-time or temporary-substitute basis not to exceed a total of 550 hours in any one school year, and through such employment may earn up to 50 percent of the annual compensation payable under the employing district's salary schedule for the position or positions filled by the retiree, given such person's level of experience and education, without a discontinuance of the person's retirement allowance.

The district bookkeeper stopped recording her actual hours worked on the district's post-retirement log once she neared the 550 hour limit and did not report hours worked in excess of the 550 hour maximum in the 2012-2013 school year to the retirement systems. In addition, the district bookkeeper did not maintain a timesheet for June 2013; however, the district paid her normal monthly salary amount, and she performed the same duties in June 2013, as she had performed during the remainder of the school year. Instead of tracking and recording actual hours worked each day by post-retirement employees, the district recorded 2 hours worked for all bus drivers and 6 hours worked for all teachers per day on the post-retirement log. The district did not require at least 3 post-retirement employees to document hours worked, and as a result, could not monitor the 550 hour requirement.

Recommendation	The School Board ensure post-retirement employees timesheets reflect actual time worked and gross pay and actual hours worked are reported to the retirement systems to ensure applicable limits are not exceeded.
Status	**Implemented** Post-retirement employees timesheets reviewed for the period August 11 through September 12, 2014, reflected actual time worked and agreed to the post-retirement log maintained and reported to the retirement systems. None of the employees reviewed had worked hours in excess of the retirement systems limits.
3.3 Related employees	A list of related employees and Board members was not maintained, and the district had not established adequate policies and procedures related to the hiring, supervising, or tracking of related employees.
Recommendation	The School Board establish procedures to identify and monitor related employees, obtain related party information, verify information with each employee periodically, and ensure individuals are not working in conflicting employment capacities.
Status	**Implemented** A list of known related employees and Board members was prepared by the former Superintendent, and reviewed and approved by the School Board. School Board minutes indicated this information would be reviewed annually and become a permanent part of the budget.
4.3 Bond Refinancing, Procurement Procedures, and Construction Projects - Professional services	The district had not established policies for the selection of some vendors providing professional services. Additionally, the district did not solicit requests for proposals for several professional services, including speech therapy, occupational therapy, physical therapy, athletic training, and legal. The district had not competitively bid independent auditing services or solicited proposals from various banking institutions in accordance with board policy. The district also did not have a written agreement for the speech therapy, athletic training, and legal services.
Recommendation	The School Board periodically solicit proposals for professional and banking services, and enter into written agreements for professional services.
Status	**Partially Implemented** The district has not established policies for the selection of vendors providing professional services. District personnel indicated they did not solicit proposals for physical or speech therapy services because they believed there was only one provider in the area. District personnel solicited

proposals for occupational therapy and athletic training services; however, the selection process or reasons for selection of current vendors was not documented. The district competitively bid independent auditing services and solicited proposals from various banking institutions in accordance with Board policy.

The written agreements for physical, speech, and occupational therapy, and athletic training services were not signed by a member of the Board. The district entered into a written agreement with a law firm utilized for the period July 1, 2013, to June 30, 2014, which was signed by a member of the Board.

The district did not solicit proposals for additional legal services obtained in July 2014; however, the Board President indicated the firm's hiring was an emergency situation. The district was billed $461 for legal services provided from July 2 to July 9, 2014, prior to the School Board approving the firm's hiring on July 14, 2014, in closed session. However, the law firm advised the Board President that it would credit the district's account for this amount, and the Secretary to the School Board reduced the October 2014 billing by $461.

5.1 Disbursements - Segregation of duties and approval process

Accounting duties over disbursements were not adequately segregated, oversight by the Superintendent was not adequately documented, and the approval process for disbursements was not adequate.

Recommendation

The School Board adequately segregate accounting duties to the extent possible or ensure documented supervisory or independent reviews of the disbursement records are performed. In addition, the Board should ensure the list of bills provided for approval at monthly meetings is complete and the Superintendent adequately documents his review of invoices.

Status

Implemented

District personnel indicated the district is not able to adequately segregate accounting duties; however, review procedures have been established. The School Board now approves monthly a complete list of bills and compares payment information to invoices and checks written. Also monthly, the School Board President and Treasurer review the use of electronic signatures on checks, and 2 signatures (the School Board President and Treasurer) are now required for all bank accounts. Additionally, the former Superintendent implemented procedures to review disbursement records and document that review monthly. The current Superintendent indicated he would continue reviewing disbursement records using the developed procedures. We saw documentation of the review and approval process for July 2014 disbursements for all of these procedures.

5.2 Disbursements - Conflict of interest

During the 2012-2013 school year, the district purchased supplies totaling $10,610 from a local hardware business owned by Board President Renshaw without soliciting bids. The Board President abstained from the approval of these payments; however, his signature appeared on 10 of 13 checks issued to the business. In addition, Board President Renshaw did not file a personal financial disclosure as required by Board policy.

Recommendation

The School Board ensure Board members avoid participation in situations that could result in the appearance of or actual conflict of interest and complete required financial disclosure statements.

Status

In Progress

Board President Renshaw was not re-elected to the School Board in April 2014. The current Superintendent indicated the School Board will approve a policy prohibiting financial transactions between the district and elected officials involving more than $5,000 annually without public notice to solicit proposals and competitive bidding. The low bid will be accepted when there is a conflict of interest. In the future, all district Board members will file personal financial disclosure statements reporting each transaction in excess of $500 annually in accordance with Board policy.

5.3 Disbursements - Petty cash bank account

The administrative office used a petty cash bank account to pay 61 disbursements totaling $19,259 without School Board approval during the 2012-2013 school year, and the School Board was unaware of this bank account and had not established formal policies for its use. In addition, adequate supporting documentation was not obtained for several of these disbursements, and the individual disbursements from the account were not recorded in the accounting system. All 61 checks for the petty cash account disbursements were signed by only 1 person in violation of Board policy.

Recommendation

The School Board determine if a petty cash account is needed, establish formal petty cash policies including purchasing limits; ensure only small and emergency expenditures are made from the account, adequate supporting documentation is obtained and reviewed, and checks are signed in accordance with Board policy.

Status

Implemented

The district closed this bank account in September 2013.

6. Budget Monitoring and Accounting Records and Controls

Budget monitoring, accounting record preparation, and accounting controls needed improvement.

6.1 Budget monitoring

Information recorded in the district's accounting system was not complete and accurate, and the Board did not adequately monitor budget to actual receipts and disbursements.

Recommendation

The School Board establish procedures to properly monitor actual to budgeted activity in a timely manner.

Status

Implemented

During our review of the district's 2014-2015 school year budget and the related accounting records, we noted only minor differences, and budget to actual reports are provided to the Board monthly.

6.2 Adjustments

The Secretary to the School Board had the ability to post adjustments to the district's accounting system without obtaining independent approval.

Recommendation

The School Board require an independent review and approval of all adjustments.

Status

Implemented

The School Board is now provided a report of all adjustments to the accounting system in monthly meeting packets. We observed this information during our review of July and August 2014 meeting records. The School Board documented its review and approval of these reports.

6.3 Electronic signatures

Electronic signatures of the School Board President and Treasurer were not adequately safeguarded to prevent misuse and were not used in compliance with Board policy. The Secretary to the School Board frequently signed contracts using the Board President's electronic signature, which was not allowed by policy. In addition, the School Board President and Treasurer did not perform a subsequent review of the use of their electronic signatures.

Recommendation

The School Board review use of electronic signatures and the related Board policy. If needed, revise the policy to address use of electronic signatures.

Status

Implemented

All employment contracts reviewed for the upcoming 2014-2015 school year were personally signed by a Board member in compliance with Board policy. The School Board President and Treasurer review the use of electronic signatures on checks monthly We saw documentation of this review for checks issued in July and August 2014.

7.1 Attendance Reporting and Computer Controls - Attendance reporting

The district's attendance system did not adequately track some changes made to attendance records or limit the time frame during which changes could be made and there was no review by district officials to ensure changes made to current school year attendance records were appropriate. Inaccuracies in the attendance records were identified.

Recommendation

The School Board implement additional controls and procedures to ensure student attendance data is accurately recorded and reported, including restricting the time frame during which changes can be made. The School Board should also require an audit trail of changes made to attendance data be prepared and reviewed for accuracy.

Status

In Progress

The district has limited the time frame during which changes can be made to attendance records by teachers; however, changes to attendance can still be made at any time by each school's secretary. An audit trail of changes made to attendance data has also not been prepared or reviewed for accuracy.

The current Superintendent indicated beginning in November 2014, he will contact the programmer to limit the time frame in which secretaries may make changes to attendance records to a period of 2 weeks. An audit trail of changes made to attendance will be prepared and reviewed bi-annually by the Superintendent to reconcile any changes made to attendance reported to the Department of Elementary and Secondary Education.

7.2 Attendance Reporting and Computer Controls - Access restrictions

The district had not adequately restricted access to computer systems and data to only authorized users. Some district employees with no attendance related responsibilities had access to the attendance system. In addition, passwords to access the attendance tracking and accounting systems were not periodically changed, and some user identifications and passwords for other systems were shared by district employees.

Recommendation

The School Board ensure user access rights to the attendance system are limited, and require unique user identifications and passwords for each employee that are kept confidential, and passwords be periodically changed to prevent unauthorized access to district computer systems and data.

Status

Implemented

User access rights to the attendance system have been limited and unique user identifications and passwords are being kept confidential. The district has established a new written policy requiring employees to change passwords twice a year.

8.2 School Board Procedures and Minutes - Minutes	The School Board did not always comply with the Sunshine Law, and minutes were not always complete, accurate, or maintained. Open meeting minutes also did not record a roll call vote of the Board to enter into closed sessions.
Recommendation	The School Board ensure minutes provide a complete and accurate record of all important discussion and decisions made by the Board and record the Board's compliance with the Sunshine Law.
Status	**Implemented** Meeting minutes for open and closed sessions held from May through July, 2014, provided a complete and accurate record of all important discussion and decisions made by the Board, and the open meeting minutes recorded a roll call vote of the Board to enter into closed sessions.

9. Capital Assets and Fuel Usage	Controls and procedures over district property and fuel usage needed improvement.
9.1 Capital assets	District officials had not properly maintained a detailed record of the property owned by the district and had not performed inventories of district capital assets held outside of classrooms at each school. The capital asset listings did not include some equipment, and the listings maintained did not include all necessary information such as the value of assets, or date and method of disposal. In addition, the district had not tagged or otherwise identified all property items as belonging to the district.
Recommendation	The School Board ensure complete and detailed capital asset records are maintained, annual physical inventories are conducted and compared to capital asset records, and property control tags are affixed to all property.
Status	**Implemented** The district provided us a complete and detailed capital asset record last updated in September 2014. A new written policy established for the 2014-2015 school year requires annual inventories at the end of each school year and tagging property with a cost of more than $250 when purchased.
9.2 Vehicle and fuel use	Fuel and mileage logs were not maintained for the district's 3 vehicles and 8 pieces of equipment and a reconciliation of fuel purchased to usage was not performed.
Recommendation	The School Board ensure a documented periodic reconciliation of fuel purchased to fuel used is performed, and investigate any significant discrepancies. In addition, the Board should ensure mileage logs are maintained for all district vehicles and equipment.

Status

In Progress

Mileage logs are now maintained for the district's 3 vehicles, but not for the district's equipment. The Secretary to the School Board reviews the vehicle logs and fuel bills monthly and calculates fuel used and purchased per vehicle, but does not document her calculation of miles per gallon for each vehicle. The Secretary to the School Board indicated she would document this information in the future. The Superintendent indicated beginning in January 2015, the district will implement fuel logs for district equipment, and usage logs will be reconciled to fuel purchases by the Secretary to the School Board.

Thomas A. Schweich

Missouri State Auditor

Miller County

November 2014

Report No. 2014-109

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Miller County

Financial Condition	As noted in our two prior audits, the financial condition of the Jail Fund and Special Road and Bridge Fund remains poor, and the financial condition of the Enhanced 911 (E911) Fund has deteriorated. In addition, the amount of General Revenue Fund and Capital Improvements Sales Tax Fund monies used to support these other funds has increased significantly over the past several years. As a result, the General Revenue Fund is also in poor financial condition and the Capital Improvement Sales Tax Fund may not have the monies needed to pay off outstanding debt.
Sales Tax Procedures	Some capital improvement sales tax revenue was spent on road and bridge related purposes that is not allowed under state law. In addition, the county could not provide documentation showing how capital improvement sales tax revenues transferred to the Jail Fund and E911 Fund were spent in accordance with state law. The county did not sufficiently reduce the property tax levy to offset 50 percent of sales tax monies received by $453,793 during 2013. The County Clerk's annual sales tax reduction calculations were incorrect and the 2013 tax levy reductions were improperly reported to the State Auditor's office.
Property Tax System and Controls and Procedures	The County Collector and his staff have unlimited access to all information in the property tax system, can make changes to individual tax records, and can delete or void receipt transactions after they are completed. In addition, County Collector personnel cannot generate a report of voided transactions. Neither the County Clerk and County Commission adequately review additions and abatements entered into the property tax system by the County Collector or adequately review the financial activities of the County Collector. As a result of the significant control weaknesses identified, there is little assurance property tax monies are accounted for properly.
County Collector Procedures	As of June 2014, the County Collector had not prepared annual settlements of property taxes for the years ended February 28, 2013, and 2014. The County Collector does not prepare monthly lists of liabilities for the main collection bank account, and consequently, liabilities are not compared to the reconciled bank balance. The County Collector maintains an inactive bank account of $1,092 that should be closed.
Sheriff Accounting Controls and Procedures	Despite similar concerns in our prior audits, the Sheriff has not established adequate controls and procedures and significant weaknesses continue to exist. The Sheriff has not adequately segregated accounting duties and does not perform adequate supervisory reviews. The Sheriff's office does not adequately bill, pursue collection of, or track amounts due from other counties for the boarding of prisoners, and is not billing some defendants. The Sheriff lacks proper controls and procedures for receipting and depositing monies to ensure all monies are accounted for properly. Bank reconciliations procedures were not adequate and monthly lists of liabilities are not prepared to compare to the reconciled bank balances. The Sheriff does not maintain adequate records over seized property, and personnel do not periodically back up the data in the computerized accounting system.

Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney has not established adequate segregation of duties over accounting functions, or established proper controls or procedures for receipting, depositing, and transmitting monies to the County Treasurer. The Prosecuting Attorney does not routinely follow up on outstanding checks and maintains a trust bank account with an unidentified balance of $5,227 at December 31, 2013.
Public Administrator Salary	The County Commission has not set the Public Administrator's salary in accordance with state law, and as a result, is underpaying the Public Administrator $20,000 annually. Pursuant to Section 473.742, RSMo, the Public Administrator's salary is based upon the average number of open cases, which was 43, and should be $45,000.
Passport Fees	The Recorder of Deeds collected approximately $18,360 in passport processing fees, but there is no authority for the Recorder of Deeds to collect this fee. Moreover, state law mandates that any such fees shall be used only for the maintenance of the courthouse or to fund operations of the circuit court, but the county does not track how these monies are spent.
Capital Assets	As similarly noted in several of our prior audits, the County Clerk has not updated capital asset records since 2003, and these records lack sufficient detail. Some capital asset are not numbered, tagged, or otherwise identified as county property, and the county does not adequately identify capital asset purchases and dispositions throughout the year
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Poor**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Miller County
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Miller County

We have audited certain operations of Miller County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, was engaged to audit the financial statements of Miller County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

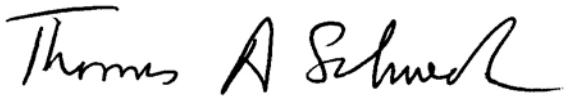
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Miller County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Susan J. Beeler, CPA, CIA
In-Charge Auditor:	Terri Erwin, MBA, CGAP
Audit Staff:	Brian Hammann, M.Acct., CPA
	Jennifer Anderson

1. Financial Condition

As noted in our two prior audits, the financial condition of the Jail Fund and Special Road and Bridge (SRB) Fund remains poor. In addition, the financial condition of the Enhanced 911 (E911) Fund has deteriorated. The amount of General Revenue (GR) Fund and restricted Capital Improvements Sales Tax (CIST) Fund monies used to support these other funds has increased significantly over the past several years. As a result, the GR Fund is also in poor financial condition and the CIST Fund may not have the monies needed to pay off outstanding debt. The following table reflects the ending cash balances of these funds over the last 4 years and the projected ending cash balance for 2014.

	Ending Cash Balance, Year Ended December 31,				
	2014 Budgeted (1)	2013 Actual (2)	2012 Actual (2)	2011 Actual (3)	2010 Actual (3)
Special Road and Bridge Fund					
Ending cash balance	$ 2,423	53,125	96,160	78,934	39,690
Ending cash balance without transfers	(237,577)	(282,911)	21,160	29,419	(98,488)
Enhanced 911 Fund					
Ending cash balance	16,515	(135,404)	(22,469)	(3,115)	(153,213)
Ending cash balance without transfers	(515,485)	(452,227)	(372,044)	(335,615)	(239,660)
Jail Fund					
Ending cash balance	44	(130,853)	(43,503)	(6,099)	700
Ending cash balance without transfers	(691,956)	(523,314)	(693,503)	(634,006)	(456,153)
General Revenue Fund					
Ending cash balance (4)	395,217	197,967	124,874	187,578	6,568
Ending cash balance without transfers	686,067	350,543	212,849	232,588	68,878
Capital Improvements Sales Tax Fund					
Ending cash balance	590,286	580,986	241,871	280,613	132,527
Ending cash balance without transfers	$ 1,772,286	1,345,517	1,241,871	1,313,203	688,960

(1) Amounts obtained from 2014 county budget documents.

(2) Amounts obtained from audited financial statements.

(3) Amounts obtained from 2012 county budget documents.

(4) The General Revenue Fund's budgeted ending cash balance for 2014 includes $453,793 in over collection of property taxes that must be offset in future years due to an error in the 2013 sales tax rollback calculation (see MAR finding number 2.2).

As shown, if the county had not transferred monies to the SRB, E911, and Jail Funds to cover deficits, these funds would have had even lower balances, and the GR and CIST Funds would be in better financial positions. In addition, these sales tax monies are restricted for capital improvement use only and cannot legally be used to cover deficits in other funds (see MAR finding number 2.1). We identified the following additional concerns related to these funds:

- The county erroneously reported property tax reductions in 2013, resulting in a $453,793 over collection in the GR Fund that must be offset against property tax collections in future years (see MAR finding number 2.2). In addition, considering the GR Fund is projected to end 2014 with a $395,000 cash balance and the 2014 projected GR property tax revenues were based on 2013 GR property tax collections, the GR Fund is now in poor financial condition and can no longer afford to transfer monies to the other funds.

- The county has a significant amount of debt that further erodes the county's financial condition. The largest of the debt is the principal and interest outstanding on the lease-purchase agreement for the justice center. The remaining principal outstanding at December 31, 2013, was $3,975,000. Interest remaining to be paid over the life of the lease totals $1,778,610. If the county continues to use the CIST Fund to cover the negative cash balances in other funds, it risks not having the funds necessary to pay this lease-purchase obligation (details of the lease-purchase agreement are included in the Organizational and Statistical Information section).

- The county used various lease-purchase agreements, notes, and lines of credit to purchase a new road grader, 6 new sheriff vehicles, and other new and used road and bridge equipment during the year ended December 31, 2013. The total amount of principal due as of December 31, 2013 (including capital assets purchases from prior years), was $836,813, with $426,705 due between 2014 and 2018 and the remaining $410,108 financed on a one-year note and line of credit that are renewable annually (see the Organizational and Statistical Information section). Rather than paying these debt instruments down or off, the county continues to finance additional purchases through these instruments. The County Commission should take steps to reduce the amount of county debt by either limiting the purchase of vehicles and equipment or buying used vehicles and equipment instead of purchasing new items, when possible.

It is essential that the County Commission address the financial condition of these funds in both the immediate and long-term future. Possible options include reducing spending where possible; evaluating controls and management practices to ensure efficient use of county resources; maximizing all sources of revenue; paying only allowable expenditures, including maintenance and utilization of county-owned buildings, from the capital improvement sales tax; and closely monitoring county budgets. In addition, based on the lack of controls in the County Collector's office (see MAR finding numbers 3 and 4), the County Commission should include a thorough, periodic review of the County Collector's operations as a part of its long-term plan to ensure the County Collector's office is properly accounting for all county monies received.

Recommendation

The County Commission perform long-term planning, closely monitor the county's financial condition, and take necessary steps to improve the financial condition of the Jail, Special Road and Bridge, Enhanced 911, and General Revenue Funds. In addition, the County Commission should take advantage of any opportunities to decrease disbursements and maximize revenues.

Auditee's Response

The County Commission provided the following written response:

The Sheriff oversees the operation of the jail so the County Commission will meet with him to discuss billing procedures which will help improve collections which will in turn help improve the condition financially in the jail.

The County Commission has had a plan to pay down the machinery notes. We will continue to use conservative decisions in this department.

We will continue to monitor the needs in our 911 system. We will search for more grants and utilize them when possible.

The County Commission works on the General Revenue budget annually and we try to balance disbursements and revenues to protect the jobs of our people.

2. Sales Tax Procedures

Various concerns related to county sales taxes were identified.

2.1 Capital Improvements Sales Tax

Some capital improvement sales tax revenue was spent on road and bridge related purposes that is not allowable under state law. In addition, the county could not provide documentation showing how capital improvement sales tax revenues transferred to the Jail Fund and E911 Fund were spent in accordance with state law.

Section 67.700, RSMo, allows counties to impose a sales tax for any capital improvement purpose designated by the county in a ballot submitted to voters, and requires the monies received from the sales tax to be deposited in a separate account and used solely for the designated capital improvement.

Miller County voters extended a 1/2-cent capital improvements sales tax levy in August 2010, for a period of 20 years. The county collected $1,444,306 from this sales tax during the year ended December 31, 2013. The ballot language specified the tax monies were to be used "for the purpose of funding capital improvements to county-owned buildings and paying costs of maintenance and utilization thereof."

The County Commission believes operating costs of the county courthouse and jail (including salaries of employees) are allowable utilization costs. However, while some costs of operating county buildings may be allowable uses of this revenue, salary and benefit expenses are not capital improvement related and thus are not allowable. In addition, the county is not tracking the transfers out of the CIST Fund to ensure these monies are spent only for allowable purposes. We noted various concerns with the transfers out of this fund.

Special Road and Bridge Fund

According to budget documents, the county transferred $130,000 from the CIST Fund to the SRB Fund during the 4 years ended December 31, 2013, and budgeted $90,000 in transfers for 2014, in violation of state law. The ballot language does not list improvements to roads and bridges as a purpose of the tax. Since Section 67.700, RSMo, requires the monies be used solely for the purpose designated in the ballot, road and bridge disbursements cannot be paid from these monies.

Jail Fund

The county did not track transfers to the Jail Fund to ensure they were spent in accordance with state law. According to budget documents, the county transferred $1,957,869 from the CIST Fund to the Jail Fund during the 4 years ended December 31, 2013, and budgeted $692,000 in transfers for 2014. During the 2 years ended December 31, 2013, approximately $909,000 was transferred to the Jail Fund from the CIST Fund. Our review of the Jail Fund disbursements made during these 2 years identified only 4 disbursement categories that included clearly allowable capital improvement costs (roof and building, general maintenance, repair/upkeep, and elevator maintenance totaling $121,799 for the 2 years). In addition, several disbursement categories (such as salaries and benefits, training, and uniforms) would not have included any capital improvement-related costs.

Enhanced 911 Fund

Similar to the Jail Fund, the county did not track transfers to the E911 Fund to ensure they were spent in accordance with state law. According to budget documents, the county transferred $1,043,362 from the CIST Fund to the E911 Fund during the 4 years ended December 31, 2013, and budgeted transfers of $400,000 for 2014. During the 2 years ended December 31, 2013, approximately $667,000 was transferred to the E911 Fund from the CIST Fund. Our review of the E911 Fund disbursements made during these 2 years identified only 2 disbursement categories that included clearly allowable capital improvement costs (lease/maintenance and repair/upkeep totaling $98,934 for the 2 years). In addition, several disbursement categories (such as salaries and benefits, mileage, fees/dues/training, and vehicles) would not have included any capital improvement-related costs.

Conclusion

Capital improvement sales tax revenue transferred to the SRB Fund was not spent for allowable purposes under state law. A significant amount of capital improvement sales tax revenue transferred to the Jail Fund and the

E911 Fund was also likely not spent for allowable purposes under state law. Some of the money transferred to those two funds may have been spent for allowable purposes; however, county officials did not track its use and could not provide documentation of how it was spent.

Section 67.700, RSMo, does not prohibit a county from having multiple capital improvement sales taxes. Therefore, the county could have a second capital improvement sales tax for road and bridge related costs. However, the combined capital improvement sales taxes under this law cannot exceed 1/2-cent. Since the county's current capital improvement sales tax rate is already at the 1/2-cent maximum, the county would have to reduce the current capital improvement sales tax rate in order to initiate a road and bridge capital improvement sales tax. Both actions would need to be approved by a public vote.

2.2 County sales tax

The county did not sufficiently reduce the property tax levy to offset 50 percent of sales tax monies received by $453,793 during 2013. The County Clerk's annual sales tax reduction calculations were incorrect and the 2013 tax levy reductions were improperly reported to the State Auditor's office. Increased property tax levy rollbacks will be required in future years to offset this liability.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Miller County voters enacted a 1/2-cent general sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levy to meet the 50 percent reduction requirement and in the following year calculate any excess property taxes collected based upon actual sales taxes collected.

The County Clerk's sales tax reduction calculations incorrectly use the prior year assessed valuation and tax rate ceiling instead of current year amounts. For example, the 2013 calculation used the 2012 assessed valuation and tax rate ceiling instead of using the 2013 amounts. Additionally, the County Clerk does not consider prior year over or under collection of property taxes when calculating the current year property tax reduction. Further, for 2013 the County Clerk mistakenly certified the sales tax reduction of $.1840 as the tax rate levy instead of the calculated tax levy of $.0645. The combination of these errors resulted in a $453,793 over collection of property taxes for the year.

To ensure property tax levies are properly set, the County Commission and County Clerk should ensure property tax levies are adequately reduced by 50 percent of sales tax revenue and are accurately reported and certified as such.

Recommendations

The County Commission:

2.1 Discontinue using capital improvements sales tax monies to cover non-capital improvement related costs and reimburse the CIST Fund for transfers made to the SRB Fund for current and prior years. In addition, the County Commission should determine total allowable capital improvement costs paid out of the Jail and E911 funds from current and prior years and reimburse the CIST Fund for transferred amounts that exceeded allowable costs. The County Commission should implement procedures to ensure capital improvement sales tax monies are tracked and spent in accordance with state law. If a road and bridge capital improvement sales tax is deemed necessary, the County Commission should evaluate possible funding options.

2.2 And the County Clerk properly calculate and report property tax rate reductions, adequately reduce property tax levies for 50 percent of sales tax revenue, and develop a plan to correct for the prior year's over collection of property taxes.

Auditee's Response

The County Commission provided the following written response:

2.1 The County Commission will work at documenting capital improvement sales tax funds in a way that shows them being used for paying, maintaining, and utilizing county buildings. We will review the transfers to the SRB Fund and discuss options for repayment. We feel like the monies in the other funds were spent correctly and do not feel like there is a need to reimburse the CIST Fund.

The County Commission and County Clerk provided the following written response:

2.2 The County will work on correcting the amount of tax over collection over the next three years in conjunction with the County Clerk's office.

3. Property Tax System Controls and Procedures

Controls and procedures over the property tax system are not adequate and significant improvement is needed. As a result of the significant control weaknesses identified below and in MAR finding number 4, there is little assurance property tax monies are accounted for properly. During the year ended February 28, 2014, the County Collector processed receipts totaling approximately $20.1 million, of which approximately $19.9 million were entered into the property tax system. The remaining monies are for lodging tax revenues and are accounted for separately by the County Collector.

3.1 Tax system access

Access to the property tax system is not adequately restricted. The County Collector and his staff are the only personnel in the county with access to the property tax system. They have unlimited access to all information in the system, can make changes to individual tax records, and can delete or void receipt transactions after they are completed. In addition, County Collector personnel cannot generate a report of voided transactions and maintained no documentation to support such transactions, other than copies of checks to support transactions voided due to insufficient funds. Because the County Collector and his staff are responsible for collecting tax monies, good internal controls require they not have system access rights allowing them to alter or delete tax rates, assessed values, property tax billings, or property tax receipts. With unrestricted access, there is an increased risk of unsupported or unauthorized changes occurring in the property tax system after property taxes are approved for the year.

To prevent unauthorized changes to the property tax records, access should be limited based on user needs, and personnel from the County Clerk's office should be given access to make required changes after the property taxes are approved for the year. In addition, retaining documentation to support voided transactions helps ensure such transactions are appropriate and reduces the risk of errors, loss, theft, or misuse of funds.

3.2 Addition and abatement review

The County Clerk and County Commission do not review additions and abatements entered into the property tax system by the County Collector. According to system printouts prepared by the County Collector's office for the year ended February 28, 2014, additions totaled $95,367 and abatements totaled $83,779.

The County Assessor prepares court orders for additions and abatements and provides a copy to the County Commission, but the County Commission does not review these documents. The County Assessor also provides a listing to the County Collector's office for entry into the property tax system. As explained in section 3.1 above, a significant control weakness exists because the County Collector is responsible for collecting property taxes and also has system access to change tax records (including entering addition and abatement information). This control weakness is increased because neither the County Commission nor the County Clerk performs reconciliations of the approved additions and abatements to the actual changes made in the property tax system. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly segregated or monitored, and errors or irregularities could go undetected.

Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. If it is not feasible for the County Clerk to make corrections to the tax books, periodic reviews and timely approvals of the

additions and abatements, along with an independent reconciliation of approved additions and abatements to actual corrections made to the property tax system would help ensure changes are proper.

3.3 Review of property taxes

Neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax charges, transactions, and changes. Such records are needed to verify the accuracy of the County Collector's accounting records. As of June 2014, the County Collector had not filed annual settlements for the 2 years ended February 28, 2014 (see MAR finding number 4.1). The County Collector files a monthly collections report with the County Treasurer, but neither the County Clerk nor the County Commission perform procedures to verify the accuracy of the reports or other accounting records of the County Collector. As a result, there is an increased risk of loss, theft, or misuse of property tax monies going undetected.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable to the county treasury. An account book or other records that summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector are complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector annual settlements, when filed. Such procedures are intended to establish checks and balances related to the collection of property taxes.

A similar condition was noted in our prior report.

Recommendations

3.1 The County Commission and the County Clerk ensure property tax system access is restricted to only allow officials and personnel to access functions necessary for their duties. In addition, the County Collector should maintain documentation of all voided transactions and work with the computer programmer to develop a voided transaction report that can be periodically compared to the supporting documentation of voided transactions.

3.2 The County Commission and the County Clerk ensure procedures are adequately segregated and all property tax additions and abatements are properly and timely approved and monitored. In addition, the County Commission should change the responsibility for entering the additions and abatements from the County Collector to the County Clerk.

3.3 The County Clerk maintain an account book with the County Collector. In addition, the County Clerk and County Commission

should use the account book to review the accuracy and completeness of the County Collector's accounting records.

Auditee's Response

The County Collector provided the following written response:

3.1 We have supporting documentation when we reverse a transaction because the taxpayer gives us a bad check. The check is retained and information regarding the reversal is recorded including the transaction number on the computer system software. This is all kept in a file in the County Collector's desk. In addition, we will also keep documentation of all other voided transactions. We have been working with the computer company to produce a monthly report of voided transactions. We hope to have this completed by the end of this fiscal year. Regarding the input of abatements, add-ons, and court orders, the County Collector's office plans to turn over these duties to the County Assessor's office. After County Assessor staff input the changes they will provide a written copy of the change to the County Clerk and to the County Collector.

The County Commission provided the following responses:

3.1 The County Commission and County Clerk will work with the County Collector, County Assessor, and the computer programmer to comply with this recommendation.

3.2 The County Commission will work with the County Clerk, County Collector, and County Assessor's office to correct the way additions and abatements are processed.

3.3 Once the County Clerk prepares an account book, we will work with the County Clerk to review the County Collector's records.

The County Clerk provided the following responses:

3.1 The County Clerk and County Commission will work with the County Collector, County Assessor, and the computer programmer to comply with this recommendation.

3.2 The County Clerk and County Commission will work with the County Collector and County Assessor's office.

3.3 The County Clerk will implement an account book with the County Collector.

4. County Collector Procedures

The County Collector's accounting and reporting procedures are not sufficient and do not provide adequate assurance that all property tax receipts and disbursements are accounted for properly.

4.1 Annual settlements

As of June 2014, the County Collector had not prepared annual settlements of property taxes for the years ended February 28, 2013, and 2014. By not preparing timely annual settlements, the County Collector has not provided the County Commission or the taxpayers with a complete accounting of property tax transactions.

Section 139.160, RSMo, requires the County Collector to annually settle with the County Commission the accounts of all monies received from taxes and other sources. To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is imperative the County Collector file annual settlements timely.

4.2 Liabilities

The County Collector does not prepare monthly lists of liabilities for the main collection bank account, and consequently, liabilities are not compared to the reconciled bank balance. We identified liabilities for the County Collector's main account at February 28, 2014, totaling $3,415,987. The reconciled bank balance was $3,436,611, leaving an unidentified balance of $20,624. In addition, this account had an unidentified balance at December 31, 2013, of $45,153. The County Collector could not determine the reasons for these differences for either month or why the difference changed.

Monthly lists of liabilities should be prepared and reconciled to available cash balances to ensure records are in balance, errors are detected and corrected timely, and sufficient cash is available to pay all liabilities.

4.3 Inactive bank account

The County Collector maintains an inactive bank account that should be closed. The account holds monies for the homestead preservation tax credit, a property tax credit program for senior citizens and the disabled that has expired. The account had a balance of $1,092 as of December 31, 2013, and has had no activity since January 2011.

Maintaining an inactive account increases the risk of misuse of funds. To ensure funds are disposed of properly, the County Collector should attempt to identify and distribute the funds held in the account, dispose of any unclaimed or unidentified funds in accordance with state law, and close the account.

Similar conditions previously reported

Similar conditions to sections 4.1 and 4.2 were noted in our prior audit report.

Recommendations

The County Collector:

4.1 Prepare and file annual settlements as required by state law.

4.2 Prepare detailed monthly lists of liabilities, reconcile the list to the reconciled bank balance, and investigate any differences.

4.3 Investigate unidentified balances, dispose of unclaimed monies in accordance with state law, and close the inactive bank account.

Auditee's Response

The County Collector provided the following written responses:

4.1 I will endeavor to provide the annual settlements on a timely basis. If we continue to have balancing problems with the computer system, we will provide the annual settlement, and send an amended settlement after balancing issues are resolved.

4.2 I will try to perform these tasks to the best of my ability.

4.3 I will dispose the unused homestead account monies according to state law.

5. Sheriff Accounting Controls and Procedures

Despite similar concerns noted in our prior audits, the Sheriff has not established adequate controls and procedures and significant weaknesses continue to exist. With the exception of sections 5.6 and 5.7, we have reported similar findings related to the Sheriff's office in one or more of our prior reports. Deposits in the Sheriff's jail, bond, and concealed carry permits (CCW) bank accounts for the year ended December 31, 2013, totaled approximately $85,000, $176,000, and $33,000, respectively. However, due to the concerns noted below, we were unable to determine if all monies were accounted for, deposited, and disbursed properly.

5.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties and does not perform adequate supervisory reviews. One clerk is responsible for receiving, recording, depositing, and disbursing monies, and reconciling the bond bank account. Another clerk is responsible for those same duties for the jail and CCW bank accounts.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, the Sheriff should implement a documented independent or supervisory review to ensure bank records are in agreement with accounting records.

5.2 Board of prisoners

The Sheriff's office does not adequately bill, pursue collection of, or track amounts due from other counties for the boarding of prisoners, and is not billing some defendants. According to the computerized system, prisoner

board incurred during the year ended December 31, 2013, totaled approximately $1.2 million.

Sheriff's office personnel prepare and send board bills to other counties, cities, etc. monthly. However, due to a misunderstanding in the Sheriff's office, accounts for defendants processed through the Miller County Circuit Court, which totaled approximately $838,000 during 2013, are sent to the Miller County Treasurer and are not billed to defendants by either the Sheriff's office or the County Treasurer's office. The court bills for some of this prisoner board (i.e., when a defendant is placed on probation), and transmits collections to the County Treasurer and submits a related report to the Sheriff's office. However, the Sheriff's office does not track which defendants are billed by the court, and payments received by the county (whether collected by the court or by the Sheriff's office) are not entered into the Sheriff's computerized system. As a result, the Sheriff's office does not know which defendants were billed and how much is actually outstanding on each account. Thus office personnel cannot effectively pursue collection of unpaid bills.

We also reviewed the Sheriff's records of outstanding board bills from 2009 through 2012 and determined outstanding board bills totaled approximately $3.1 million as of December 2013, including 2 local counties with approximately $742,000 outstanding. However, based on the procedural and record-keeping concerns, the accuracy of these amounts is uncertain.

All accounts should be properly billed, paid board bills should be entered into the system when received, and procedures such as independent reconciliations of board bill records to jail records and payments received should be established to ensure prisoner housing is properly billed, and payments received are proper. Unpaid board bills should be monitored and appropriate follow-up action should be taken to ensure payment is properly received. Failure to monitor unpaid amounts may result in a loss of revenue to the county, and considering the poor financial condition of the Jail Fund (see MAR finding number 1) any potential revenue sources for this fund should be actively pursued.

5.3 Receipts and deposits

The Sheriff has not established proper controls or procedures for receipting and depositing monies to ensure all monies are accounted for properly. We performed a cash count on February 20, 2014, and a detailed review of receipts and deposits for the period March 2013 through May 2013. For 28 of the 57 deposits (49 percent) made from March 2013 to May 2013, the deposited amounts did not agree to the corresponding receipt slips. Sheriff's office personnel could not fully explain the reasons for the discrepancies. Based on the work performed, we were unable to determine if all monies were accounted for and deposited properly.

Our cash count and receipt/deposit review identified various problems that contributed to the inability to reconcile receipt records to deposits. Some of these problems include:

- The cash count of the jail and CCW monies identified cash totaling $253; however, receipt slips totaled $330, resulting in an apparent shortage of $77 in cash deposited.

- Receipt slips are not issued for all monies received and the method of payment (cash, check, or money order) is not consistently indicated on the receipt slips or was indicated incorrectly.

- Receipts are not deposited intact. The clerks typically deposit all checks received, but cash receipts are often withheld from deposits for use as a change fund. The cash is not maintained at a set amount and the clerks do not maintain records of the amount of cash withheld from each deposit.

- The same payment is sometimes receipted into more than one receipt slip book, causing receipt slip amounts to exceed deposit totals for some deposits.

- Some payments were receipted after the monies had already been deposited. For example, two payments totaling $85 were receipted on April 8, 2013, but deposited on April 3, 2013, and four payments totaling $185 were receipted on April 12, 2013, but deposited on March 22, 2013.

To adequately account for collections and reduce the risk of loss, theft, or misuse of funds, receipt slips should indicate the method of payment and should be issued for all monies received. The composition of receipts should be reconciled to the composition of deposits. Further, monies should be receipted in the correct receipt slip books and all monies should be deposited timely and intact. If a change fund is needed, it should be set at a constant amount and a procedure established to reconcile to this amount every time a deposit is made.

5.4 Bank reconciliations

Sheriff's office personnel did not perform bank reconciliations for the jail account from January 2013 to October 2013, and the bank reconciliation procedures for the CCW and bond accounts were not adequate. Disbursements from the bank accounts were not recorded in the computerized system until after they cleared the bank; therefore, Sheriff's office personnel were not reconciling to an accurate book balance or accounting for any outstanding checks when performing reconciliation procedures.

Timely entry of accounting information and the preparation and review of monthly bank reconciliations is necessary to ensure accounting records are in balance and to identify errors timely.

5.5 Liabilities

Sheriff's office personnel do not prepare monthly lists of liabilities for the 3 bank accounts, and consequently, liabilities are not compared to the reconciled bank balances.

We requested the Sheriff's office prepare a list of liabilities for each of the accounts as of December 31, 2013, but the office was unable to provide this information to us. Based on a review of the Sheriff's records, we identified liabilities as of December 31, 2013, and determined the unidentified balance for each account as follows:

		CCW Account	Bond Account	Jail Account
Adjusted bank balance	$	2,464	8,884	21,448
Identified liabilities		(1,486)	(4,667)	(6,648)
Unidentified balance	$	978	4,217	14,800

Because disbursements were not entered into the accounting records until they cleared the bank (see section 5.4), a portion of the unidentified balances may be outstanding checks.

Monthly lists of liabilities should be prepared and reconciled to cash balances to ensure records are in balance, errors are detected and corrected timely, and sufficient funds are available for payment of all liabilities. Any differences should be promptly investigated and resolved, and any unidentified monies should be disposed of in accordance with state law.

5.6 Seized property

The Sheriff has not established adequate controls over seized property. The office does not maintain complete and accurate logs that include disposition of seized property, and periodic inventories of seized property are not conducted.

Sheriff's office personnel cannot generate reports from the office's computerized system to show the disposition of seized property. Sheriff's office personnel indicated it would be necessary to review individual case files to see if property seized in conjunction with a case had been disposed. Additionally, the Sheriff's office indicated a physical inventory had not been completed of seized property since 2000, and that inventory only covered a portion of the seized property on hand.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or misuse of the stored items. Complete and accurate inventory control

records should be maintained and periodic physical inventories should be performed and the results compared to the inventory records to ensure seized property and evidence are accounted for properly.

5.7 Accounting records backup

Sheriff's office personnel do not periodically back up the data in the computerized accounting system used to process receipts and disbursements and to prepare reports for all 3 bank accounts. In December 2013, the system crashed and personnel attempted to recreate the accounting records based on manual records. However, not all manual records had been retained, so office personnel made a $19,966 adjustment in the jail account to make the cash balance agree to the bank statement balance. Therefore, office personnel cannot be certain of the accuracy of the book balance for the jail account.

Again in June 2014, one of the office computers became infected with a virus resulting in the loss of all electronic accounting data. In both instances, if the data had been backed up regularly, the records could likely have been fully or partially recovered.

Preparation of backup data, preferably on a daily or at least weekly basis, periodic testing to ensure the backup process is adequate, and off-site storage would provide reasonable assurance data could be recovered if necessary.

Recommendations

The Sheriff:

5.1 Adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.

5.2 Establish procedures to ensure all amounts owed for prisoner board are properly billed, and implement procedures to track and pursue collection of amounts owed, including entering all payments received into the system.

5.3 Ensure receipt slips, which indicate the method of payment, are issued for all monies received, the numerical sequence is accounted for properly, and the composition of receipts is reconciled to the composition of deposits. The Sheriff should also ensure monies are receipted in the correct receipt slip books, and all monies are deposited timely and intact. If a change fund is needed, it should be set at a constant amount and a procedure established to reconcile to this amount every time a deposit is made.

5.4 Ensure accounting information is entered into the computerized system timely, bank reconciliations are prepared monthly, and any differences are promptly investigated.

5.5 Prepare a monthly list of liabilities for each account and compare them to the reconciled bank balances. Any differences should be promptly investigated and resolved. Any unidentified monies should be disposed of in accordance with state law.

5.6 Maintain complete and accurate inventory records of all items in the evidence room, and perform periodic physical inventories and compare the results to the inventory records. The Sheriff should also perform a complete review of all items and take action to dispose of items no longer needed.

5.7 Regularly back up computer data and ensure it is stored in a secure off-site location and its recovery is tested on a regular, predefined basis.

Auditee's Response

The Sheriff provided the following responses:

5.1 We have implemented this recommendation. Each clerk reviews the other clerk's records for accuracy and completeness.

5.2 We are currently billing all prisoner board, except what goes through the Miller County Circuit Court. Currently we cannot adequately track money paid in court for jail bills. We are working with the court to get a better system. A suggested system is the jail being responsible for collecting all jail money.

5.3 We will implement this recommendation. Now only exact change is accepted with payment, so no change fund is needed. A new computer system was implemented to automatically assign receipt numbers to make the process easier.

5.4 Checks are now being entered when written and bank reconciliations are now performed monthly.

5.5 We have a new system and are working towards preparing a list of liabilities for each account. Any unidentified money will be disposed of properly.

5.6 An inventory of the property room is being worked on. A bar code scanner and printer have been ordered to help track inventory. Once the inventory is completed, we will work with the Prosecuting Attorney to determine what can be disposed of. We will also perform periodic inventories.

5.7 Accounts are now being backed up. A new computer company has been hired. We will talk to the company about using off-site storage.

6. Prosecuting Attorney Controls and Procedures

Controls and procedures in the Prosecuting Attorney's office need improvement. The Prosecuting Attorney's office collected bad check restitution and victim fees, bad check fees, and court-ordered restitution totaling approximately $64,000, $14,000, and $98,000, respectively, during the year ended December 31, 2013.

6.1 Segregation of duties

The Prosecuting Attorney has not established adequate segregation of duties over accounting functions. The Bad Check Clerk who is responsible for receiving, recording, depositing, and disbursing all monies, and reconciling the Prosecuting Attorney's bank account also has the ability to post adjustments to defendant accounts in the office's computer system without independent approval. In addition, a supervisory review of the accounting records is not performed. As a result, a significant control weakness exists and there is little assurance transactions are accounted for properly and accounting records are complete and accurate.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly, adjustments are valid, and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, the Prosecuting Attorney should implement a documented independent or supervisory review of accounting records, which would include a review of adjustments made.

6.2 Receipting, depositing, and transmitting monies

The Prosecuting Attorney has not established proper controls or procedures for receipting, depositing, and transmitting monies to the County Treasurer. We noted the following concerns during our review:

- Office personnel do not record the method of payment on the manual one-write receipt ledger, and checks and money orders are not restrictively endorsed immediately upon receipt.

- The Bad Check Clerk does not reconcile the manual one-write receipt ledger with monies posted to the computerized accounting system, and does not account for the numerical sequence of manual and computer-generated receipt slips.

- The Bad Check Clerk does not always deposit bad check and court-ordered restitution receipts timely. For example, a review of the September 2013 bank statement showed the clerk made only 4 bank deposits, totaling $3,808, during the month, with 2 deposits occurring on the same day.

- The Bad Check Clerk does not always transmit bad check fee receipts to the County Treasurer intact or timely. For example, bad check fees receipted in July and August 2013 were not transmitted to the County Treasurer until September 2013. Also, some bad check fees receipted in September 2013 were transmitted to the County Treasurer before some

August 2013 receipts. Bad check fees transmitted to the County Treasurer during September totaled $2,365.

To reduce the risk of loss, theft, or misuse of monies received going undetected, procedures should be established to ensure all monies received are properly receipted and deposited or transmitted intact and timely.

6.3 Outstanding checks

The Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks. As a result, at December 31, 2013, 75 checks payable to business and individuals for court-ordered restitution, totaling $7,002 had been outstanding for over a year with some checks dating back to 2004.

Procedures to routinely follow up on outstanding checks are necessary to prevent their accumulation and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law.

6.4 Unidentified monies

The Prosecuting Attorney's trust account had a $5,227 unidentified balance on the monthly list of liabilities as of December 31, 2013. During the prior audit the account had an unidentified balance as $6,462, with unidentified amounts in the account dating back to 2007. The Prosecuting Attorney indicated his office personnel identified a portion of the amount reported during the last audit, but any further review would be both time and cost prohibitive. Therefore, he does not plan to try to identify the remaining unidentified balance.

Maintaining unidentified bank balances increases the risk of loss, theft, or misuse of such funds. Various statutory provisions address the disposal of unidentified monies.

Similar conditions previously reported

Similar conditions to sections 6.2 and 6.4 were noted our prior audit report.

Recommendations

The Prosecuting Attorney:

6.1 Adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented. Additionally, the Prosecuting Attorney should require a supervisory review and approval for all accounting adjustments.

6.2 Ensure the method of payment of receipts is recorded on the one-write receipt ledger, checks and money orders are restrictively endorsed immediately upon receipt, and the numerical sequence of all receipt slip numbers is accounted for. The Prosecuting Attorney should also ensure manual receipt records are reconciled to the computerized accounting system and deposits and transmittals are made intact and timely.

6.3 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payee cannot be located, the amount should be disbursed in accordance with state law.

6.4 Dispose of unidentified monies in accordance with state law.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

6.1 The Prosecutor's office continues to operate with limited staff, such that greater segregation of duties may not be possible. It is anticipated that additional staff may be made available in 2015 and future budget years, which may be able to provide enhanced funds handling and accounting safeguards. These issues along with other alternatives for handling and streamlining restitution and fees will be reviewed with the incoming Prosecutor in an effort of improve these procedures on an ongoing basis, including periodic supervisory review and approval of all adjustments and corrections.

6.2 A policy will be implemented to note the payment type on manual receipt slips and reconcile the manual receipt ledger to the computerized system. The other issues noted will also be reviewed as part of orientation to office systems with the incoming Prosecutor.

6.3 The current officeholder will review and cancel any stale outstanding checks and transfer those funds and payee information to the unclaimed property fund in accordance with law by the end of calendar year 2014, as part of an effort to reduce and eliminate any cash funds within the responsibility of the office prior to the incoming Prosecutor assuming office.

6.4 The current officeholder will transfer all remaining unidentified funds to the unclaimed property fund in accordance with state law by the end of calendar year 2014, so as to eliminate any such items from the responsibility of the Prosecutor's office prior to the incoming officeholder assuming office.

7. Public Administrator Salary

The County Commission has not set the Public Administrator's salary in accordance with state law, and as a result, is underpaying the Public Administrator $20,000 annually. When the new Public Administrator took office in January 2013, she elected to receive a salary, as allowed under Section 473.742, RSMo. According to this statute, when the salary option is elected, the Public Administrator's salary is based upon the average number of open letters (cases) assigned to the Public Administrator in the 2 years preceding the term.

The Public Administrator's salary was incorrectly based on an average of 36 open letters (cases), which resulted in a $25,000 salary, as specified by Section 473.742, RSMo. However, according to court records, there was actually an average of 43 open cases, which would have resulted in an annual salary of $45,000. This difference in the number of open cases was due to a miscommunication between the County Clerk and the Associate Circuit Court, Probate Division. The Associate Circuit Court, Probate Division provided the County Clerk with the number of open cases during the previous 2 years that were assigned to the former Public Administrator (average of 36), rather than the total open cases for the office, which included cases inherited by the former Public Administrator when she took office (increasing the average to 43 in total). Therefore, the Public Administrator's salary should have been based on the average of all open cases for the office (43) and should have been set at $45,000 according to state law, not $25,000. As of June 2014, she was still being paid based on this incorrect yearly amount.

Recommendation

The County Commission should set the Public Administrator's salary in accordance with state law, and consider whether the payment of back pay is appropriate.

Auditee's Response

The County Commission provided the following written response:

The Public Administrator salary will be paid in accordance with state law when proof is presented to the County Commission of caseload. We will have a meeting with the court this month to discuss the caseload and obtain proper documentation.

8. Passport Fees

There is no authority for the Recorder of Deeds to collect passport fees, and the county cannot demonstrate the fees collected were spent in accordance with state law.

During the year ended December 31, 2013, the Recorder of Deeds processed 136 passport applications and collected $18,360 in passport processing fees. The county retains $25 of each passport fee and retained $3,400 during that year, which was turned over to the County Treasurer as general revenue. Passport fees revenue is not separately tracked to ensure it is spent in accordance with state law.

Section 483.537, RSMo, states that the clerk of any state court who, by deputy or otherwise, takes or processes applications for passports or their renewal shall account for the fees charged for such service and for the expenditure of such fee in an annual report made to the presiding judge and the office of the state courts administrator. Such fees shall be used only for the maintenance of the courthouse or to fund operations of the circuit court.

Recommendation

The Recorder of Deeds discontinue collecting passport fees or ensure passport fees are reported and spent in accordance with state law.

Auditee's Response

The Recorder of Deeds provided the following response:

In May 2014 we started turning over passport fees to the Circuit Court. We are planning to stop taking passport applications sometime this fall.

9. Capital Assets

As similarly noted in several of our prior reports, procedures and records to account for county property are not adequate.

The County Clerk has not updated capital asset records since 2003 and capital asset records lack necessary information such as the purchase date, acquisition cost, serial number, and disposal information. Some capital assets are not numbered, tagged, or otherwise identified as county property. In addition, the county does not have adequate procedures in place to identify capital asset purchases and dispositions throughout the year. These problems increase the possibility of undetected theft and inadequate insurance coverage.

Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Procedures to track property purchases and dispositions throughout the year, along with periodic physical inventories and comparisons of the results to overall county property records are necessary to evaluate the accuracy of the records, and deter and detect theft. Proper tagging of county property items is necessary to facilitate the record-keeping process. Section 49.093, RSMo, requires counties to account for personal property costing $1,000 or more, assigns responsibilities to the officer or applicable designee of each county department, and describes details to be provided in the inventory records.

Recommendation

The County Commission and the County Clerk work with other county officials to ensure complete and accurate inventory records are maintained, purchases and dispositions of assets are tracked, annual physical inventories are conducted, and assets are tagged as county property.

Auditee's Response

The County Commission and County Clerk provided the following written response:

The County Commission will work with the County Clerk's office to ensure county property is correctly listed and reported.

Miller County
Organization and Statistical Information

Miller County is a county-organized, third-class county. The county seat is Tuscumbia.

Miller County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 111 full-time employees and 14 part-time employees on December 31, 2013.

In addition, county operations include the Senate Bill 40 Board and the Senior Citizens Service Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Tom Wright, Presiding Commissioner	$	31,700
Darrell Bunch, Associate Commissioner		29,700
Brian Duncan, Associate Commissioner		29,700
Deb Wiles, Recorder of Deeds		45,000
Clayton E. Jenkins, County Clerk		45,000
Matthew Howard, Prosecuting Attorney		116,858
William Abbott, Sheriff		50,000
Phil Lawson, County Treasurer		45,000
Rick Callahan, County Coroner		16,000
Theresa Lupardus, Public Administrator		25,000
William Harvey, County Collector, year ended February 28,	45,113	
Joseph Cochran, County Assessor, year ended August 31,		45,000
Gerard J. Harms Sr., County Surveyor (1)		

(1) Compensation on a fee basis.

Financing Arrangements

The county entered into an amended lease-purchase agreement with Southwest Trust Company on November 1, 2010. The terms of the agreement call for the county to lease the justice center (which includes the courthouse and adjoining law enforcement center) to Southwest Trust Company, and then the company leases the justice center back to the county with lease payments equal to the amount due to retire the indebtedness. In

October 2010, Southwest Trust Company, on behalf of the county, issued refunding certificates of participation, Series 2010 in the amount of $4,295,000 for the purpose of refinancing the Series 2001 Certificates. Principal payments are due annually on October 1 and interest payments are due semi-annually on April 1 and October 1. The payments are made with the revenue generated from the county's 1/2-cent capital improvement sales tax that was extended by the voters on August 3, 2010, and is in effect through 2030, when the lease is scheduled to be paid off. The remaining principal outstanding at December 31, 2013, was $3,975,000. Interest remaining to be paid over the life of the lease totals $1,778,610.

The county has entered into 6 separate lease-purchase agreements for 3 motor graders, 2 pickup trucks, and 1 dump truck. Principal and interest payments for 5 of the agreements are made from the Special Road and Bridge Fund, and payments for 1 agreement are from the Sheriff's Discretionary Fund. Final payments for the leases are scheduled to occur from 2014 to 2018. The remaining principal outstanding at December 31, 2013, totaled $426,705. Interest remaining to be paid over the life of the agreements totaled $33,623.

The county has a line of credit with a 1-year maturity and renewable annually, which was used to purchase 5 Sheriff's department vehicles. The maximum principal indebtedness under the line of credit at December 31, 2013, was $142,700. Principal and interest payments are made from the General Revenue Fund and the Sheriff's Discretionary Fund. The principal balance due at December 31, 2013, is $113,177 with interest rate of 2.58 percent. Interest will be calculated at maturity.

The county has a line of credit with a 1-year maturity date for various road and bridge equipment. The maximum principal indebtedness under the line of credit at December 31, 2013, was $750,000 with a variable interest rate being charged. Principal and interest payments are made from the Special Road and Bridge Fund. The line of credit had a principal balance due at December 31, 2013, of $296,931. Interest will be calculated at maturity.

The county has established 6 neighborhood improvement districts and issued general obligation bonds as part of the financing for these projects. Although these are general obligations bonds of the county, special assessments have been levied on the property located in the districts to pay the principal and interest. Final payments for the bonds are scheduled to occur from 2014 to 2023. The remaining balance outstanding at December 31, 2013, totaled $386,412. Interest remaining to be paid over the life of the bonds totaled $53,298.

Thomas A. Schweich

Missouri State Auditor

Renaissance Academy for Math and Science of Missouri, Inc.

Charter School Closure

November 2014

Report No. 2014-110

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Renaissance Academy for Math and Sciences of Missouri, Inc. Charter School Closure

Background	The Renaissance Academy for Math and Science of Missouri, Inc. (Renaissance Academy) was a charter school operating in Kansas City until May 2012. Imagine Schools, Inc., a national charter school management company, managed Renaissance Academy between 2007 and 2010, and the University of Missouri-Columbia was the school's sponsor. The Board terminated the contract with Imagine Schools, Inc. in 2010 and then voted to close the school at the end of the 2011-2012 school year. The Board sued the former management company, the management company countersued, and both suits are still pending.
Budget and Remaining Funds	The Board did not prepare and adopt a formal budget for the years ended June 30, 2013, and 2014, so the Board could not effectively plan for the allocation of resources, the need to retain funds for post-closure activities, or whether funds should be returned to the Department of Elementary and Secondary Education (DESE) for use by the local school district. As of June 30, 2014, the school still had a cash balance of $2.5 million, although the remaining estimated disbursements total only $1.9 million. The DESE believes remaining funds should be returned to the state.
Payments to Law Firm	The Board paid its law firm over $194,000 to perform closure and administrative duties without soliciting proposals or determining if less expensive options were available, including a $46,930 "recovery bonus" for filing financial reports with the DESE; at least $29,300 for filing, faxing, and handling inquiries about student records; and at least $21,500 for handling issues related to capital asset inventory and distribution. The Board also paid this firm $101,000 for legal services between June 2012 and November 2013.
Disbursements	Some disbursements since the school closure were unreasonable and unnecessary for the school closure process. The Board spent $4,355 on a meeting and holiday party, including time spent by a law firm partner to plan the party and time spent by law firm staff to open internal emails inviting staff to the party. The Board spent over $3,000 for other Board meetings held at restaurants, including $2,070 paid to the law firm for organizing a meal and meeting. The Board spent $12,644 for 2 members of the Board and 3 representatives of the Board's law firm to attend the 2012 annual Missouri Charter Public School Association conference where they presented a training session on charter school closures. The Board compensated the law firm for preparing the presentation and for firm personnel's travel time and expenses. The Board did not timely pay some bills, resulting in late fees and finance charges, and Board members signed two checks where they were also the payee.

Service Proposals and Agreements	The Board did not solicit proposals for some services and did not ensure written signed agreements defining services and benefits received were in place for all services received. For example, the Board transition team accepted a proposal for $11,500 for inventory and storage of assets and documents, but the Board paid a total of $314,000 for the service with no written agreement and no documentation to support the additional amount paid.

In the areas audited, the overall performance of this entity was **Poor**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Renaissance Academy for Math and Science of Missouri, Inc.
Charter School Closure
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THOMAS A. SCHWEICH
Missouri State Auditor

To the Board of Directors
Renaissance Academy for Math and Science of Missouri, Inc.

The State Auditor conducted an audit of the Renaissance Academy for Math and Science of Missouri Inc. under authority granted in Section 29.205, RSMo. We have audited certain operations of the charter school in fulfillment of our duties. The charter school engaged Kerber, Eck & Braeckel LLP, Certified Public Accountants (CPAs), to audit the charter school's financial statements for the year ended June 30, 2012. To minimize duplication of effort, we reviewed the report of the CPA firm for the year ended June 30, 2012 audit. The June 30, 2013, audit has not been completed. The scope of our audit included, but was not necessarily limited to, the period from June 1, 2012, through July 31, 2013. The objectives of our audit were to:

1. Evaluate the charter school board's internal controls over significant management and financial functions.

2. Evaluate the charter school board's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions and those related to charter school closure.

4. Evaluate the planning and oversight of the charter school closure.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the charter school, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the charter school's management and was not subjected to the procedures applied in our audit of the charter school.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, (3) the need for improvement in management practices and procedures, and (4) deficiencies in the planning and oversight of the charter school closure. The accompanying Management Advisory Report presents our findings arising from our audit of the Renaissance Academy for Math and Science of Missouri, Inc.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Kelly Davis, M.Acct., CPA, CFE
In-Charge Auditor:	Richard Stuck
Audit Staff:	Amber M. Carlile

Renaissance Academy for Math and Science of Missouri, Inc.
Charter School Closure
Introduction

Background

The Renaissance Academy for Math and Science of Missouri, Inc. (Renaissance Academy) was a charter school operating in Kansas City until May 2012. In accordance with Section 160.400, RSMo, the Renaissance Academy formed as a not-for-profit corporation in 2007. Imagine Schools, Inc., a national charter school management company, managed Renaissance Academy between 2007 and 2010.

The Renaissance Academy Board of Directors (Board) voted in March 2011 to close the school at the end of the 2011-2012 school year. The last day of classes for the school was May 25, 2012. The Board previously terminated the contract with Imagine Schools, Inc. in 2010. After operating the charter school without a management company, the Board determined it would be in the best interest of the students and charter school to close operations and not pursue another charter contract. Officials from the charter school's sponsor, the University of Missouri - Columbia, indicated the sponsor would have withdrawn sponsorship if the Board had not voted to close.

The following table reflects actual cash receipts and disbursements for the 2 years ended June 30, 2014:

	Year Ended June 30,	
	2013	2014
Beginning cash balance	$ 6,760,650	2,840,313
Receipts	364,632	1,465
Disbursements (by type):		
Payroll	236,824	788
Education related expenses	256,414	12,283
Building services and supplies	94,176	0
Attorney	225,883	239,581
Settlement of lawsuit	298,750	0
Accounting services	47,980	38,696
Moving and storage	312,454	1,650
Board expenses	12,488	1,604
Department of Elementary and Secondary Education (DESE)	2,800,000	0
Total Disbursements	4,284,969	294,602
Ending cash balance	$ 2,840,313	2,547,176

Source: Renaissance Academy bank statements. Disbursements (by type) were determined by payee (i.e., vendor or employee).

The Board sued the former management company in June 2013, and the lawsuit, as well as the management company's countersuit for breach of contract, are pending. Final dissolution of the not-for-profit corporation is pending the litigation and completion of final closure activities including final storage of school records.

Sections 160.400 through 160.425, RSMo, provide requirements for the organization and administration of charter schools. At the time of the closure of the Renaissance Academy, the statutes did not provide guidance on the closure of charter schools. In 2012, the General Assembly passed Senate Bill No. 576, effective August 28, 2012, which includes significant revisions to laws pertaining to charter schools. Statutory provisions now require sponsors to develop procedures to be implemented if a charter school should close and also requires charter schools to include procedures in the charter agreement to be implemented if the school should close. These procedures are to address matters including transition and archival of student records; archival of business operation and transfer or repository of personnel records; submission of final financial reports; resolution of financial obligations; disposition of school assets; and a notification plan to inform parents or guardians, the local school district, the applicable retirement system, and the State Board of Education (State Board) within 30 days of closure.

In addition, the bill provides the charter shall be a legally binding performance contract that describes the obligations and responsibilities of the school and the sponsor. The bill also includes additional responsibilities for the sponsor to monitor the charter school and requires the State Board to evaluate sponsors to determine compliance with sponsorship standards every 3 years.

The effective date of the bill was subsequent to the closure date of the Renaissance Academy.

Renaissance Academy for Math and Science of Missouri, Inc.
Charter School Closure
Management Advisory Report - State Auditor's Findings

1. Budget and Remaining Funds

The Board did not prepare and adopt a formal budget for the years ended June 30, 2013, and June 30, 2014. As a result, the Board could not effectively plan for the allocation of resources, the need to retain funds for post-closure activities, or whether funds should be returned to the Department of Elementary and Secondary Education (DESE) for use by the local school district.

In May 2013, the Board disbursed $2.8 million of its remaining cash balance to the DESE. At June 30, 2013, the school had a remaining cash balance of $2,840,313. The Board notified the DESE the school would need to retain these remaining funds because the Board anticipated approximately $2.7 million in additional expenditures for ongoing litigation, storage of records, and insurance. The Board provided the DESE a listing and estimated amount for each category, but did not provide detailed documentation to support the basis of the estimates.

As of June 30, 2014, the cash balance remains at approximately $2.5 million. According to its legal counsel, the Board discussed at its March 2014 meeting the remaining funds needed for operating expenses and the Board's continued belief the remaining funds are still needed for the purposes previously determined. However, this information was not documented in the Board's March 2014 meeting minutes and the Board did not provide additional documentation to support this assertion. In addition, the remaining estimated disbursements total approximately $1.9 million. The following table presents the remaining projected cash balance after estimated operating expenses and other estimated disbursements as provided by the Board's legal counsel.

Cash Balance at June 30, 2014	$ 2,547,176
Projected disbursements:	
Operating expenses[1]	749,610
Pending litigation liability[2]	622,580
Potential tax liability[3]	300,000
Attorney fees	150,000
Document storage	23,400
Insurance	25,000
Total projected disbursements	$ 1,870,590
Projected remaining balance at dissolution	$ 676,586

[1] Operating expenses estimated as approximately 3 times the fiscal year 2014 disbursements of $249,870. The estimate is based on 3 years of disbursements because the Board's legal counsel stated the Board has 3 years to dissolve the corporation after the conclusion of the litigation.

[2] The Board's former management company countersued the Board for this amount.

[3] The Board's legal counsel estimates the Board may owe this amount for failure to properly file as a not-for-profit corporation with the Internal Revenue Service.

The DESE requested unobligated funds be returned in accordance with Section 160.405.1(17), RSMo, in March 2013. DESE officials indicated the department continues to believe remaining funds retained by the Board should be returned to the state. The Board's legal counsel stated they do not believe the Board is subject to the statute, despite already paying a portion of unobligated assets to the DESE, because the statute specifies the requirements are applicable to schools operating on August 27, 2012, and the school stopped operating on May 25, 2012. Irrespective of the disagreement over the statutory provisions, remaining charter school monies are public funds that should be used for the benefit of students within that district, and periodic evaluation of remaining obligations is necessary to determine if funds should continue to be retained or returned for use by the local school district.

Board policy 3110 states an annual budget will be adopted by June 30 each year according to statutory provisions and no funds may be spent that are not authorized by the annual budget. A complete budget should include separate receipt and disbursement estimations, and include the beginning available resources and a reasonable estimate of the ending available resources. A complete and well-planned budget, in addition to meeting policy requirements, can serve as a useful management tool for the Board by establishing specific financial expectations for school closure activities. In addition, because remaining funds are public funds, the Board should consider if funds should be returned for use by the local school district.

Recommendation

The Board of Directors develop an annual budget in accordance with Board policy. In addition, the Board should periodically evaluate remaining obligations, and consider if funds should continue to be retained or be returned for use by the local school district.

Auditee's Response

The Board of Directors provided the following written response:

The Board provided the State Auditor an informal budget for its fiscal year beginning July 1, 2013. However, the Board has three on-going vendors: the storage facility for the student/school records that are required to be maintained per the Secretary of State's office and applicable statutes; its accountant; and its legal counsel for the lawsuit against the school's former educational management company. Our budget is based on the projected expenses for the litigation and our ongoing monthly fees for storage and accounting services. The Board going forward will make sure it timely approves the budget pursuant to its policy.

Remaining Funds: The Board agrees with the State Auditor's determination that any unobligated funds should be used for the benefit of students within Kansas City School District as set out in the applicable statutes prior to

August 2012, and periodic evaluation of the remaining unobligated funds is appropriate.

2. Payments to Law Firm

The Board assigned its law firm many administrative duties related to the charter school closure in addition to legal services. The Board did not solicit proposals for these administrative duties or determine if less expensive options were available. The Board has employed the same law firm since August 2010. The Board paid the law firm over $194,000 for closure and administrative duties and $101,000 for legal services between June 2012 and November 2013. The majority of billings in the year ended June 30, 2014, relate to ongoing litigation.

Board members indicated they initially had 2 employees assist with some of the closure and administrative tasks. However, they were not satisfied with the employees' work and the law firm completed the work. After this change, the Board chose to utilize the law firm for the ongoing closure and administrative tasks. Board payments to the law firm for these tasks between June 2012 and November 2013 include:

- A $46,930 "recovery bonus" for filing required financial reports with the DESE to receive the remaining federal funding due to the district. The documents were not unique from other reports filed while the school was in operation and did not require additional legal advice. The Board President described the payment as a "recovery bonus." The amount is 15 percent of the $312,860 the Board received from the DESE.

- At least $29,300 for filing, faxing, and handling inquiries about student records. Student record duties related to transferring student files and transcripts to the student's new school.

- At least $21,500 for handling issues related to capital asset inventory and distribution.

- $8,756 for preparing the presentation, travel time, and expenses for the 2012 Missouri Charter Public School Association (MCPSA) conference as discussed in MAR finding number 3.

- $8,556 for reading or sending emails within the law firm related to items such as the presentation at the MCPSA conference, requesting confirmation of attendance at various Board related functions, and reading of carbon copy emails.

- $1,460 for planning the December 2012 Board meeting and holiday party as discussed in MAR finding number 3. Billings included charges

for opening email messages from one member of the firm to another inquiring if the staff member was attending the party.

- At least $250 for reading 14 electronically generated email messages noting someone was out of the office.

Board members have a fiduciary responsibility to ensure disbursements of public funds are appropriate and reasonable. To ensure disbursements are reasonable, the Board should solicit proposals for services and consider associated costs when delegating tasks to legal counsel.

Recommendation

The Board of Directors ensure planned and actual expenditures are scrutinized for appropriateness and reasonableness. The Board should evaluate the necessity of utilizing legal counsel to perform administrative duties related to the closing of the charter school.

Auditee's Response

The Board of Directors provided the following written response:

The Board initially hired two administrators from the school to serve in an administrative capacity post-closure of the school buildings. Both quit less than thirty days before the school's final date of June 30, 2012. For a period of time the law firm had no choice but to serve in an administrative capacity to timely respond to DESE inquiries and meet the due dates for filing various reports and providing finalized core data. The Board was very fortunate that one of the attorneys for the firm was experienced and trained on how to handle the reports and data. The Board sought and hired two additional persons in the fall of 2012 to take over the administrative work being done by the firm. One person was great at her task specific to getting student records prepared to be scanned electronically and for microfiche. She executed her job timely and properly. The other was to handle the ongoing issues of providing student records to students, responding to DESE, finalizing the school's inventory and disbursement process, preparing documents for the Board meetings, and any other administrative issues that might come to the fore. Unfortunately, she was not adept at the work and the law firm kept having to go behind her to clean up and correct the records being sent to DESE and others. The Board quickly recognized it was paying twice for the same job. The position the Board took was that work needed to be done right the first time and we seemed to get that from the law firm. The work has been done and done well by the law firm and the Board believes that the payments have been appropriate and reasonable given the circumstances.

The Board agrees that under normal circumstances a non-legal administrative person would be an appropriate choice. However, the situation the Board has found itself in is not the ordinary circumstance, in that, any administrative person hired after the school was closed would not

have had any institutional or historical knowledge regarding the year being audited. This would have resulted in legal counsel having to been consulted virtually throughout the process. A specific instance is the issue of records regarding the closure process. The Board's legal counsel informed the auditors of implementation of a transition team to develop and execute the approved closure process. This is an example of the type of critical information that might have been missed without legal counsel's involvement. The Transition Team included school staff/administrators, the sponsor, Board members, and legal counsel. All of the processes and considerations for the closure process were in the Transition Team's minutes rather than Board's minutes. Having legal counsel handling this process kept the Board from having to pay an administrative person and the firm for working on the auditors' requests. But most importantly, the Board felt secure that accurate and complete information was being provided to the auditors. Moreover, our legal counsel thought it was more important to protect the Board than collect fees. The Board does not believe, based on its past experience, that administrative personnel provide that type of loyalty to their employers.

The Board provided the following response to the specific issues noted in the report:

- *Recovery Bonus: The Board approved the recovery bonus for the $312,860 from DESE because the Board would not have recovered the funds without legal counsel's expertise and guidance.*

- *Records Requests: The records requests have to be responded to as obligation of the Board and personnel hired in the past failed to timely respond to students' requests resulting in complaints to DESE.*

- *Inventory Disbursement: The disbursement of Renaissance's assets was a tremendous undertaking that hired staff failed to diligently complete resulting in legal counsel having to do and complete.*

- *MCPSA: The Board, the sponsor and legal counsel was asked to present its closure process to the Missouri Charter Public School Association Annual Conference. The entire presentation was prepared by legal counsel with input by the Board and the Sponsor. Legal counsel did the presentation preparation with Board members and the Sponsor and prepared the hand outs for the meeting. Since Renaissance was the first voluntary closure it seemed appropriate to share our process with its good and not-so-good outcomes with the Missouri Charter community at large.*

- *Emails: The Board strongly believes that legal counsel should be compensated for the time it spends on its work and that emailing is such*

an important part of communicating with the Board and others on behalf of the Board.

- *Legal counsel has refunded $1,460 to the Board for all fees associated with holiday party planning.*

- *Legal counsel has refunded $250 to the Board for electronically generated email messages noting someone being out of the office.*

It should be noted that legal counsel donated all of its time to the Board for all the time the firm spent in gathering documentation and responding to inquiries of the State Auditor's office. We calculate the time donated by the firm to this process to be in excess of $10,000.

Auditor's Comment

The staffing issues cited by the Board occurred early in the closure process, leaving the Board with the option to hire and train qualified staff to complete the various closure and administrative tasks as opposed to using legal counsel.

Regarding the recovery bonus, while legal counsel may have recognized the need to file the financial report with the DESE, there were likely other options for completing the report that would have minimized the associated fees. As stated in the audit, the document was not unique from other reports and did not require legal advice, and such reports would normally be prepared by administrative school staff.

During our initial audit entrance conference with the Board and its legal counsel we discussed minimizing additional costs to the Board that would result from audit requests made to the Board's legal counsel. We recommend addressing concerns directly with Board members, if possible, and explained we would take steps to minimize audit requests and related costs. The Board chose to use its legal counsel as the primary audit contact. Regarding the transition team and minutes, it is unclear why Board members serving as members on the team could not inform our auditors of the team implementation and activities.

Amounts refunded by legal counsel for time spent on holiday party planning and certain email messages demonstrate the nature of items billed and reimbursed by the Board that served no significant purpose toward school closure.

The donated costs cited further illustrate the substantial costs associated with using legal counsel as the primary administrator for Board business.

3. Disbursements

Some disbursements since the charter school closure in May 2012 were unreasonable and unnecessary for the school closure process.

3.1 Board disbursements

The Board made several purchases that were unreasonable and/or unnecessary. The law firm representing the Board receives all invoices, adds the appropriate accounting system coding, and prepares a warrant list. The firm sends warrant lists to the Board President for her review and approval. Once approved, the invoices are sent to the Board's accounting firm that prepares the checks. The accounting firm then sends the checks back to the law firm for the authorized Board members to sign.

Holiday party

The Board held the December 2012 meeting and holiday party at a local Kansas City restaurant. The Board purchased gifts for Board members and employees of the Board's law firm. The Board also paid for alcoholic beverages during the meeting and party.

The Board's law firm planned and participated in the party. Law firm billings related to the party included time spent by a firm partner to plan the party and time spent by firm staff to open internal emails inviting staff to the party as discussed in MAR finding number 2. Total charges for the Board meeting and holiday party were:

Item	Cost
Meal and alcohol	$ 2,095
Attorney fees for planning	1,460
Gifts	785
Parking	15
Total	$ 4,355

The Board President indicated the expenses incurred for the party and gifts were justified and deserved due to work done by staff and the law firm on behalf of the charter school. After we and the DESE brought these questionable disbursements to the Board's attention, the law firm paid $792 to the Missouri State Treasurer's office in March 2014 as a reimbursement for a portion of Board gifts and alcoholic beverage purchases.

Meals

The Board spent more than $3,000 for other Board meetings held at restaurants. In March 2013, the law firm again was in charge of organizing the meal and meeting at a cost of $2,070. The Board also spent $671 for the meal including $57 for alcoholic beverages. In addition, the Board spent $216 for 3 other meals.

MCPSA conference

Two members of the Board and 3 representatives from the Board's law firm attended the annual MCPSA Conference in St. Louis in October 2012 where they served as presenters for a training session on charter school closures. To attend and present at the conference the Board had to pay registration fees for all attendees including the presenters. The Board compensated the law firm for preparing the presentation, firm personnel time to travel to and

from the conference, and travel expenses. The Board members indicated the school agreed to send representatives to the conference because they were asked to discuss the closure; however, that decision is questionable if the school had to cover the attendance costs. Disbursements associated with the conference include:

Item	Cost
Attorney fees	$ 8,756
Hotel	1,448
Rental car and parking	771
Conference fees	625
Airfare to St. Louis	588
Meals	456
Total	$ 12,644

The Missouri Constitution prohibits the use of public money or property to benefit any private individual, associations, or corporations except as provided in the constitution. Public funds should be spent only on items necessary and beneficial to the charter school. Citizens have placed a fiduciary trust in their public officials to spend charter school monies in a prudent and necessary manner.

3.2 Untimely payments

The Board did not ensure some bills were paid timely resulting in late fees and finance charges. The Board paid 13 bills totaling $10,930 late and incurred at least $286 in late fees and finance charges since July 1, 2012. The Board also received late notices from at least 4 other vendors, but incurred no additional fees or charges. To prevent unnecessary fees and finance charges, procedures should be in place to ensure bills are paid timely.

3.3 Signing checks

Board members signed 2 checks where they were also the payee. The Board President signed a check reimbursing herself for meal expenses. The Board President was the only signor on the check. Another Board member signed a check reimbursing himself for taxi and parking fees. The Board President also signed this check.

The current procedure of allowing Board members to sign checks where they are also the payee jeopardizes the system of independent checks and balances needed for good internal control. Dual signatures would help provide assurance checks are written only for appropriate disbursements.

Recommendations

The Board of Directors:

3.1 Ensure all disbursements are necessary and prudent uses of public funds.

3.2 Ensure all invoices are paid timely.

3.3 Require dual signatures on all checks and ensure the signor is not the payee.

Auditee's Response

The Board of Directors provided the following written responses:

3.1 The Board has refunded to the state with the filing of its responses an additional $2,110 for expenses associated with meals, and a copy of the cashier's check is attached to our response. With the Board's prior payment of $792 and the law firm's refund to the Board for their legal fees, proof of which has been provided to the State Auditor's office, all expenses have been reimbursed. The Board addresses its response related to the MCPSA conference in the previous finding responses.

3.2 The Board strictly enforced its policy that no bills will be paid without its review and approval. Unfortunately, some bills consistently arrived after the Board's meeting for a given month resulting in a few late payments. However, now that there are only a handful of vendors this problem has resolved itself.

3.3 The Board has always required two signatures on every check to ensure that another Board member has viewed any disbursements, but has now instituted the requirement that a Board member cannot sign a reimbursement check to him/herself—it has to be two Board members not receiving reimbursement to execute the reimbursement check.

4. Service Proposals and Agreements

The Board did not solicit proposals for some services. In addition, the Board did not ensure written signed agreements defining services and benefits received were in place for all services received. The following is a list of services without a request for proposal and/or a written agreement between June 2012 and November 2013:

- The Board transition team accepted a proposal for $11,500 for inventory and storage of assets and documents. However, the Board paid a total of approximately $314,000 for the service and there is no documentation for the significant additional amount paid to the vendor and there was no written agreement with the vendor.

- The Board paid its legal counsel over $300,000 and did not solicit proposals for the services. The school had a signed agreement with the law firm from 2010. However this agreement did not include provisions for the various administrative and commissioned services discussed in MAR finding numbers 2 and 3.

In addition, the rates charged by the firm varied from those listed in the agreement. The agreement states the hourly rate will be $190, $170, and $90 for partners, associates, and paralegals respectively. The firm charged $200, $165, and $100 for partners, associates, and administrative staff/paralegals respectively.

- The Board did not enter into a written agreement with the vendor used to microfiche records. Additionally, the Board solicited proposals for microfiching services but did not retain documentation of the proposals received. The only documentation available was the Board's acceptance of the winning proposal. The Board paid the vendor approximately $18,000.

- The Board did not solicit proposals for accounting services or a forensic audit. The Board established a written agreement with the firm performing accounting services but did not enter into an agreement for the forensic audit. The Board paid the accounting firm and forensic auditor approximately $21,000 and $8,700, respectively.

Periodically soliciting proposals for professional services is a good business practice, helps provide a range of possible choices, and allows the Board to make better informed decisions to ensure necessary services are obtained from the best qualified provider, taking expertise, experience, and/or cost into consideration. Clear and detailed written signed agreements are also necessary to ensure all parties are aware of their duties and responsibilities, provide a means to monitor compliance with agreement terms, prevent misunderstandings, and ensure school monies are used appropriately and effectively.

Recommendation

The Board of Directors solicit proposals for all professional services and enter into written agreements defining services provided and benefits received.

Auditee's Response

The Board of Directors provided the following written response:

The Board received a written bid from Fry-Wagner regarding the removal and storage of all the inventory of the school. The Board was renting the buildings where the school was housed and the landlord was unwilling to allow the Board to stay in the facility beyond June 30, 2012. Accordingly, the Board had to move everything out of the buildings and store it until the disbursements to other public schools in its district could be completed. Fry-Wagner was chosen because it was the only moving company that bar-coded each item; provided digital access to the administration/Board to view the item; and would scan all items out during the disbursement process so that a proper accounting could be provided to DESE regarding how the

assets were disbursed. No other company in the area could facilitate keeping up with items as they were disbursed.

The Board has sought out bids for legal services for the fiscal year beginning July 1, 2014.

The Board received bids for microfiche of the student records and accepted the best bid based on the winning bidder's experience and price.

The forensic accountants were vetted by legal counsel at the request of the Board and legal counsel's recommendation was ultimately accepted by the Board.

If the Board needs any additional vendors or services it will solicit proposals/bids and will enter into a written agreement as a best practice.

Renaissance Academy for Math and Science of Missouri, Inc.
Charter School Closure
Organization and Statistical Information

The Renaissance Academy for Math and Science of Missouri, Inc. (Renaissance Academy) was a charter school organized and governed under Sections 160.400 through 160.420, RSMo. Charter schools are independent public schools, organized as not-for-profit corporations by statute, that are free from rules and regulations that apply to traditional public school districts unless specifically identified in charter school law. In exchange for flexibility, charter school sponsors are to hold the charter schools accountable for results.

A person, group, or organization seeking to establish a charter school must submit a proposed charter agreement to an eligible sponsor. If a charter is approved by a sponsor, the sponsor submits the charter application to the State Board of Education for approval, along with a statement of finding that the application meets the requirements of Sections 160.400 through 160.420, RSMo, and Section 167.439, RSMo. Charter school sponsors receive 1.5 percent of the charter school's state and local funding to defray the costs of sponsorship if the sponsor remains in good standing. The State Board of Education is responsible for ensuring the sponsor meets its obligations under the charter school law. The University of Missouri - Columbia was the sponsor for the Renaissance Academy prior to closure.

In accordance with Section 160.415.4, RSMo, a charter school that has declared itself as a local education authority receives funding from the Department of Elementary and Secondary Education (DESE) based on attendance in the same manner as other school districts. Section 160.410.1 (1), RSMo, states a charter school shall enroll students residing in the district within which it operates. As a result, only students eligible to attend the Kansas City School District could attend the Renaissance Academy. The DESE reduces the local school district's funding allocation based on the charter school attendance and disburses this funding to the charter school. Charter schools also receive federal funding through the DESE.

The Renaissance Academy was located in Kansas City, Missouri. The Renaissance Academy began operating as a school in the fall of 2007 and stopped offering classes at the end of May 2012. Imagine Schools, Inc., a national charter school management company, managed Renaissance Academy between 2007 and 2010. The charter school consisted of two campuses and instructed grades Kindergarten through 12. Enrollment was approximately 1,100 for the 2011-2012 charter school year.

School Board

The five member Board acts as the policy-making body for the charter school's operations. Board members serve without compensation. Members of the Board at July 31, 2013, were:

Tomika Booker, President
Ricardo Houston, Member
Wanda Frazier, Member
Sharon Britton, Member
Vacant, Member[1]

[1]Board member Anita Haney resigned effective September 20, 2012, and no replacement has been appointed.

Thomas A. Schweich

Missouri State Auditor

Urban Community Leadership Academy

Charter School Closure

November 2014

Report No. 2014-111

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Urban Community Leadership Academy Charter School Closure

Background

The Urban Community Leadership Academy (UCLA) was a charter school operating in Kansas City, Missouri until June 2012. The UCLA formed as a not-for-profit corporation on February 1999. The University of Central Missouri, the charter school sponsor, notified the UCLA Board of Directors in November 2011 of its intent to allow the sponsorship agreement to expire, and the Board voted in April 2012 to close the school. Final dissolution is pending the Board's completion of final closure activities. The report identifies important concerns but does not provide recommendations since the school has ceased operations.

Closure Planning and Oversight

The Board failed to adequately plan for the closure of the charter school. The Board did not adhere to a plan, develop a budget to administer the school closure activities, or provide adequate oversight of closure activities. Although the Board was aware of the impending closure in November 2011, it did not adopt an overall plan or budget to administer post-closure activities, including the disposition of assets, payment of final disbursements, and handling of personnel and student records. Instead, in May 2012, the Board contracted with a school employee to serve as Business Manager and handle the majority of post-closure activities. The Board did not regularly meet after the school closed to monitor the work of the Business Manager, and the Business Manager did not prepare monthly statements for the Board to account for expenditures. According to the Business Manager, the Board President was the only Board member involved in overseeing school-related decisions. The Board had a fiduciary responsibility to oversee the operations of the school and its closure, and the failure of the entire Board to participate breaches this fiduciary responsibility.

Record Retention

The school was unable to provide many records requested. The Business Manager indicated records are stored in multiple locations, including storage facilities, her home, and her office. We ultimately issued a subpoena and deposed the Business Manager in January 2014. Even under subpoena, the Business Manager was unable to produce invoices or receipts to support 120 of 706 (17 percent) check disbursements and credit card purchases, totaling $117,980, made between June 2012 and November 2013. Also, the Business Manager could not provide credit card statements for August 2012 and December 2013, did not produce requested bank statements until 8 months after she stated under oath that she would produce them, and could not produce Board meeting minutes and written agreements. The school's independent auditor issued a qualified opinion on the financial statements for the fiscal year ending June 30, 2012, because school officials could not provide adequate documentation.

Disbursements	A Board member made 9 cash withdrawals to purchase cashier's checks, totaling $55,490 and incurring a $7 fee per transaction, but there was no supporting documentation for these withdrawals. The Board did not authorize the transactions and later removed the Board member's access to the bank account. The Board did not competitively bid several purchases or solicit proposals for professional services, including $30,646 in management services, $29,450 in legal services, and $24,916 in accounting services. The Board was not able to provide current, signed, written agreements for all services and used the Business Manager's other employer for inventory moving. The Board paid the Business Manager more than allowed by the unsigned written agreement and without timesheets to support the hours worked and claimed for payment, and the Board did not provide adequate oversight of the work performed. The Business Manager is the only signor on one bank account and signed 11 payroll checks to herself totaling $8,438. The Board hired a management services firm in May 2012 and paid the firm $33,261 to assist with school post-closure activities, but there is little documentation to show the firm provided the agreed upon services. The Board paid at least $1,060 in late fees and $130 in finance charges since July 1, 2012, and spent $2,050 related to the late filing of the Board President's personal financial disclosure statements with the Missouri Ethics Commission. The Board did not prepare and file required 1099-MISC forms with the Internal Revenue Service.
Capital Assets	The Board did not solicit proposals for real estate services when selling the school building and did not obtain an independent appraisal of the building prior to sale. Capital assets were more susceptible to loss, theft, or misuse because the school did not adequately track or document the disposition of capital assets after closure. Prior to closure, the school did not perform physical inventories, so complete capital asset records were not available to account for these assets, and school officials did not document what items purchased with federal funding the Missouri Department of Elementary and Secondary Education removed.

In the areas audited, the overall performance of this entity was **Poor**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Urban Community Leadership Academy
Charter School Closure
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THOMAS A. SCHWEICH
Missouri State Auditor

To the Board of Directors
Urban Community Leadership Academy

The State Auditor conducted an audit of the Urban Community Leadership Academy under authority granted in Section 29.205, RSMo. We have audited certain operations of the charter school in fulfillment of our duties. The charter school engaged Daniel Jones & Associates, Certified Public Accountants (CPAs), to audit the charter school's financial statements for the year ended June 30, 2012. To minimize duplication of effort, we reviewed the CPA firm audit report. The scope of our audit included, but was not necessarily limited to, the period from June 1, 2012, through July 31, 2013. The objectives of our audit were to:

1. Evaluate the charter school's internal controls over significant management and financial functions.

2. Evaluate the charter school's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions and those related to charter school closure.

4. Evaluate the planning and oversight of the charter school closure.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the charter school and Board, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the charter school's personnel and was not subjected to the procedures applied in our audit of the charter school.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, (3) the need for improvement in management practices and procedures, and (4) deficiencies in the planning and oversight of the charter school closure. The accompanying Management Advisory Report presents our findings arising from our audit of the Urban Community Leadership Academy.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Kelly Davis, M.Acct., CPA, CFE
In-Charge Auditor:	Richard Stuck
Audit Staff:	Erica Schroer, MBA
	Amber M. Carlile

Urban Community Leadership Academy
Charter School Closure
Introduction

Background

The Urban Community Leadership Academy (UCLA) was a charter school operating in Kansas City until June 2012. In accordance with Section 160.400, RSMo, the UCLA formed as a not-for-profit (NFP) corporation on February 1999. The University of Central Missouri (UCM), the charter school sponsor, indicated the UCLA Board of Directors (Board) was notified in writing in November 2011 of the UCM's intent to allow the sponsorship agreement to expire. The Board voted in April 2012 to close the school. The last day of classes for the school was June 1, 2012. The UCM publicly cited several reasons for revoking the sponsorship including low enrollment, failure to meet attendance goals, poor student retention, failure to meet academic goals, and continued concerns with governance and fiscal and operational practices. Governance concerns included continuous board member turnover and related party transactions. Fiscal and operational practices concerns related to the school not maintaining adequate financial records or operating budgets and submitting untimely financial information to the sponsor.

The school's cash balance at June 30, 2012, was $695,494. The school received approximately an additional $375,400 during fiscal year 2013 in state reimbursements for the previous school year, refunds, and interest. The school disbursed approximately $1 million during fiscal year 2013 for salary and benefit payments (teachers and administrators were paid through September 2012), accounting services, storage and moving costs, utilities, and miscellaneous expenses related to the school and closure. At June 30, 2013, the school had a cash balance of $46,934. At June 30, 2014, the balance had been reduced to $10,190. The school sold the former school building in December 2012 for $675,000. However, after paying commissions and fees and applying the remainder of proceeds against the outstanding loan balance, the school still owed $12,240 on the building.

Sections 160.400 through 160.425, RSMo, provide requirements for the organization and administration of charter schools. At the time of the closure of the UCLA, the statutes did not provide guidance on the closure of charter schools. In 2012, the General Assembly passed Senate Bill No. 576, effective August 28, 2012, which includes significant revisions to laws pertaining to charter schools. Statutory provisions now require sponsors to develop procedures to be implemented if a charter school should close and also require charter schools to include procedures in the charter agreement to be implemented if the school should close. These procedures are to address matters including transition and archival of student records; archival of business operation and transfer or repository of personnel records; submission of final financial reports; resolution of financial obligations; disposition of school assets; and a notification plan to inform parents or guardians, the local school district, the applicable retirement system, and the State Board of Education (State Board) within 30 days of closure.

In addition, the bill provides the charter shall be a legally binding performance contract that describes the obligations and responsibilities of the school and the sponsor. The bill also includes additional responsibilities for the sponsor to monitor the charter school and requires the State Board to evaluate sponsors to determine compliance with sponsorship standards every 3 years.

The effective date of the bill was subsequent to the closure date of the UCLA.

Board Dissolution

The Board filed a plan of dissolution with the Secretary of State's office on October 16, 2013, to end the corporation and dissolve the Board. Final dissolution is pending the Board's completion of final closure activities including making final payments and obtaining a financial audit. The findings presented in the remainder of this report identify important concerns identified and relevant corrective actions. However, because the Board is currently in the process of dissolution, recommendations are not provided.

Urban Community Leadership Academy
Charter School Closure
Management Advisory Report - State Auditor's Findings

1. Closure Planning and Oversight

The Board failed to adequately plan for the closure of the charter school. The Board did not adhere to a plan or develop a budget to administer the school closure activities or provide adequate oversight of closure activities. As a result, the Board allowed deviations from normal procedures and controls were circumvented.

Although aware of the impending charter school closure in November 2011, the Board did not adopt an overall plan or a budget to administer post-closure activities including the disposition of assets, payment of final disbursements, and handling of personnel and student records. Instead, in May 2012, the Board contracted with a school employee to serve as Business Manager and handle the majority of post-closure financial, asset disposition, and personnel-related activities, while the UCM agreed to handle the transition and archival of student records. According to the Board minutes, a committee presented a report to the Board in August 2012, of matters needing consideration during the closure process including filing a formal dissolution plan with the Secretary of State, progress reports, and a review of obligations. The committee estimated the closure would be completed by March 2013. The Board could not provide a copy of this report and the Business Manager was not aware of the report, which she could have used as a guide during the closure process. UCM officials also indicated they distributed closure guidelines, provided by the National Association of Charter School authorities, to the transition team.

The Board did not regularly meet after the school closed to monitor the work of the Business Manager. Also the Business Manager did not prepare a monthly statement for the Board to account for expenditures. According to the Business Manager, Board members, other than the Board President, resigned or did not regularly participate in Board activities. As a result, the Board President was responsible for overseeing all decisions related to the school. Per the Board's legal counsel, the Board only met to approve items outside of the normal course of business. Items considered in the normal course of business include selecting vendors to provide services such as moving and storage, approving expenditures, and signing checks. There were no Board minutes after August 16, 2012. Subsequent to that date, the only documentation of a Board decision is the signed resolution to dissolve the NFP corporation, dated October 16, 2013.

The Board created a plan for the dissolution of the NFP corporation in October 2013 as part of the resolution to dissolve; however, this plan related only to the necessary actions for the legal dissolution of a corporation and was not implemented until 16 months after the school closed. Because the plan was not completed prior to school closure or soon after closure and did not address the ongoing actions needed during closure, it could not serve as a guide for the closure process.

A formal closure plan including steps for the dissolution of assets, handling of student and personnel records, and ongoing administrative duties would have helped the Board more efficiently finalize the school's closure. The Board has a fiduciary responsibility to oversee the operations of the school and its closure. The failure of the entire Board to participate breaches this fiduciary responsibility and resulted in insufficient oversight of closure activities. Section 610.020, RSMo, requires the preparation and retention of meeting minutes to document business conducted and to provide an official record of Board actions and decisions.

Board policy 501 states the Board accepts responsibility for adopting a sound budget. Board policy 501A (3112) states no funds may be spent that are not authorized by the annual budget. It further states the Business Manager will prepare a monthly statement to account for each month's expenditures and the total spent to date for the fiscal year. A complete and well-planned budget and closure plan, in addition to meeting policy requirements, could have served as a useful management tool by establishing specific expectations for school closure activities.

2. Record Retention

The school was unable to provide many records requested. The Business Manager indicated records are stored in multiple locations including storage facilities, her home, and her office, and she could not easily locate many of the records we requested. The Business Manager was responsible for retaining documentation and providing copies to the Board's accounting firm. Documentation provided to the accounting firm was generally available; however, the Business Manager did not provide some invoices and/or receipts to the accounting firm and these documents could not be produced for our review. We initially requested invoices, bank statements, contracts, and minutes in August 2013, and continued to request the items until we were told some items were not available. Due to the need to obtain these records and continued delays in receiving them, we issued a subpoena demanding the requested records be produced. We also deposed the Business Manager in January 2014 to answer under oath whether documents could be provided.

The Business Manager was not able to provide many financial documents even after the subpoena was issued, including detailed invoices or receipts to support 120 of 706 (17 percent) check disbursements and credit card purchases made between June 2012 and November 2013. Unsupported transactions totaled $117,980 of the $950,305 total expenditures. The Business Manager could not provide credit card statements for August 2012 and December 2013. In addition, the Business Manager did not produce requested bank statements until August 2014, 8 months after she stated in the deposition she would provide them.

The Business Manager also could not produce Board meeting minutes and written agreements as discussed in MAR finding numbers 1 and 3. The

independent auditor for the fiscal year ending June 30, 2012, issued a qualified opinion on the financial statements because school officials could not provide adequate documentation. Proper record retention is necessary to ensure the propriety of all financial transactions.

3. Disbursements

Significant weaknesses existed in the controls and procedures over disbursements. In addition, Board procedures for selecting and entering into written agreements for goods and services were not sufficient

3.1 Cash withdrawals

A Board member made 9 cash withdrawals totaling $55,490 in December 2012 and February 2013. The Board member made the withdrawals to purchase cashier's checks to pay vendors and also incurred a $7 fee per check. There was no supporting documentation for these individual withdrawals and the Board did not authorize the transactions.

Description	Date	Amount
Moving and storage services[1]	12/20/12	$ 10,650
Moving and storage services[1]	12/20/12	11,500
Moving and storage services[1]	12/20/12	11,500
Reimbursement for dumpster	12/22/12	325
Reimbursement for dumpster	12/26/12	350
Title services	12/26/12	12,240
Reimbursement for dumpster	12/26/12	325
Moving and storage services[1]	2/4/13	4,500
Moving services	2/5/13	4,100
Total		$ 55,490

[1]The Board paid the vendor $38,150 total for moving and storage services.

The Board President, Business Manager, and the Board's legal counsel indicated the Board member made the 7 December 2012 withdrawals, without the approval of the rest of the Board, because the sale of the school building required items to be moved quickly and the mover required cashier's checks. The Board member indicated he turned the invoice and bid documentation over to the Business Manager. The Business Manager indicated she did not have this information and was unable to provide us with documentation to support the transactions. The same Board member made 2 other withdrawals in February 2013 to pay for the moving of capital assets from one storage location to another less expensive location. After these transactions, the Board removed the Board member's access to the bank account.

Board policy 504 states no payment shall be made without invoices. To ensure disbursement are valid and proper, disbursements should be approved by the Board, adequate supporting documentation should be

obtained and retained for all goods and services purchased, and the Board should limit access to school bank accounts.

3.2 Request for proposals/bid

The Board did not competitively bid several purchases or solicit proposals for professional services. Examples of services obtained during the year ended June 30, 2013, and selected without a competitive process are as follows.

Service	Cost
Management services	$ 30,636
Legal services	29,450
Accounting services	24,916
Information technology services	7,800
Storage unit rental	5,819
Inventory moving	2,344

The Board could only provide an expired agreement and an unsigned memorandum of understanding for management services. The Board was not able to furnish signed agreements for information technology services, accounting services, or the storage unit rental. In addition the Board selected the two moving and storage vendors discussed in section 3.1 without a competitive process and could not provide signed agreements. Also, the Board used the Business Manager's other employer for inventory moving.

Competitive bidding and soliciting proposals for professional services are good business practices; helps ensure the school receives a fair value by contracting with the lowest and best bidder; provides a range of possible choices; and allows the Board to make better-informed decisions to ensure necessary services are obtained from the best qualified provider, taking expertise, experience, and/or cost into consideration. Written agreements are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. In addition, personal interests by employees in the business matters of the school could create the actual or the appearance of conflicts of interest and should be avoided.

3.3 Business Manager

The Board paid the Business Manager more than allowed by written agreement and without timesheets to support the hours worked and claimed for payment. In addition, the Board did not provide adequate oversight of the work performed by the Business Manager. The Board paid the Business Manager approximately $49,000 between June 2012 and May 2014.

The Board employed the Business Manager to work as a part-time employee to work no more than 20 hours a week. The Business Manager indicated her job duties included performing various post-closure financial, asset, and personnel-related activities, including processing invoices and overseeing the disposition of assets. The Business Manager stated she signed an

agreement, but neither the Business Manager nor other representatives for the school could provide a signed copy. The Business Manager could only provide a copy of an unsigned agreement that contained an overview of the job duties and compensation of the position.

In the agreement the Board agreed to pay the Business Manager $23 per hour for up to 20 hours per week. The Business Manager requested and the Board paid the Business Manager approximately $36,500 for the fiscal year ending June 30, 2013. This amount significantly exceeds the agreed upon maximum amount of $23 per hour for 20 hours for 52 weeks, or $23,920. The Business Manager does not prepare timesheets and indicated she estimates her time, so there is no way to determine how many hours she actually worked or how she calculated her salary. The Business Manager also maintains another full-time position with a private company.

The Board's accounting firm prepared the Business Manager's payroll checks based on reported total number of hours rather than the agreement maximum, even when the reported hours exceeded the maximum allowed. In April 2013, the Business Manager began preparing her own payroll checks. The Board President approves the Business Manager's payroll each month. However, the Board President did not question the amounts presented by the Business Manager or verify for compliance with the agreement.

The Business Manager is the only signor on the bank account opened in December 2012 and invoices are not always submitted for Board approval. Procedures in place prior to opening this account required the Board President to approve invoices and be a second signer on checks. Also, as noted in MAR finding number 1, the Business Manager did not prepare monthly expenditure reports for the Board as required by policy.

To substantiate payroll disbursements, timesheets should be prepared and signed by employees and approved by the Board. Prior to approval, the Board should review payroll records to ensure they are in accordance with existing agreements. Signed written agreements should be retained to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. In addition, to reduce the risk of loss, theft, or misuse of funds, the Board should ensure supervisory reviews of the Business Manager's work are performed.

3.4 Management services

The Board hired a management services firm in May 2012 to assist with the school post-closure activities; however, there is little documentation to show the firm provided the agreed upon services. The Business Manager indicated the management services firm helped with some tasks but the firm did not provide detailed invoices to show tasks performed. The Board used an accounting firm and the Business Manager to perform the same or similar

services. As noted in section 3.2, the Board did not solicit proposals for the management services and the Board could only provide an expired agreement with the management services firm and an unsigned memorandum of understanding. The Board paid the firm at least $33,261 through August 2013. We noted the following concerns with services performed:

- Accounts payable processing - The memorandum of understanding states the firm is responsible for accounts payable services including picking up mail, coding disbursements, and submitting information to the Business Manager for approval. However, the Business Manager and the accounting firm processed and coded many of the disbursements. The Business Manager indicated she continued to use the accounting firm to code disbursements rather than the management services firm because the accounting firm was familiar with the coding and she did not want errors. Of the disbursements processed by the management services firm, 10 purchase orders totaling $13,552 were for the firm's services with no other approvals documented on these purchase orders.

- Bank deposits - The firm was responsible for bank deposits; however, records indicate since July 2012 the firm only made 12 bank deposits at physical bank locations. All other deposits were either direct deposits from the state or transfers initiated by the Business Manager.

- Payroll - The firm was responsible for the distribution of payroll checks after the school closed. However, this responsibility ended after 3 months in September 2012 with final payments made to teachers. The accounting firm distributed the Business Manager's payroll checks or the Business Manager wrote the payroll checks herself.

- Student records - Firm representatives stated their responsibilities included handling student records. However, the UCM took responsibility for converting student records into electronic records, and turned the original records over to the Kansas City School District on August 1, 2013. Also, UCM officials assisted students and families with transcript requests. UCM officials indicated student records duties cost the sponsor more than $13,600.

- Capital assets - The memorandum of understanding states the firm is responsible for inventorying assets, coordinating moves to storage facilities, and facilitating the donation of assets. The Business Manager indicated the management firm helped with inventorying assets; however, the Business Manager was also responsible for the inventorying, moving, and donation of assets. We noted concerns with the management of capital assets in MAR finding number 4.2.

Closely monitoring agreements for performance and compliance with agreement terms is important to ensure Board expectations are met and school assets are used wisely.

3.5 Signing checks

We reviewed payroll checks written between April and September 2013 and noted the Business Manager signed 11 payroll checks to herself totaling $8,438. As discussed in section 3.3, the Business Manager is the only signor on this bank account opened in December 2012 and is responsible for processing all invoices and signing all checks from this bank account.

Board policy 506 (3430) requires all checks to be signed by the Board President and Treasurer. The current procedures of allowing the Business Manager to sign her own checks and be the only signor on the account jeopardizes the system of independent checks and balances needed for good internal control. Dual signatures, as policy requires, would help provide assurance checks are written only for appropriate disbursements.

3.6 Late payment and filings

The Board did not ensure bills were paid or financial disclosure statements were filed timely resulting in various late fees and finance charges. The Board incurred these fees and charges even though it had agreements with an accounting firm, management firm, and Business Manager to oversee disbursements. We noted the following issues related to untimely payments and filings:

- The Board has paid at least $1,060 in late fees and $130 in finance charges since July 1, 2012. The Business Manager stated some bills were paid by phone in order to avoid having utilities shut off.

- The Board spent $2,050 related to the late filing of the Board President's personal financial disclosure statements with the Missouri Ethics Commission (MEC). These expenses included payments to the MEC of $300 for late filing of the 2013 disclosure and $210 for late filing of the 2012 disclosure, and a $1,540 reimbursement to the Board President for payments he made to the MEC for late filing of his 2010 disclosure. However, the actual late filing fee for the 2010 financial disclosure was $1,450 and no documentation could be provided indicating the Board President reimbursed the school for the $90 overpayment. In addition, it is questionable whether the payment of late fees was a reasonable and necessary disbursement of school monies. A MEC official told us employers typically do not pay employee late filing fees.

To prevent unnecessary fees and finance charges, procedures should be in place to ensure bills are paid and disclosure statements are filed timely.

3.7 1099-MISC form

The Board did not prepare and file 1099-MISC forms with the Internal Revenue Service, as required. In 2012 and 2013, the Board paid approximately $33,650 and $4,500, respectively, to a sole proprietorship for

moving and storage services, but did not file a 1099-MISC form for either year.

Sections 6041 to 6050 of the Internal Revenue Code require non-wage payments of at least $600 in one year for professional services or for services performed as a trade or business by non-employees (other than corporations) be reported to the federal government on a 1099-MISC form.

4. Capital Assets

Property procedures and records were not adequate.

4.1 Sale of the building

The Board did not solicit proposals for real estate services when selling the school building. The Board paid a firm a $40,500 real estate commission (6 percent of the sale price) for these services. In addition, the Board did not obtain an independent appraisal of the building prior to sale. The Board sold the building to another charter school for $675,000. At the time of the sale, $645,480 was still owed on the property and additional costs of $41,760 were incurred for real estate and title fees. As a result, the Board still owed $12,240 on the property after the sale was finalized.

Soliciting proposals for real estate services helps provide a range of possible choices, and allows the Board to make better-informed decisions to ensure necessary services are obtained from the best qualified provider, taking expertise, experience, and/or cost into consideration. Without an independent appraisal of property the Board had less assurance the sales price was reasonable and represents the fair value of the property.

4.2 Asset disposition

Procedures and records to account for school property after closure were not adequate. There was no written authorization from the Board for the disposition of capital assets or documentation to track the disposition of capital assets. As a result, capital assets were more susceptible to loss, theft, or misuse.

Records of disposed property consist only of a spreadsheet listing the total dollar value ($33,265) of donated capital assets, and do not include enough information to identify specific property items. For example, the listing shows a donation of 8 computers valued at $1,600 to one entity, but there is no information to identify the specific computers. Prior to closure, the school did not perform physical inventories, so complete capital asset records were not available to account for the school's assets and ensure their proper disposition was recorded.

The Missouri Department of Elementary and Secondary Education (DESE) removed items purchased with federal Title I funding; however, school officials did not document what items DESE personnel removed so inventory records could be updated. DESE officials stated they provided a listing of items removed to school officials, but school officials indicated

they did not retain this information. Federal grant guidelines require tracking and recording of disposition of this property. Data required includes: description; serial number; description of funding source; acquisition date; cost; percentage of federal participation; location, use, and condition of asset; and ultimate disposition including date of disposal and sales price.

Adequate capital asset procedures and records are necessary to ensure accountability for all items purchased and owned. Disposition of capital assets is necessary when closing a charter school, and proper documentation of the capital assets should be maintained to ensure capital assets are not lost or disposed of improperly. Capital assets purchased with federal Title I funding should be tracked and disposed of as required by federal guidelines.

Urban Community Leadership Academy
Charter School Closure
Organization and Statistical Information

The Urban Community Leadership Academy (UCLA) was a charter school organized and governed under Sections 160.400 through Section 160.420, RSMo. Charter schools are independent public schools, organized as not-for-profit corporations by statute, that are free from rules and regulations that apply to traditional public school districts unless specifically identified in charter school law. In exchange for flexibility, charter school sponsors are to hold the schools accountable for results.

A person, group, or organization seeking to establish a charter school must submit a proposed charter agreement to an eligible sponsor. If a charter is approved by a sponsor, the sponsor submits the charter application to the State Board of Education for approval, along with a statement of finding that the application meets the requirements of Sections 160.400 through 160.420, RSMo, and Section 167.439, RSMo. Charter school sponsors receive 1.5 percent of the charter school's state and local funding to defray the costs of sponsorship if the sponsor remains in good standing. The State Board of Education is responsible for ensuring the sponsor meets its obligations under the charter school law. The University of Central Missouri was the sponsor for the UCLA prior to closure.

In accordance with Section 160.415.4, RSMo, a charter school that has declared itself as a local educational agency receives funding from the Department of Elementary and Secondary Education (DESE) based on attendance in the same manner as other school districts. Section 160.410.1 (1), RSMo, states a charter school shall enroll students residing in the district within which it operates. As a result, only students eligible to attend the Kansas City School District could attend the UCLA. The DESE reduces the local school district's funding allocation based on the charter school attendance and disburses this funding to the charter school. Charter schools also receive federal funding through the DESE.

The UCLA was located in Kansas City, Missouri. The UCLA began operating as a school in August 1999 and stopped offering classes in June 2012. The charter school instructed grades 5 through 9. Enrollment was 229 students for the 2011-2012 school year.

School Board and Business Manager

The five-member Board acted as the policy-making body for the charter school's operations. Board members served without compensation. The Board hired a Business Manager to handle post-closure duties. Members of the Board and the Business Manager at July 31, 2013, were:

Stacey Brown, President
Don Proctor, Vice-President
Julie Gray, Secretary
Marvin Lyman, Member
Kendra Kemp-Trammel, Member

Shanita Isaac, Business Manager

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Forty-Second Judicial Circuit

City of Bourbon Municipal Division

November 2014

Report No. 2014-112

http://auditor.mo.gov

Forty-Second Judicial Circuit
City of Bourbon Municipal Division
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*Includes selected findings

THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge
Forty-Second Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
Bourbon, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2014-033, *Forty-Second Judicial Circuit, City of Bourbon Municipal Division*, issued in May 2014, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the municipal division about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the municipal division, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. The city entered into an agreement with a Certified Public Accountant (CPA) in April 2014 to make improvements in the municipal division and temporarily serve as the Court Clerk. We conducted our work when the CPA was serving as the Court Clerk. In the future, the city is considering giving municipal division record-keeping responsibilities to the City Clerk or City Collector or closing the municipal division and having the Crawford County Associate Circuit Division handle the city's cases. As part of the AFTER work conducted, we spoke with the City Clerk and the CPA regarding the status of the recommendations and requested various records and supporting documentation. We also spoke with the

Mayor, the City Prosecuting Attorney, the Municipal Judge, the Police Chief, and several Board members regarding the status of the recommendations and the future of the municipal division. This report is a summary of the results of this follow-up work, which was substantially completed in September and October 2014.

Thomas A. Schweich
State Auditor

1. Accounting Controls and Procedures

We identified significant weaknesses in the accounting controls and procedures of the municipal division. Due to these weaknesses, there was no assurance all monies received were appropriately recorded, deposited, and distributed.

1.1 Segregation of duties

The municipal division did not adequately segregate the duties of receiving and depositing monies from recording transactions. The Court Clerk was primarily responsible for all duties related to collecting monies; posting fines, court costs, and bad check restitution received into the Justice Information System (JIS), the Missouri Courts automated case management system; preparing deposits; and disbursing fines and court costs. The Municipal Judge did not document his review; however, he stated he reviewed at least one deposit during each month. Also, city officials independent of the cash custody and record-keeping functions did not provide any supervision or review of the work performed by the Court Clerk.

Recommendation

The City of Bourbon Municipal Division segregate accounting duties to the extent possible. If it is not possible to segregate duties, documented periodic reviews of municipal division records should be performed by a person independent of accounting functions.

Status

Implemented

The city entered into an agreement with a CPA in April 2014 to make improvements in the municipal division. This CPA serves as the Court Clerk and receipts court monies, records receipts in the JIS, and prepares deposits. The City Clerk reviews the deposits and takes them to the bank. Deposit reports and month-end reports are made available for the City Clerk to review. The City Clerk indicated she receives the daily cashier report the Court Clerk generates from the JIS and compares the totals to the deposit.

1.2 Manual receipt slips and unaccounted for monies

Municipal division receipts totaling at least $337 were received, but not recorded in the JIS; and therefore, could not be traced to a deposit in the municipal court bank account. One manual receipt slip issued on November 29, 2012, for $279.50 (check) for a traffic ticket payment and another manual receipt slip issued on July 24, 2012, for $57.45 (cash) for bad check restitution had not been recorded in the JIS as of July 2013 and therefore, could not be traced to a deposit in the municipal court bank account. In addition, manual receipt slips issued by the Court Clerk were not recorded timely in the JIS and in the order received, and therefore, were not deposited timely and intact. The Court Clerk did not perform reconciliations of manual receipt slips issued to manual receipt slips recorded in the JIS.

Recommendation

The City of Bourbon Municipal Division ensure manual receipt slips are recorded in the JIS timely and intact and the corresponding monies received

are deposited timely. Additionally, the municipal division should follow up on the unaccounted for monies and attempt to recover these funds.

Status

Implemented

The Court Clerk indicated JIS receipts are issued during court and provided to individuals when the payment is made. Manual receipt slips are issued only when the JIS is not operational. Manual receipt slips issued are recorded in the JIS as soon as it is available, and the JIS receipt number is written on the manual receipt slip kept in the receipt slip book. Manual receipt slips issued are reconciled to manual receipt slips recorded in the JIS. We reviewed the manual receipt slips issued in August 2014 and noted they were recorded in the JIS within a few days of the date issued. Our review of the September 2014 bank statement indicated deposits are generally made once or twice a week. As noted in the response to our May 2014 report, the City of Bourbon Municipal Division did follow up on the unaccounted for monies. The division determined the $57.45 bad check receipt was deposited and disbursed from the restitution account. We reviewed the bank statements for the restitution account and noted the $57.45 was apparently deposited and disbursed on December 3, 2012 (more than 4 months after the manual receipt slip was issued). The disposition of the $279.50 check was not determined by the municipal division.

1.3 Receipting and Depositing

The Court Clerk did not reconcile the composition (cash, check, and money order) of receipts recorded in the JIS to the composition of deposits. Additionally, checks and money orders received by the municipal division were not restrictively endorsed until the deposit was prepared.

Recommendation

The City of Bourbon Municipal Division reconcile the composition of recorded receipts to the composition of deposits and endorse checks immediately upon receipt.

Status

Implemented

The Court Clerk indicated the composition of receipts recorded in the JIS is reconciled to the composition of deposits each time a deposit is made. We reviewed the deposits prepared for September 8 and September 16, 2014, and noted the composition of receipts recorded in JIS agreed to the composition indicated on the deposit slips. The Court Clerk indicated checks and money orders are restrictively endorsed when she receives them.

2. Bank Reconciliations and Liabilities

The municipal division's procedures regarding monthly bank reconciliations and liabilities needed improvement.

2.1 Bank reconciliations

We noted the following concerns during our review of the municipal division's bank reconciliations:

- The Court Clerk did not reconcile the bank account timely.
- Reconciling items identified on the bank reconciliations were not followed up on timely and are carried forward from month to month. Therefore, appropriate adjustments were not made to the financial records timely.
- The Court Clerk did not print a listing of outstanding checks when preparing the monthly bank reconciliations. In addition, she had not followed up on outstanding checks since she became Court Clerk in September 2011.

Recommendation

The City of Bourbon Municipal Division perform timely monthly bank reconciliations, resolve reconciling items timely and make appropriate adjustments to the accounting records, and establish procedures to identify and routinely follow up on outstanding checks.

Status

In Progress

As of October 22, 2014, the Court Clerk has completed all monthly bank reconciliations through September 2014 and generated outstanding check listings to support the bank reconciliations. We reviewed the September 2014 bank reconciliation. The outstanding check listing as of September 30, 2014, included 14 checks totaling $800 that were more than one year old. Some reconciling items appeared to have been resolved; however, others had been carried forward for a few months and adjusting entries had not been made.

2.2 Liabilities

The Court Clerk did not prepare a list of liabilities for comparison to the reconciled bank account balance. At our request, the Court Clerk prepared a list of liabilities at April 30, 2013, and the list totaling $11,516 was less than the reconciled bank balance of $12,528 by $1,012.

Because monthly lists of liabilities were not prepared, liabilities were not adequately reviewed to ensure bonds or other monies were disbursed timely. The JIS liabilities report generated on May 15, 2013, included 12 bonds totaling $2,850 dated in 2011 and 14 bonds totaling $4,160 dated in 2012.

Recommendation

The City of Bourbon Municipal Division prepare monthly lists of liabilities and reconcile to the bank balance, promptly investigate and resolve differences, and establish procedures to review the status of liabilities to determine the appropriate disposition of funds held.

Status

In Progress

The Court Clerk printed an open items listing on September 30, 2014. However, the total of this listing did not agree to the September 30, 2014,

bank reconciliation. The Court Clerk plans to perform additional work to determine the reasons for the difference. The Court Clerk disbursed the majority of the bonds held from 2011 and 2012.

3. Monitoring of Excess Revenues

The city's excess traffic violation revenue calculations incorrectly included restricted revenues and did not give consideration to specific traffic ticket violations or location of the violation to identify what tickets and related revenue should be included in the calculations. As a result, the city's calculations did not accurately assess whether excess revenues were due to the state.

The city performed excess revenues calculations for the 2 years ended June 30, 2013, and determined the percentage of fines and court costs for traffic violations as compared to annual general operating revenues to be less than the statutory threshold requiring payment to the Missouri Department of Revenue (DOR). However, our review of those calculations determined the city likely owes between $34,718 and $59,155 to the DOR for the 2 years ended June 30, 2013.

Recommendation

The City of Bourbon Board of Aldermen ensure only general operating revenues are included in the annual excess revenue calculations. In addition, the Board of Aldermen should work with the municipal division to track collections from fines and court costs for traffic violations, recalculate excess revenues for fiscal years 2012 and 2013, and make appropriate payments to the DOR for any additional excess revenues.

Status

In Progress

The city has attempted to recalculate excess revenues for 2012 and 2013. The city has also calculated excess revenues for 2014. Due to the time and expense involved, the city has not reviewed each ticket issued to determine if it was for a traffic or non-traffic offense and to determine if it was issued on a highway or city street. To determine the non-traffic tickets issued, the CPA consulted the Office of State Courts Administrator for instructions for generating a listing of tickets and the related offenses. However, this report indicated the total amount paid on these tickets and did not agree to the amount of fines and court costs remitted to the city. The CPA also sampled tickets to determine the percentage of tickets issued on the highway versus city streets. The city contacted the DOR and plans to repay excess revenues.

4. Ticket Controls and Procedures

Municipal division procedures regarding the accountability and disposition of tickets need improvement.

4.1 Ticket accountability

Neither the Police Department nor the municipal division adequately accounted for the numerical sequence and ultimate disposition of traffic tickets issued.

Recommendation

The City of Bourbon Municipal Division work with the Police Department to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.

Status

In Progress

The Police Department currently has each officer sign for each citation book issued on a form created by the department called a Uniform Citation Record. This form is given to the court. Tickets issued to individuals are entered into the JIS and a filings report is generated. We reviewed the filings report for the period July 1, 2014, through September 28, 2014, and noted two gaps in the ticket sequence. It was determined that these tickets had been issued prior to July 1, 2014, and therefore, should not be on this listing. The Police Chief agreed to keep a record of voided tickets and the City Prosecuting Attorney agreed to keep a record of tickets not prosecuted. These listings will be provided to the Court Clerk, so she will have a record of all ticket numbers.

4.2 Ticket disposition

The City Prosecuting Attorney did not sign tickets submitted to the municipal division.

Recommendation

The City Prosecuting Attorney sign all tickets.

Status

Implemented

The City Prosecuting Attorney currently reviews and signs all tickets issued. We reviewed the tickets presented to the City Prosecuting Attorney during the September 25, 2014, court date and noted they were signed.

6. Accrued Costs

The Court Clerk did not consistently follow up on accrued costs (receivables) owed to the municipal division, including fines and court costs, incarceration costs, and court-ordered restitution.

Recommendation

The City of Bourbon Municipal Division establish procedures to routinely review the accrued costs list and ensure proper follow up on amounts due, and provide information to and work with the Municipal Judge regarding amounts deemed uncollectible.

Status

Implemented

The Court Clerk reviewed the accrued costs listing generated from the JIS. Defendents that had been set up on payment plans but had not been paying timely were assigned court dates in September 2014 for payment review. The City Prosecuting Attorney and the Municipal Judge were consulted on numerous cases more than a year old where payments of small amounts were outstanding. It was agreed that it was not cost-effective to continue to attempt collection on these cases. Most of these amounts were written off

per judicial order and proper documentation was placed in each corresponding file. We reviewed ten cases in September 2014 and determined that these files had been reviewed by the court and action had been taken to recall warrants, waive fines and court costs, or attempt to collect fines and court costs. The Court Clerk indicated she currently reviews the accrued costs listing once a month.

Thomas A. Schweich

Missouri State Auditor

Howell County

November 2014

Report No. 2014-113

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Howell County

County Collector Controls and Procedures	The County Collector did not include city tax collections totaling $777,849 and the related charges and credits in the annual settlement for the year ended February 28, 2014. The County Collector's office does not deposit receipts intact or timely, and does not reconcile the composition of receipts to the composition of deposits. The County Collector does not retain copies of manual receipt slips issued for partial payments received and does not maintain a ledger or the amounts collected, due, and deposited. Monies received for partial payments are held in the vault until the final payment.
Property Tax System Controls and Procedures	The County Collector and his employees have access rights in the property tax system that allow changes to be made to individual tax records throughout the tax year. Because the County Collector is responsible for collecting tax monies, good internal controls require the County Collector and his employees not have access rights allowing alteration or deletion of assessed valuation and property tax information. The County Clerk does not reconcile abatement court orders to the actual changes made in the system, and the County Collector has not established adequate password controls to reduce the risk of unauthorized access to computers and data.
Sheriff Controls and Procedures	The inmate account clerk does not timely deposit receipts into the inmate account, and the Sheriff has used some commissary profits for jail expenses instead of turning over all commissary profits to the county treasury as required. In addition, the Sheriff's office has collected and retained $2,237 between July 2009 and December 31, 2013, in medical visit fees, but the inmate's medical costs are paid from the Law Enforcement Sales Tax Fund, and the medical fee is intended to partially reimburse the county for these costs. The Sheriff's office personnel do not prepare monthly lists of liabilities to reconcile to the cash balances for the inmate account and the seized monies account. At our request, lists of liabilities were prepared, and we identified a $21 shortage in the inmate account and a $1,100 shortage in the seized monies account. Sheriff's office personnel determined the $1,100 shortage occurred due to a duplicate disbursement that they are in the process of recouping.
Public Administrator Controls and Procedures	The former Public Administrator did not always file annual settlements timely in compliance with state law, and the current Public Administrator did not always timely file inventories of assets. In addition, the former Public Administrator did not always obtain court approval for some fees and did not consistently assess fees from the accounts of some wards. The current Public Administrator did not always issue receipt slips for monies received, deposit receipts timely, and indicate the method of payment or date received on receipt slips issued.

Fuel	The road and bridge department does not reconcile logs of fuel dispensed from bulk fuel tanks to fuel purchased or review logs for reasonableness. We reviewed the logs and purchase invoices for one bulk fuel tank for 2013 and identified 3,987 gallons of fuel unaccounted for.
Senate Bill 40 Board Cash Reserves	The Senate Bill 40 Board has accumulated a cash balance of $552,000, which is more than 3 times the total operating disbursements for 2013, and has no specific plans for its use.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Howell County
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Howell County

We have audited certain operations of Howell County in fulfillment of our duties under Section 29.230, RSMo. In addition, Deidiker Accounting & Consulting, LLC, Certified Public Accountants, was engaged to audit the financial statements of Howell County for the year ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Howell County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Deborah Whitis, MBA, CPA, CIA, CFE
In-Charge Auditor:	John Lieser, CPA
Audit Staff:	Waleed Atout
	Sara Lewis, CPA

1. County Collector Controls and Procedures

Controls and procedures in the County Collector's office need improvement. The County Collector's office processed collections totaling approximately $19.6 million during the year ended February 28, 2014.

1.1 Annual settlement

The County Collector did not include city tax collections totaling $777,849 and the related charges and credits in the annual settlement for the year ended February 28, 2014. By not including all information on the annual settlement, the County Collector hinders the ability of the County Clerk and County Commission to effectively review the annual settlement.

To help ensure the validity of tax book charges, collections, and credits, and for the County Commission and County Clerk to properly verify these amounts, it is important the County Collector file complete annual settlements.

1.2 Receipts and deposits

The County Collector's office does not deposit receipts intact or timely, and does not reconcile the composition of receipts to the composition of deposits. As a result, there is less assurance the office accounted for all receipts properly.

- The County Collector does not deposit receipts intact and does not maintain the change fund at a constant amount. The Deputy County Collector prepares the deposit and typically includes an even amount of cash in the deposit and withholds the balance of cash receipts for the change fund. Although the beginning and ending change fund balance is documented each day, the balance fluctuates daily as the cash deposited does not correspond with the day's cash receipts. During the month of November 2013, the daily change fund balance fluctuated between $508 and $787.

- The County Collector does not deposit monies received for partial payments intact or timely (see section 1.3).

- The Deputy County Collector does not reconcile the composition of receipts to the composition of deposits. Tax statements are marked with the method of payment (cash, check, money order, or credit card) and the method of payment is entered in the computer system. During the end-of-day procedures, a journal tape is produced from the computer system that totals collections by the method of payment. However, the composition of receipts per the journal tape is not reconciled to the composition of deposits.

To adequately account for collections and reduce the risk of loss, theft, or misuse of funds, all monies should be deposited intact and the composition of receipts should be reconciled to the composition of deposits. If a change

fund is needed, it should be set at a constant amount and a procedure established to reconcile to this amount every time a deposit is made.

1.3 Partial payments

The County Collector does not retain copies of manual receipt slips issued for partial payments received and does not maintain a ledger of the amounts collected, due, and deposited. Manual receipt slips issued for partial payments received are only retained until the final payment is received and then discarded. These monies are deposited when a taxpayer's final payment is received and the full amount owed is recorded in the property tax system. If a check or money order is used to make a partial payment, the check or money order will be deposited with the day's receipts with a corresponding amount of cash withheld from that deposit. Office personnel indicated partial payments are held in the vault until the final payment.

Without accurate and detailed records for all partial payments collected and balances due, there is little assurance partial payments are properly handled and recorded. Manual receipt slips issued for partial payments should be retained and reconciled to detailed records of all amounts collected and balances due. In addition, all monies should be deposited timely and reconciled to amounts held in the bank account.

Similar conditions previously reported

Similar conditions to sections 1.1 and 1.2 were noted in our prior audit report.

Recommendations

The County Collector:

1.1 Include city taxes when preparing annual settlements.

1.2 Deposit all receipts intact, reconcile the composition of receipts to the composition of deposits, and maintain the change fund at a constant amount.

1.3 Implement procedures to ensure partial payments are adequately recorded and deposited timely, and retain all receipt slips written.

Auditee's Response

The County Collector provided the following written responses:

1.1 Resolved - city collections will be a part of the annual settlement from this point on.

1.2 The County Collector will take the matter under advisement and work to change the daily "check out" procedure to eliminate fluctuation in cash receipts. Note - historically the current method of handling receipts has been in place for many years and through various elected County Collectors and there have been no misappropriation of any tax dollars. The County Collector is

upgrading to a new system which will eliminate the current method of reconciling receipts and deposits.

1.3 The County Collector will no longer accept partial payments.

2. Property Tax System Controls and Procedures

Controls and procedures over the property tax system need improvement. As a result of the significant control weaknesses identified, there is less assurance all property tax monies have been accounted for properly.

2.1 Computer access

The county has not adequately restricted property tax system access. The County Collector and his employees have access rights in the property tax system that allows changes to be made to individual tax records throughout the tax year. Because the County Collector is responsible for collecting tax monies, good internal controls require the County Collector and his employees not have access rights allowing alteration or deletion of assessed valuation and property tax information.

To prevent unauthorized changes to the property tax records, access should be limited based on user needs. Failure to properly restrict access can result in the deletion or alteration of data files.

2.2 Abatements

The County Clerk does not reconcile abatement court orders to the actual changes made in the system. The County Assessor prepares court orders for abatements that are reviewed by the County Commission and posted by the County Collector and his employees in the property tax system. Because these abatements represent changes to amounts the County Collector has been charged with collecting and the County Collector and his employees are making these changes in the property tax system, it is important that the County Clerk compare the changes made to the approved court orders. Abatements totaled approximately $230,000 during the year ended February 28, 2014.

Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. In addition, if changes to the amount of taxes the County Collector is charged with collecting are not properly monitored, errors or irregularities could go undetected.

2.3 Password controls

The County Collector has not established adequate password controls to reduce the risk of unauthorized access to computers and data. The County Collector has 10 computers in his office and each computer has a separate password that is known by all employees. In addition, passwords are not required to be changed on a periodic basis.

Passwords are required to authenticate access to computers. The security of a computer password is dependent upon keeping passwords confidential. However, since passwords are shared among employees and not periodically changed, there is less assurance passwords are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

Similar conditions previously reported

Similar conditions to sections 2.2 and 2.3 were noted in our prior audit report.

Recommendations

2.1 The County Commission ensure property tax system access is limited to only what is needed for the users to perform their job duties and responsibilities.

2.2 The County Commission and the County Clerk ensure approved abatements are reconciled to actual changes made to the property tax system.

2.3 The County Collector require unique passwords for each employee that are confidential and periodically changed to prevent unauthorized access to the computers and data.

Auditee's Response

The County Commission provided the following written response:

2.1 The tax system in place has worked well for many years. We have not experienced any problems in the past. Offices involved have worked cooperatively to ensure timely response and convenience to the taxpayers. We will work with the affected officeholders in this process in an attempt to address the recommendation.

The County Commission and County Clerk provided the following written response:

2.2 This recommendation will be implemented.

The County Collector provided the following response:

2.3 We will no longer share passwords and will develop a process to change passwords periodically.

3. Sheriff Controls and Procedures

Controls and procedures in the Sheriff's office over the inmate account and seized monies account need improvement. Deposits into the inmate account totaled approximately $35,000 and deposits into the seized monies account totaled approximately $9,000 during the year ended December 31, 2013.

3.1 Depositing procedures

The inmate account clerk does not make deposits timely for the inmate account. Cash received for inmates from visitors is collected in the lobby kiosk while monies in the possession of inmates when they are booked are put in the drop safe. We reviewed receipts related to 4 of the 9 deposits made during the months of April and December 2013. Inmate monies, totaling $1,499, collected from November 20, 2013, through December 9, 2013, were not deposited until December 10, 2013. Of this amount, the office received receipts totaling $1,208 on or prior to December 3, 2013, and held them for 7 to 20 days before deposit.

Failure to implement adequate depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected. Proper depositing procedures are necessary to ensure all receipts are handled and accounted for properly.

3.2 Commissary profits and medical fees

The Sheriff's office has not turned over all commissary profits to the county treasury and has used some commissary profits for jail expenses. Our review of the commissary records indicates the Sheriff's office remitted $6,000 of commissary profits to the county treasury and paid $2,013 from commissary profits to vendors for jail expenses related to mold inspections and uniforms during 2013. These expenses were not approved by the County Commission and were not handled through the normal county procurement and budget process. In addition, the Sheriff's office has retained commissary profits totaling $1,853 in the commissary bank account as of December 31, 2013.

In addition, the Sheriff's office has not turned over any medical visit fees to the county treasury. The Sheriff's office charges inmates $10 for each medical visit. Records indicate the Sheriff's office has collected and retained medical fees totaling $2,237 from July 2009 through December 31, 2013. The county contracts for health care services for inmates and pays for those services from the county's Law Enforcement Sales Tax Fund. The charges to inmates represent a partial reimbursement for the county's costs.

Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund. In addition, there is no statutory authority allowing the Sheriff to hold county monies outside the

county treasury. Section 50.370, RSMo, requires county officials in third and fourth class counties who receive any fees or other remuneration for official services to pay such monies to the County Treasurer.

3.3 Liabilities

Sheriff's office personnel do not prepare monthly lists of liabilities to reconcile to the cash balances for the inmate account and the seized monies account. At our request, a list of liabilities for the inmate account was prepared and identified liabilities totaled $7,363, at December 31, 2013. The reconciled bank balance was $7,342, for a shortage of $21. In addition, at our request, a list of liabilities for the seized monies account was prepared and identified liabilities totaled $16,917, at December 31, 2013. The reconciled bank balance was $15,817, for a shortage of $1,100. Sheriff's office personnel researched this shortage and determined it resulted from a duplicate disbursement in November 2011. Office personnel are in the process of recouping the overpayment.

Monthly lists of liabilities should be prepared and reconciled to cash balances to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed.

Similar conditions previously reported

Similar conditions were noted in our prior audit report.

Recommendations

The Sheriff:

3.1 Ensure inmate account receipts are deposited timely.

3.2 Ensure existing and future commissary profits not necessary to meet cash flow needs or current operating expenses are turned over to the County Treasurer for deposit into the Inmate Prisoner Detainee Security Fund. Expenditures related to jail operations should be processed through the county's disbursement process. In addition, ensure all medical visit fees received are turned over to the County Treasurer.

3.3 Prepare a monthly list of liabilities for both accounts and compare to the reconciled bank balances. Any differences should be promptly investigated and resolved. The Sheriff should continue efforts to recoup the $1,100 overpayment.

Auditee's Response

The Sheriff provided the following responses:

3.1 Deposits are now being made weekly.

3.2 We are currently turning all profits and medical visit fees over to the County Treasurer and will run all expenditures through the county disbursement process.

3.3 Account liabilities are now tracked on the computer and compared with manual bank statements and reconciled. We have developed spreadsheets for both accounts to identify and reconcile liabilities, which is being done monthly. It will not be a problem to recoup the $1,100 overpayment.

4. Public Administrator Controls and Procedures

Controls and procedures in the Public Administrator's office need improvement. The Public Administrator is the court-appointed personal representative for wards or decedent estates of the Associate Circuit Court, Probate Division, and is responsible for the financial activity of approximately 120 individuals (wards).

The former Public Administrator left office when her term expired on December 31, 2012, and the current Public Administrator took office in January 2013. The former Public Administrator prepared final settlements and turned over cases to the newly elected Public Administrator throughout 2013. Recommendations are directed to the current Public Administrator since he is in a position to work with the Associate Circuit Court, Probate Division and implement changes.

4.1 Annual settlements and inventories of assets

Procedures for filing annual settlements and inventories of assets are not adequate.

- The former Public Administrator did not always file annual settlements timely in compliance with state law. The former Public Administrator filed final settlements on 6 cases during April through July 2013 that covered periods of activity for up to 19 months. In addition, these settlements should have been filed prior to the expiration of her term on December 31, 2012.

- The current Public Administrator did not always file inventories of assets timely. An inventory of assets for one ward was due in September 2013, and was not filed with the court until December 2013.

Section 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate. Timely filing of settlements and inventories of assets are necessary for the court to properly oversee the administration of cases and reduce the possibility that loss, theft, or misuse of funds will go undetected. In addition, state law (see section 4.2) requires a public administrator receiving a salary to make necessary filings prior to leaving his or her term of office.

A similar condition was noted in our prior audit report.

4.2 Fees

The former Public Administrator did not always obtain court approval for some fees and did not consistently assess fees from the accounts of some wards. Section 473.742, RSMo, provides all fees collected by a Public Administrator who elects to be salaried are to be deposited into the county treasury. For final settlements filed during 2013 by the former Public Administrator, the fees were prorated based on months of service applicable to the settlements. The county received fees related to services performed in 2012 and the former Public Administrator received fees related to services performed in 2013 since she was no longer a salaried employee.

- The former Public Administrator did not always petition the Associate Circuit Court, Probate Division for approval of fees paid to the former Public Administrator, the county, and attorneys during 2013. Our review of 4 wards' accounts identified 12 payments for fees totaling $4,017 were not approved by the court. Attorney fees were charges for assistance in preparing the settlements. After our inquiries, the court determined a portion of the fees paid from one ward's account were excessive. The court disallowed and ordered refunds to the ward's account of $615 and $550 for fees paid to the county and attorney, respectively.

- The former Public Administrator did not consistently assess fees, and neither the current nor former Public Administrator maintained a fee schedule or documented criteria used when determining the appropriate fee to charge. For 4 cases reviewed, the former Public Administrator paid fees to the county in 2013 ranging from $21 per month to $91 per month based on the number of months covered by the applicable settlement. There was no supporting documentation to show how the fees were determined for each of these wards.

To ensure fees are properly assessed against the accounts of wards, the Public Administrator should work with the Associate Circuit Judge to establish a fee schedule. Without documenting criteria used when determining the appropriate fee to charge, and without adequate supporting documentation, there is less assurance fees charged to each ward are fair, reasonable, and properly assessed. In addition, Section 473.767, RSMo, indicates "In counties where the public administrator is paid a salary, the public administrator shall deliver property and make necessary filings as required in this section prior to leaving his or her term of office." Thus, the former Public Administrator should have completed all annual settlements, etc. before the end of her term and not retained any fees personally for those annual settlements filed after the end of her term.

4.3 Receipting and depositing

The current Public Administrator did not always issue receipt slips for monies received after he started issuing receipt slips on August 22, 2013, and does not always deposit receipts timely. In addition, the current Public

Administrator did not always indicate the method of payment or date received on receipt slips issued.

For one of 6 cases we reviewed, the current Public Administrator did not issue receipt slips for 3 receipts after August 22, 2013, totaling approximately $3,890 and deposited between November 25, 2013, and January 28, 2014.

Our review of receipt slips issued between August 22, 2013, and March 6, 2014, identified 5 pension checks totaling $125 payable to one ward for the months of April through August 2013, were not deposited until August 22, 2013. The current Public Administrator indicated these checks were found during the process of moving offices. Monies received for a receipt slip issued for $3,593 on September 10, 2013, were not deposited until September 26, 2013. In addition, the current Public Administrator did not record the method of payment on 15 receipt slips and did not record the receipt date on 12 receipt slips issued during this period.

Failure to implement adequate receipting and depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected. Proper receipting and depositing procedures are necessary to ensure all receipts are handled and accounted for properly.

Recommendations

The Public Administrator:

4.1 Ensure annual settlements and inventories of assets are filed timely.

4.2 Obtain court approval prior to disbursing fees. Additionally, the Public Administrator should work with the Associate Circuit Judge to establish a formal policy outlining the fee amount to assess wards. Also, the Associate Circuit Judge should reconsider fees paid to the former Public Administrator after her term of office ended.

4.3 Issue receipt slips for all monies received and ensure the method of payment and date of receipt is recorded on receipts slips. In addition, the Public Administrator should ensure receipts are deposited timely.

Auditee's Response

The Public Administrator provided the following written responses:

4.1 The Probate Court sends notice to the Public Administrator approximately 30 days before an annual settlement and report are due; this date is set by the court's computer software and the original filing date for each case. Upon receipt of this notice an account summary is prepared and the bank statements are provided to the office of the attorney on that case for review. If at that time,

(due to the volume of statements being prepared or other issues with work flow), there is insufficient time to prepare an annual settlement the attorney's office is now required to submit a request for an extension of time to file the annual settlement with the Probate Court. This process helps to ensure that these filings are addressed in a timely manner.

4.2 The Public Administrator has reviewed the issue of fees with a number of other members of MAPA (Missouri Association of Public Administrators) and concluded that policy on this matter varies greatly from one county to the next. The Public Administrator has worked with the Associate Circuit Judge to establish a formal policy outlining the fee amount to assess the wards in a fair and equitable manner. This process has led to increased consistency in the fees charged to each estate, and provides transparency in this matter.

4.3 The Public Administrator has refined the procedure for tracking the receipt of all monies. Most monies are received by direct deposit from the payor in the individual account of each ward respectively. Any funds received in the office are immediately receipted including method of payment, date and amount, a deposit slip is completed, then they are photocopied. The deposit is placed in a zipper deposit bag and placed in a locked cabinet until deposited at the appropriate bank near the end of business that day. The bank deposit receipts are then attached to the photocopy, entered into the computer, and placed in filing to be filed in the ward's file for future reference.

The Associate Circuit Judge provided the following written response:

4.2 The court, being bound by established rules of procedure and applicable substantive law, will reconsider its prior order approving fees paid to the former Public Administrator for services she rendered after her term of office expired if the County Commission files a motion requesting reconsideration.

5. Fuel

The road and bridge department does not reconcile logs of fuel dispensed from bulk fuel tanks to fuel purchased or review logs for reasonableness. The road and bridge department maintains 60 vehicles and equipment items. According to county records, road and bridge department fuel purchases totaled approximately $246,000 for the year ended December 31, 2013. The road and bridge department purchases bulk diesel and unleaded fuel from local vendors for 11 bulk fuel tanks at 11 locations throughout the county.

We reviewed the logs and purchase invoices for one bulk fuel tank for the year ended December 31, 2013, and noted the calculated fuel usage

(beginning gallons plus gallons purchased less ending gallons) of 16,503 gallons exceeded the logged fuel usage of 12,516 gallons, resulting in 3,987 gallons of fuel unaccounted for.

Procedures for maintaining and reviewing fuel usage logs and reconciling the information to fuel purchased and related records are necessary to ensure vehicles and equipment are properly utilized, prevent paying vendors for improper amounts, and decrease the risk of loss, theft, or misuse of fuel occurring without detection.

Recommendation

The County Commission work with the road and bridge department to ensure fuel use is reconciled to fuel purchases, and any significant discrepancies should be promptly investigated, and fuel logs are reviewed for reasonableness.

Auditee's Response

The County Commission provided the following written response:

A review of the road and bridge department fuel tanks has revealed that some fuel readings were incorrect and attributable to faulty measuring equipment. Steps have been taken to replace this equipment. Fuel logs will continue to be maintained and will be reconciled periodically.

6. Senate Bill 40 Board Cash Reserves

The Senate Bill 40 Board (Board) has accumulated a significant cash reserve without any specific plans for its use. The cash balance of the General Fund at December 31, 2013, totaled approximately $552,000, and is more than 3 times the total operating disbursements of approximately $157,000 for the year ended December 31, 2013. A Board official indicated the Board intends to use these monies to offset operating shortfalls in the Targeted Case Management (TCM) Fund in the event of reductions in funding for that operation. However, at December 31, 2013, the cash balance of the TCM Fund totaled approximately $292,000, or approximately the operating disbursements of the fund for the year.

Accumulating an excessive cash balance with no specific long-term plans for the use of the monies puts an unnecessary burden on taxpayers. The Board should determine its future needs, and consider reducing future tax levies if a specific use for the cash reserves is not determined.

Recommendation

The Senate Bill 40 Board should evaluate funding needs and consider reducing the property tax levy. If plans have been made for expending the accumulated cash balance, such plans should be set forth publicly in the budget document.

Auditee's Response

The Senate Bill 40 Board provided the following written response:

During the period of 1994 through 2008, the Board voluntarily rolled back the tax levy by an average of 43.58 percent. The voluntary reduction in 2008 lowered the tax rate ceiling beginning in 2009, and the Board has not opted to take action to raise the tax rate back to the rate effective in 2008. The Board agrees the revenue balance is significant even while reducing the tax levy.

Ozark Sheltered Industries (OSI) employs between 85 and 90 individuals with developmental disabilities. The Board provides funding for transportation costs and has agreed to fund most of an expansion project of a loading dock to enhance the loading and unloading of large vehicles, which will enable the OSI to use mechanical equipment in lieu of manual labor. Other future capital improvement projects have been discussed, but have not received final approval as of this date. Future projects will be documented in the budget.

The Board also provides TCM services for county residents with developmental disabilities. Workshop and TCM funds are kept separate.

The Board is fortunate to have funds available to ensure the stability of services for individuals with special needs and their families. For many of these individuals, a disruption of services would be catastrophic. Unfortunately, unpredictable events can and do take place. For example:

- *A major employer in the area has just recently announced it will be closing its doors and relocating to Mexico. This closure causes the loss of approximately 400 jobs. It will negatively impact the OSI since approximately 80 percent of its sales are derived from this company. Additional costs will be incurred while transitioning to new product lines, and if necessary, employee wages will be subsidized during transition.*

- *The recent down-sizing of the Missouri Department of Mental Health has left uncertainty in the department's future services.*

The Board anticipates that the voluntary reduction in the tax levy will continue and it will monitor fund balances while ensuring that financial stability remains intact.

Auditor's Comments

The Board has assessed its maximum tax rate levy since 2010. Property tax rate forms submitted to the State Auditor's office for 2010 through 2013 show no reductions from the Board's tax rate ceiling and the tax rate to be levied. The Board voluntarily reduced its tax rate levy in 2008, which

resulted in a reduced tax rate ceiling beginning in 2009 and also voluntarily reduced its tax rate levy in 2009.

Howell County
Organization and Statistical Information

Howell County is a county-organized, third-class county. The county seat is West Plains.

Howell County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 99 full-time employees and 22 part-time employees on December 31, 2013.

In addition, county operations include the Senate Bill 40 Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Mark B. Collins, Presiding Commissioner	$	35,057
Bill Lovelace, Associate Commissioner		32,845
Billy Sexton, Associate Commissioner		32,845
Sharon Trowbridge, Recorder of Deeds		49,765
Dennis K. Von Allmen, County Clerk		49,765
Michael P. Hutchings, Prosecuting Attorney		60,824
James M. (Mike) Shannon, Sheriff		55,295
Ernestine Doss, County Treasurer		49,765
James T. Tim Cherry, County Coroner		17,694
John Pruett, Public Administrator		49,765
Larry Spence, County Collector (1), year ended February 28,	82,022	
Daniel Franks, County Assessor, year ended August 31,		49,488
Ralph Riggs, County Surveyor (2)		

(1) Includes $32,132 of commissions earned for collecting city property taxes.
(2) Compensation on a fee basis.

Financing Arrangements

The county entered into a lease-purchase agreement with the Public Building Corporation of Howell County (corporation) on December 1, 2004, calling for the corporation to obtain a loan of $760,000 for the purpose of acquiring an administrative building and for the corporation to lease the facility back to the county for payments totaling the principal and interest

due on the outstanding loan. The lease-purchase agreement was amended and refinanced on September 6, 2012, and the loan is scheduled to be paid off in September 2017. The remaining principal outstanding at December 31, 2013, was $522,462. Interest remaining to be paid over the life of the agreement totals $63,958.

The county entered into several lease-purchase agreements for road and bridge equipment. Principal and interest payments are made from the Special Road and Bridge Fund. The final payment on the lease-purchase agreements is scheduled for October 2018. The remaining principal amount at December 31, 2013, was $315,758. Interest remaining to be paid over the life of the agreements totals $22,957.

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Hickman Mills C-1 School District

November 2014

Report No. 2014-114

http://auditor.mo.gov

Hickman Mills C-1 School District
Follow-Up Report on Audit Findings
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*Includes selected findings

THOMAS A. SCHWEICH
Missouri State Auditor

To the Board of Education
Hickman Mills C-1 School District

We have conducted follow-up work on certain audit report findings contained in Report No. 2014-012, *Hickman Mills C-1 School District*, issued in March 2014, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the district about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the district, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed documentation provided by the district and held discussions with district personnel. Documentation included copies of contracts, bid evaluations, purchasing policies and procedures, Board minutes, and inventory reports. This report is a summary of the results of this follow-up work, which was substantially completed during August and September 2014.

Thomas A. Schweich
State Auditor

Hickman Mills C-1 School District
Follow-Up Report on Prior Audit Findings
Status of Findings

1. Financial Condition

The financial condition of the district improved over the last 3 years, but was still below the minimum level recommended by the district's independent auditor. An already low unrestricted cash balance, along with falling revenues, required reductions in district expenditures to improve the district's reserve balance. These reductions in expenditures were primarily accomplished through reductions in the numbers of teachers and teachers' aides.

Recommendation

The School Board closely monitor and take appropriate action to ensure the long-term stability of the district's financial condition.

Status

Implemented

The district has done a further analysis of all personnel positions and has reduced the number of full-time employees for both certified and non-certified staff. This action, along with closely monitoring disbursements, has led to a significant increase in the district unrestricted cash balance. At June 30, 2014, the district reported an unrestricted fund balance of approximately $16 million. The district cash balance as a percentage of expenditures has risen from 13.45 percent as of June 30, 2012, to 27.98 percent as of June 30, 2014.

2.1 Superintendent Search Process - Superintendent search

The district's former Superintendent, Dr. Marjorie Williams, retired in June 2012 and the process followed by the Board to select a new superintendent was not conducted in a public manner, did not adhere to established Board policies or state laws, and was likely more costly than necessary.

Some Board actions taken during school year 2012-2013 regarding this transition and the review of the former Superintendent's leave balance, were not conducted in public or with the full knowledge of all Board members. The district did not solicit proposals for superintendent search services. In addition, the fee arrangement with the selected search firm was significantly higher than it would have been had the Missouri School Board Association been used to conduct the superintendent search.

Recommendation

The School Board ensure Board policy is followed in procuring professional services and Board decisions and votes on contracts are appropriately publicly disclosed.

Status

Implemented

District officials indicated they are closely monitoring the procurement of professional services to ensure applicable policies are followed and requiring requests for proposals when necessary.

3.1 Superintendent's Leave Usage and Payout - Audit of former Superintendent Dr. Marjorie Williams' leave balance

Proposals were not taken to select a firm to conduct a human resource audit of the former Superintendent's leave balances. In addition, upon completion of the audit, the final report was not issued publicly and was not provided to the full Board. Former Board President Anderson received the audit and did not provide it to the other members of the Board.

Recommendation

The School Board ensure all district documents are made available to the full Board and release the final audit of the former Superintendent's leave balance as required by state law.

Status

Partially Implemented

The audit of the former Superintendent's leave balances has been made available to administrative staff and Board members, but has not been formally presented to the full Board or made public.

3.3 Superintendent's Leave Usage and Payout - Leave monitoring

The Board did not monitor the former Superintendent's absences, approve leave requests, or monitor vacation and sick leave used by the former Superintendent. The contracts between the former Superintendent and the district allowed her to accumulate a significant amount of leave days. District records showed the former Superintendent used only 3 days of vacation leave during her last 7 years of employment. Several Board members indicated they believed this number of days was inaccurate based on their knowledge of her absences.

Recommendation

The School Board develop procedures to ensure leave usage and balances of the Superintendent are monitored.

Status

Implemented

The Superintendent now submits leave request forms to the Board President for approval. The Superintendent's leave balances are tracked through the district payroll and leave no longer accumulates from year to year. Any unused leave is paid out at year end. We reviewed a leave request by the Superintendent for March 3, 2014, which was approved by the Board President.

4. Board Oversight and Contract Payments

Board members did not provide adequate oversight to ensure established controls were in place and followed. Deviations from normal procedures were allowed and controls were circumvented by certain Board members.

4.1 Board decisions

We identified instances where decisions were made on behalf of the Board by less than a majority of the members, which overrode Board policy. Some decisions involved the timing of contract arrangements.

Recommendation

The School Board ensure decisions are not made by less than a majority of Board members and ensure all contracts are signed and in writing in accordance with state law.

Status

Implemented

District officials indicated all Board decisions are made with the complete knowledge of all Board members and after the approval of the majority of the Board. The Superintendent indicated all contracts are signed and in writing.

4.2 Contracts and payments

Controls requiring district personnel to compare documentation supporting disbursements to a written contract were overridden by the former Board President, resulting in an overpayment to one vendor. Written contracts were not obtained with some vendors or were not provided to district personnel in some instances.

Recommendation

The School Board ensure written contracts exist for all services and are provided to district administrative officials.

Status

Implemented

We reviewed contracts for the guaranteed energy savings and interior finishing related to renovations at the Ervin Early Childhood Center, approved by the Board in March and June 2014, respectively. Proposals were solicited for both services. Both contracts were signed and provided to administrative personnel. District officials indicated all contracts are now presented to the full Board for approval and are provided to the Director of Business and Finance once signed by applicable parties.

5.1 Sunshine Law - Closed meetings

The Board held 28 closed meetings from July 2011 through December 2012, but did not always follow various requirements in Chapter 610, RSMo (the Sunshine Law).

- The Board did not provide evidence that notice was provided to the public of the time, date, place, and specific reason for the closed meeting regarding any of the 28 closed meetings as required by state law.

- The Board discussed some topics in closed meetings that were not allowable under the Sunshine Law.

- The Board voted on and approved several contracts in closed session and did not subsequently disclose those votes in an open meeting. In several instances, the approved contracts were not treated as public

records and were handled by the former Board President as closed records.

- The district did not notify former Interim Superintendent Dr. Everlyn Williams she was being reassigned in October 2012 before notifying the public of this decision.

Recommendation

The School Board ensure notice and the specific reasons for a closed meeting is given to the public, items discussed in closed meetings are allowable topics under state law, all votes to approve contracts are announced publicly, and the guidelines for notifying personnel of decisions made in closed session are followed.

Status

Implemented

The district adopted a policy regarding the handling of closed meetings, records, and votes in January 2014. We reviewed 7 closed meeting minutes from March 2014 through June 2014 and identified no compliance concerns with Sunshine Law requirements.

5.3 Sunshine Law - Custodian of records and sunshine law requests

The district did not have a formal policy regarding access to district records, or established guidelines for the district to make records available to the public. The district did not have a formal policy establishing a custodian of records, a log of public requests for records, or a fee schedule for document retrieval and research. In addition, the district did not maintain the minutes of Board and committee meetings in an orderly manner. Minutes of meetings were not always readily available upon request.

Recommendation

The School Board establish written policies and procedures regarding public access to district records, maintain a public request log, and maintain minutes of all meetings in an orderly manner so they are readily available when requested.

Status

Implemented

The district has adopted a written policy for release of public information. The Board Secretary is the custodian of records for the district and is maintaining a log of record requests. Minutes of open and closed session meetings from March 2014 to June 2014 were readily available for our review.

6. Capital Assets

District personnel did not have adequate procedures to ensure property records were complete and accurate, or provide a basis for determining proper insurance coverage and accountability.

6.1 Records and procedures

The district's capital asset listing was inaccurate, was not always updated timely when purchases were made, and did not include some important information. In addition, an annual physical inventory of district assets had not been performed since at least 2006. District staff had not been following various policies and procedures covering inventorying, disposing and tracking of assets.

Recommendation

The School Board ensure complete and detailed capital asset records are maintained, assets are properly tagged for identification, and annual physical inventories are performed and compared to detailed records. In addition, follow established policies and procedure when capital asset items are disposed of or moved to a different location.

Status

Implemented

The district hired an outside vendor to perform an inventory of capital assets in June 2014 and has purchased an inventory control software program that district staff began using in September 2014. The district has implemented inventory control procedures, which along with the new software program, will ensure adequate inventory controls are maintained. These control procedures include documentation and approval requirements for the movement or disposal of property and property tagging procedures.

6.2 iPads

Officials did not enforce district policy regarding the ordering of electronic equipment resulting in the purchase of electronic equipment including iPads and iPad accessories without the involvement of the information technology (IT) department. Inventory test work indicated many of the iPads had not been tagged as district property and some of the accessories purchased had not been used and remained in the original packaging.

Recommendation

The School Board enforce district policy over how electronic devices and accessories in the district are purchased and ensure all those devices have a district tag attached. In addition, the administration should evaluate needs when determining who will be issued electronic devices, including iPads.

Status

In Progress

District administration implemented a new district directive requiring all electronics to be purchased by the IT department. The directive requires these purchases to be shipped to the IT department before they are dispensed within the district. The Superintendent indicated his Executive Leadership Team is in the process of analyzing all uses of electronics within the district.

7. Procurement Cards

Controls over district procurement (P) cards needed improvement. The district had 44 P cards in use during school year 2011-2012.

7.1 Approval

Approval of purchase orders detailing P card purchases was not done in accordance with administrative procedure.

Recommendation

The School Board ensure policies and procedures are followed in regards to proper review of P card statements and supporting documentation.

Status

Implemented

District officials decreased the number of P cards issued to employees and administrators from 44 to 4, and indicated the Purchasing Officer now approves all P card statements along with supporting documentation before forwarding them to the Director of Business and Finance for approval for payment. We noted supervisory review of all P card statements for September 2013 and each item purchased was supported by an approved purchase order and had adequate supporting documentation attached.

7.2 Purchases

We identified numerous purchases that either were not allowed under district administrative procedures or appeared unreasonable including recurring charges, gifts, birthday celebration purchases, appreciation dinners, iPad purchases, and unnecessary parking costs.

Recommendation

The School Board ensure prohibited purchases are not made on P cards and all purchases made on P cards are reasonable and prudent uses of public funds.

Status

Implemented

District officials decreased the number of P Cards issued to employees and administrators from 44 to 4, which they believe will help ensure better oversight of card purchases. We examined September 2013 P card purchases and all items were reasonable and a prudent use of district funds. Invoices were present for all purchases reviewed.

7.3 Incentives

The district had not developed policies regarding the use of student incentives and did not maintain documentation to support the distribution of student incentives purchased by teachers and school administrators. Student incentives included electronic equipment such as digital cameras, karaoke machines, Kindle tablets, laptop computers, and printers. Students received these incentives for academic and athletic achievements, but the district maintained no records identifying the students, the achievements met, the date of distribution, or evidence of receipt by the student.

Recommendation

The School Board develop a district-wide policy regarding the awarding of student incentives and ensure adequate documentation is maintained for the distribution of student incentives.

Status	**Partially Implemented** The Superintendent presented a new incentive program for perfect attendance to the Board in March 2014 and developed written procedures for distributing the incentive, but a district-wide policy regarding the awarding of student incentives has not been developed.
8. Staff and Board Meals	The district did not separately account for meals and food purchases for the Board prior to meetings, employee meetings, training sessions, retirement receptions, employee recognition events, or lunches at local restaurants. As a result, total actual disbursements for food and meals could not be determined, and the district's ability to monitor such purchases was hampered. In addition, food purchases were often made without documenting the purpose or those in attendance, and the district did not have comprehensive policies regarding district-provided food and meals.
Recommendation	The School Board develop comprehensive policies regarding district-provided food purchases. These policies should establish specific guidelines regarding proper and allowable disbursements in this area along with documentation requirements for these expenditures.
Status	**Partially Implemented** A comprehensive policy regarding district-provided food purchases has not been developed, although the Superintendent indicated he planned to discuss creating such a policy with the Board in the future. However, the Board has changed procedures regarding meal advances and now reimbursements are requested for meal costs while traveling. The Superintendent also indicated meals are only provided at Board meetings when considered necessary due to the time of the meeting.
11.1 Travel - Board travel	Travel costs for the Board more than doubled during the 2011-2012 school year from the previous year, primarily due to the increased attendance by Board members at the 2012 National School Board Association (NSBA) conference. We had concerns regarding the NSBA conference trips in both 2013 and 2012. The district sent a large number of Board members and staff to these conferences with some attendance being unneeded and others attending not participating in much of the training provided based on records obtained.
Recommendation	The School Board re-evaluate the amount of Board travel incurred and ensure Board members attending future trainings provide evidence of participation.

Status	**Partially Implemented** Board travel costs decreased from $36,000 in the 2011-2012 school year to $18,000 in the 2013-2014 school year. The Board sent only 3 members and the Superintendent to the NSBA conference in 2014 as compared to a group of 5 (4 Board members and the Superintendent) in 2013 and a group of 9 (all 7 Board members, the Superintendent, and Board Secretary) in 2012. Evidence of participation was not submitted by the Board members and Superintendent for the 2013-2014 NSBA conference, although they submitted a listing of the courses signed up to attend to the Board Secretary.
12.1 Purchases and Contracts - Bids and proposals	District personnel made several purchases of goods or services without utilizing a bid or request for proposal process in violation of district policy. The district bidding policy states competitive bids shall be sought in the purchase of supplies, goods, or services exceeding $5,000.
Recommendation	The School Board ensure district policy is followed by soliciting bids or requests for proposals for all services over $5,000. Documentation of bids received and the bid process should be retained. If sole source procurement is necessary, the district should retain documentation of the circumstances.
Status	**Implemented** The district has revised its policy for bids and requests for proposals. The policy now states no contract will be entered into or bill paid without the proper documentation and without an affirmative vote from a majority of the Board. It also requires purchases in excess of $25,000 have prior Board approval. We reviewed the Board minutes from March 2014 to June 2014 and noted numerous instances where the Board voted to approve bids and/or proposals submitted.
14. Backup Data	Some backup data was not stored at a secure off-site location. While backup of all district data was performed daily, only the backup of financial data was stored at a secure off-site location. Backup of other data, such as student attendance records, student grades, and teacher attendance was stored in the same building as the original data.
Recommendation	The School Board work with district officials to ensure backup data is stored in a secure off-site location and tested on a regular, predefined basis.
Status	**In Progress** District officials provided us with documentation that all backup data was stored off-site as of August 2014. They indicated recovery of the data has not been tested, but recovery testing will be done periodically.

15. Mileage and Fuel Logs

The district had not established effective monitoring procedures regarding fuel and vehicle use. Fuel purchases were charged at a local gas station per a district contract. Usage and fuel logs were not maintained for some district vehicles. Building and grounds and security personnel indicated mileage was recorded in a log weekly, but these logs did not indicate when fuel purchases occurred and no comparison of miles driven to fuel used was made to ensure fuel purchases and vehicle usage were reasonable. No fuel or usage logs were maintained for vehicles in the other departments. In October 2012, the district began using credit cards assigned to each vehicle for fuel purchases.

Recommendation

The School Board require logs for all vehicles. These logs should be reviewed and reconciled to fuel purchases and any significant discrepancies investigated.

Status

Implemented

The district now participates in a fleet card program to manage fuel usage, which requires entry of a vehicle's mileage before it can be fueled. Monthly reports of fuel purchases, as well as mileage for each vehicle, are received and reviewed by the business office, along with fuel purchase tickets. We reviewed March 2014 fuel invoices and compared them to the purchase logs. This work identified no problems.

THOMAS A. SCHWEICH
Missouri State Auditor

November 26, 2014

Missouri Veterans Commission
and
Larry D. Kay, Director
Jefferson City, Missouri

This letter reports the results of our review of seven complaints received by my office from elected federal officials related to the handling of pension and disability claims by Veterans Service Officers (VSO) employed by the Missouri Veterans Commission (MVC). The objectives of our review were to determine whether the VSOs properly handled the claims, including whether decisions were properly documented and veterans (or their guardians) were properly informed of the status of their claims.

Methodology

Our methodology included reviewing policies and procedures, case files and other pertinent documents; and interviewing various personnel of the MVC, as well as certain external parties.

Background

Under Title 38 of the Code of Federal Regulations (CFR), certain veterans and their spouses are eligible for pension and other benefits. Claims are processed by the federal Department of Veterans Affairs (VA). Under Section 42.007.5.2, RSMo, the MVC is required to aid and assist all Missouri veterans, their dependents, and legal representatives in preparing, presenting and prosecuting claims for compensation, education, pensions, insurance benefits, hospitalization, rehabilitation, and all other matters in which a veteran may have a claim against the United States or any state arising out of or connected with service in the military forces of the United States. The MVC is one of many entities that assist veterans in completing and filing benefit claim forms with the VA. According to the MVC, 44 VSOs are employed to assist veterans with their claims. In light of the statutory directive to aid veterans, any failure to communicate or engage in dialogue with veterans could be counterproductive to its mission of assisting veterans. The MVC estimates its VSOs file approximately 15,000 claims per year, and approximately 6,000 Missouri claims are currently backlogged at the VA. The average claim takes 156 days to process by the VA. The VA communicates its claim determinations directly to the veteran. If a claim is denied by the VA, the MVC receives a copy of the documentation the VA sends to the veteran. For veterans residing in a state veterans home, part or all of the pension benefits received by the veteran may be used to offset the cost of care the MVC provides to the veteran.

The MVC maintains physical case files for each claim filed by VSOs. The MVC has instituted a quality control function that requires a claims specialist to check the accuracy of approximately 20 percent of claims filed, including 100 percent of claims filed by first-year VSOs. In addition, VSOs at each veterans home conduct peer reviews of other VSO case files. The MVC is also in the process of implementing an electronic claims submission system.

Complaints, MVC Response, and SAO Conclusion

Complaint 1 - the VSO did not file a Notice of Disagreement after the VA denied the original claim.

MVC position - The original claim was filed in June 2010 and denied by the VA in October 2010. The VSO did not file a Notice of Disagreement because the claim was re-opened. When a claim is denied, there are three options; file a Notice of Disagreement, re-open the claim by submitting new and material evidence, or accept the VA ruling. By re-opening the claim, the veteran has more time to submit new evidence that could aid in getting a claim approved. The VSO indicated a Notice of Disagreement would not be appropriate in this situation because, at the time, the veteran had new evidence to submit to the VA. The VA would have made its decision using the same information it used to deny the claim. Also, by submitting additional information to re-open the claim, the veteran is aware a Notice of Disagreement need not be filed. The re-opened claim was filed in June 2013 and the VA denied the claim again in February 2014. The VA denied another claim in July 2014 that resulted in the MVC filing another Notice of Disagreement in September 2014, which is still pending.

In September 2014, the SAO was provided additional documentation maintained by the veteran. According to the veteran's notes, he was under the impression a Notice of Disagreement was filed after the VA denied the original claim in October 2010. The veteran made multiple phone and email inquiries over the course of 3 years as to the status of the appeal and offered to provide the MVC additional medical records, including audiograms from the 1970's. There is no documentation in the MVC's files that indicate why these medical records were not submitted with the original claim. In addition, in an email dated February 11, 2013, the VSO stated he would inquire on the status of the veteran's appeal, even though an appeal had not been filed.

SAO conclusion: Based on the information provided by the MVC, the VSO's decision to re-open the case instead of filing a Notice of Disagreement appears adequately supported. The VSO documented this decision in the case file, but the VSO did not provide written notification of this decision to the veteran. In addition, the case file contained no documentation related to the veteran's email correspondence or conversations the VSO had with the veteran from the time the original claim was denied until the claim was re-opened in June 2013. Providing written notification of MVC decisions to veterans could help prevent misunderstandings regarding the status of claims.

Complaint 2 - the VSO failed to file a pension claim and only provided excuses for over 2 years regarding why the claim was not filed.

MVC position - The VSO did not originally file a claim when the veteran was admitted to a MVC home in December 2009 because the veteran's assets were significant. The veteran's guardian was orally notified of this decision. While there is no set maximum asset limit, the VSO thought the assets would prevent the approval of a claim and recommended the veteran consider filing the claim a year later. VA personnel exercise discretion during the claim review process. According to 38 CFR 3.275, the veteran's income, along with factors such as asset liquidity, the veteran's life expectancy, number of dependents meeting the definition of a member of the family, and potential rate of asset depletion should all be considered when evaluating a claim. The guardian subsequently refused to disclose financial information during each of the next 2 years. In addition, the guardian gifted himself monies from the veteran's

individual retirement and other bank accounts, but refused to pay for physical therapy services for the veteran. The MVC contacted the Elder Abuse and Neglect Hotline in September 2012 to discuss concerns of possible fiduciary abuse by the guardian and the guardian's unwillingness to use the veteran's resources to pay for prescribed physical therapy services.

SAO conclusion: Based on information provided by the MVC, the VSO's decision not to file a pension claim appears adequately supported and the VSO documented this decision in the case file. However, the MVC did not provide written notification of this decision to the guardian. Providing written notification of MVC decisions to guardians could help prevent misunderstandings regarding the status of claims.

Complaint 3 - the VSO provided excuses to a family member of the veteran for over a year as to why the VA had not processed the claim, when in fact, the VSO had failed to file the claim.
MVC position - The veteran was admitted to a MVC home in December 2010. The VSO did not file a pension claim because the VSO could not obtain complete and accurate information due to the veteran being declared legally incapacitated in June 2011 with no one holding Power of Attorney. A family member of the veteran tried to present a Durable Power of Attorney to the MVC in September 2011; however, the MVC could not recognize it because it was drafted after the veteran had been declared incapacitated. Conversations with the veteran's family regarding the MVC not accepting the Durable Power of Attorney are documented in the veteran's medical records. The family member was appointed legal guardian in March 2012 and presented a claim form to congressional staff who helped file the claim.

SAO conclusion: Based on information provided by the MVC, the VSO's decision not to file a pension claim appears adequately supported and the VSO documented this decision in the case file. Although it is documented in the veteran's medical records that a social worker met with the family, the MVC did not provide written notification of why the MVC could not accept the family member's Power of Attorney. Providing written notification of MVC decisions to family members could help prevent misunderstandings regarding MVC actions taken.

Complaint 4 - the VSO failed to file an appeal for a veteran and failed to file a claim on behalf of the veteran's parent.

MVC position - The MVC filed a claim in April 2009 and the claim was denied in July 2009 by the VA. The MVC reopened the claim in October 2009 and new information was submitted. The VA then determined the veteran was 40 percent disabled effective May 2009. The veteran subsequently filed appeals with the VA for other medical conditions and the VA determined the veteran to be 100% disabled effective April 2010.

The MVC VSO office located in St. Charles assisted with filing an April 2009 claim with the VA for a parent (the widow of another veteran) whose claim was unrelated to the claim discussed in the preceding paragraph. Soon after, the parent was admitted to the St. James Veterans Home. When family members asked about the status of the claim, the St. James VSO stated he had no record of a claim being filed, apparently unaware of the previous claim assisted by the St. Charles VSO office. In December 2009, the veteran contacted the MVC to inquire about the status of the parent's claim. The MVC contacted the VA Pension Maintenance Center in December 2009 regarding the status of the claim. In February 2010 the VA Pension Maintenance Center replied that in January 2010 the VA determined the parent was no longer eligible to file a claim since she had passed away and pensions are not passed down to the heirs of the deceased.

SAO conclusion: Based on information provided by the MVC, decisions made by the VSO appear adequately supported and were documented in case files. However, the MVC did not inform the veteran in writing stating when the veteran's claim was filed with the VA. Providing written notification to

veterans that includes the date the claim was filed could help prevent misunderstandings regarding the status of claims. In addition, the VSO at the St. James home was apparently unaware that a claim had already been filed by the St. Charles VSO office. According to MVC officials, the MVC will soon be implementing a new electronic claims system that should eliminate any confusion regarding the filing status of claims.

Complaint 5 - the VSO failed to file a claim for 18 years of retroactive benefits on behalf of a veteran's widow.

MVC position - A family member of the widow wanted to file a retroactive claim at the 2011 pay rate. The VSO did not file the claim because 38 CFR 3.402 states surviving spouses are to receive benefits effective the date of receipt of the claim if the claim is filed more than one year after the veteran's death. It is not uncommon for the VSO, as in this case, to refer veterans and/or legal representatives to their elected officials because the situation would require a change in current law to comply with the veteran's wishes.

SAO conclusion: Based on information provided by the MVC, the VSO's decision not to file the requested retroactive benefit claim appears appropriate. However, the VSO did not maintain supporting documentation of this decision in a case file or provide written notification to the veteran. The MVC's current policy does not require case files to be maintained if the veteran does not reside in a MVC home and claims are not submitted to the VA. Providing written notifications that includes reasons why the VSO did not file a claim and the contact information of elected officials, could help prevent misunderstandings.

Complaint 6 - the VSO failed to file a disability claim until the MVC Director of the Veterans Services Program was contacted. Since the claim was not filed timely, the veteran passed away in 2012 without ever receiving disability benefits.

MVC position - The MVC filed a claim in November 2010 for various medical conditions, including a condition dating back to 1944. The veteran then spoke with the Director of the Veterans Services Program in January 2011. In November 2011, the VA approved disability for one condition, denied another, and stated an error was made in 1944 regarding a medical condition, resulting in the VA denying a portion of the claim. The MVC then filed a Notice of Disagreement in December 2011 for all three medical conditions. In May 2012 the VA increased the approved medical condition from 60 percent disabled to 70 percent disabled.

SAO conclusion: Based on information provided by the MVC, personnel handled this case properly and properly documented decisions in the case file. The MVC had already filed a claim with the VA at the time the veteran contacted the Director of the Veterans Service Program. However, the VSO did not provide written notification informing the veteran of the filing date of the claim. Providing written notification to veterans that includes the date the claim was filed could help prevent misunderstandings regarding the status of claims.

Complaint 7 - the VSO handling of a disability claim is questionable.

MVC position - The VSO filed a claim for 5 medical conditions with the VA in November 2010. The VA approved 2 conditions and denied 3 conditions in August 2011. The VSO filed a Notice of Disagreement and the VA denied the conditions again in March 2013. The MVC, on behalf of the veteran, requested and was granted a hearing with an Administrative Law Judge from the Board of Veterans Appeals. The veteran is currently waiting for the hearing to be scheduled. According to MVC officials, the veteran

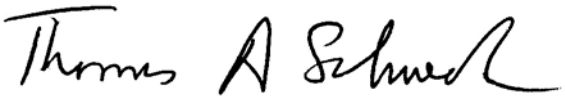
believes the Veterans Benefits Administration has overlooked evidence in denying his claim. The MVC attends all administrative hearings and assists with explaining all documentation in the case file.

SAO conclusion: Based on information provided by the MVC, the VSO handled this case appropriately and documented the decisions in the case file. However, the VSO did not provide written notification to the veteran that stated the date the claim was filed. Providing written notifications to veterans that includes the date the claim was filed could help prevent misunderstandings regarding the status of claims.

Overall SAO Conclusions: VSOs decisions regarding the cases reviewed appeared adequately supported and the VSOs documented these decisions in 6 of the 7 case files. However, MVC policies do not require VSOs provide written notification of these decisions to veterans and/or guardians. In addition, for one complaint reviewed, the MVC did not maintain a case file. This is due to the MVC's current policy of not maintaining a case file unless a claim is filed with the VA or the veteran resides in a MVC home. While there are no legal requirements that the MVC has to provide written notification or maintain case files, the lack of notification to the veteran in writing may deprive the veteran of benefits that he or she is entitled. In addition, written notifications coupled with complete case file documentation would help avoid misunderstandings and aid the MVC in the event the handling of claims are questioned. With the MVC implementing a new electronic submission system, the MVC should consider automatically generating written notifications to notify veterans or their guardians of the actions taken by the MVC on their behalf. The MVC should also consider requiring case files be maintained for all veterans requesting assistance.

My office plans to conduct a full and comprehensive audit of the MVC beginning in 2015 and my staff will assess the status of these suggestions during that audit.

Sincerely,



Thomas A. Schweich
State Auditor

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Fifth Judicial Circuit

Buchanan County

November 2014

Report No. 2014-116

http://auditor.mo.gov

Fifth Judicial Circuit, Buchanan County
Follow-Up Report on Audit Findings
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*Includes selected findings

THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge and Court en Banc
and
Circuit Clerk of the
Fifth Judicial Circuit
Buchanan County, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2014-041, *Fifth Judicial Circuit, Buchanan County*, issued in June 2014, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the court about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the court, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed the written status of selected findings and recommendations and supporting documentation submitted by court officials, and held meetings with court officials. Documentation provided by the court included manual receipt slips, bank statements, Judicial Information System (JIS) reports, case files, ticket logs, and various other financial and court records. This report is a summary of the results of this follow-up work, which was substantially completed during October 2014.

Thomas A. Schweich
State Auditor

Fifth Judicial Circuit, Buchanan County
Follow-Up Report on Audit Findings
Status of Findings

1.1 Accounting Controls and Procedures - Segregation of duties and supervisory review

The Circuit Clerk had not adequately segregated accounting duties or limited user access rights in the JIS, and adequate supervisory reviews of accounting records were not performed. There were instances where the Circuit Clerk and other court employees could have been responsible for transactions from initial receipt to disbursement without involvement from other court employees.

Recommendation

The Circuit Clerk segregate accounting duties, limit user access rights in the JIS to only those necessary for the user to perform job duties, and implement appropriate reviews and monitoring procedures.

Status

In Progress

The Circuit Clerk indicated a supervisor who does not receive payments is preparing the daily deposits and preparing the monthly bank reconciliations. She said she attempted to restrict JIS user assess rights for some employees, but she restored the original access rights when it was determined the employees lost access to other JIS functions necessary for their jobs. She indicated changes would have to be made within the JIS, or with job duties, in order to restrict user access in the future.

1.2 Accounting Controls and Procedures - Receipt processing procedures

The Circuit Clerk had not ensured monies and related filings received were processed timely. The court had not issued receipt slips or recorded 845 checks and money orders, totaling $53,582, in the JIS for monies on hand during a cash count conducted during July 15 through July 17, 2013. Some of these checks or money orders had been on hand for more than 3 weeks, and many of these checks or money orders were attached to unprocessed garnishment and new court filing applications. Of the checks and money orders made payable to the Circuit Clerk, we identified 12 checks had not been restrictively endorsed at the time of our cash count. A significant portion of these unprocessed receipts and related paperwork related to service fees for garnishment applications and new court filings. The court was not entering these checks or money orders into the JIS as non-monetary receipts, as recommended in the Office of State Courts Administrator (OSCA) Court Clerk procedure handbook.

Recommendation

The Circuit Clerk record and process all receipts and related paperwork timely and restrictively endorse all receipts immediately upon receipt. In addition, comply with OSCA guidance to record garnishments in the JIS timely.

Status

Implemented

The Circuit Clerk indicated receipts and related paperwork are now being processed timely. The Circuit Clerk implemented procedures requiring restrictive endorsements on all checks and money orders immediately upon

receipt. In addition, any checks or money orders received by the court for garnishment applications now must be made payable to the Circuit Clerk's office, recorded in the JIS on the day received, and deposited that day. A check is then written to the applicable Sheriff for the garnishment service fee.

1.3 Accounting Controls and Procedures - Mail log

The Circuit Clerk had not established procedures to record mail receipts immediately upon receipt. Court employees did not record monies received in the mail on a mail log.

Recommendation

The Circuit Clerk require preparation of an initial record of monies received by mail and reconcile it to the JIS.

Status

Not Implemented

The Circuit Clerk indicated this recommendation has not been implemented. She indicated the office lacks the resources for court personnel to prepare an initial record of monies received by mail.

1.4 Accounting Controls and Procedures - Non-monetary, voided, and adjusting transactions

Neither the Circuit Clerk nor supervisors reviewed non-monetary, voided, and adjusting transactions in the JIS, and the court did not maintain adequate supporting documentation for these types of transactions. The Circuit Clerk and the 30 court employees had the ability to enter non-monetary transactions, and adjust costs in the JIS.

Recommendation

The Circuit Clerk ensure adequate documentation is maintained to support all non-monetary, voided and adjusting transactions, and ensure an independent review and approval of these transactions is performed and documented.

Status

Implemented

The Circuit Clerk and court personnel indicated clerks must now include documentation supporting voided transactions with daily cashier session reports. The Accounting Supervisor is responsible for reviewing these voided transactions on a regular basis, as well as any non-monetary or adjusting transactions posted to the system.

1.5 Accounting Controls and Procedures - Garnishment disbursements

The Circuit Clerk had not disbursed garnishments timely. The court's procedure was to disburse the garnishment receipts after the garnishment period (ranging from 30 to 180 days) ends, rather than within the 10-day holding period as established by Supreme Court rule.

Recommendation

The Circuit Clerk establish procedures to ensure garnishment payments are disbursed timely and in accordance with the Supreme Court rule.

Status

Implemented

The Circuit Clerk indicated procedures have been established to ensure garnishment payments are disbursed timely and in accordance with the Supreme Court rule. Garnishment payments are now typically made within one day of receipt. The open items detail report provided for our review for October 14, 2014, showed no undistributed garnishment payments.

1.6 Accounting Controls and Procedures - Outstanding checks

The Circuit Clerk had not developed adequate procedures to follow up on outstanding checks. As of July 31, 2013, JIS records indicated 117 checks, totaling $23,180, had been outstanding for over a year. Sixty-eight of those checks had been outstanding for more than 2 years.

Recommendation

The Circuit Clerk develop procedures to routinely follow up on outstanding checks and reissue them if necessary or dispose of these monies in accordance with state law.

Status

In Progress

The Circuit Clerk indicated the court has been extremely busy with the implementation of e-filing in the JIS and she is working to establish procedures to follow up on outstanding checks and should have this process in place within 6 months.

1.8 Accounting Controls and Procedures - Safeguarding assets

The court did not properly safeguard or limit access to case files, the Circuit Clerk's signature stamp, blank checks, and unprocessed receipts. Case files were maintained in boxes located on the floor in a hallway and were easily accessible to the public. Blank checks and the signature stamp were both maintained in areas accessible to multiple employees, some of which did not need these items to perform their job duties. In addition, employees who used the signature stamp did not initial to indicate use nor was there any review of the documents stamped.

Recommendation

The Circuit Clerk ensure court records, property, and monies are properly secured and safeguarded and controls are established over the signature stamp.

Status

Implemented

The Circuit Clerk indicated the case files have been moved to a secure area, and the Circuit Clerk's signature stamp, blank checks, and unprocessed receipts are now properly secured and safeguarded.

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Morgan County

November 2014

Report No. 2014-117

http://auditor.mo.gov

Morgan County
Follow-Up Report on Audit Findings
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*Includes selected findings

THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Morgan County

We have conducted follow-up work on certain audit report findings contained in Report No. 2014-030, *Morgan County*, issued in April 2014, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the county about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
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    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the county, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed supporting documentation provided by county officials and met with county personnel. Documentation included County Commission meeting minutes, bank statements, receipt and deposit records, and various other financial records. After our initial follow-up meeting in September 2014, the Sheriff's office determined approximately $18,000 in seized cash was missing from the evidence cash safe. Further investigation by the Sheriff's office in October 2014, revealed approximately $18,000 in bond receipts missing from the office and some disbursements of receipts had not been remitted to the County Treasurer. The clerk primarily responsible for bonds was terminated on October 15, 2014, and has since been charged with theft related to the missing bond monies. The investigation remains ongoing. This report is a summary of the results of this follow-up work, which was substantially completed during September and October 2014.

Thomas A. Schweich
State Auditor

1. County Sales Tax

The county incorrectly certified a property tax rate with a voluntary reduction instead of a sales tax reduction for the 3 years ended December 31, 2008, thereby reducing its property tax rate ceiling beginning in 2009. In addition, the county calculated a sales tax reduction, but did not report or reduce the property tax levy for the sales tax reduction for the 3 years ended December 31, 2011. The county failed to calculate a sales tax reduction for the year ended December 31, 2012.

In calculating the property tax rate ceiling for 2009 through 2012, the State Auditor's office followed Section 137.073.5(4), RSMo (amended in 2008), which provides a voluntary reduction taken in a non-reassessment year (even year) results in a reduced tax rate ceiling during the subsequent reassessment year (odd year). As a result, the tax rate ceiling for the county's General Revenue Fund was lowered for 2009 through 2012 due to the voluntary reduction in 2008.

The county was apparently unaware of the reduced tax rate ceiling and used incorrect tax rate ceilings when preparing its sales tax reduction calculations for 2009 through 2011. Rather than using the certified tax rate ceilings, the county incorrectly used the tax rate ceilings that would have been in effect if there had been no voluntary reduction in 2008.

The county's calculations showed an under collection of property taxes each year when there was actually an over collection. The county certified tax rates equal to the lowered tax rate ceiling for each year and reported no sales tax reductions since the county believed its calculated sales tax reduction was already incorporated into the lower tax rates.

Recommendation

The County Commission and County Clerk properly calculate and report property tax rate reductions (sales tax or voluntary), evaluate if amended forms should be submitted to the State Auditor's office, and develop a plan to incorporate corrected property tax reductions from prior years into the current tax rate. During the tax rate setting process, the County Commission and County Clerk should ensure tax rate information reported back to the county in the State Auditor's office certification letter is consistent with expectations and, if not, promptly follow up on any discrepancies.

Status

Implemented

The County Commission and County Clerk reinstated the General Revenue Fund's property tax rate ceiling and submitted amended forms to the State Auditor's office in July 2014, as allowed by Section 137.073, RSMo. Based on the reinstated tax rate ceiling and the amended forms, the County Clerk recalculated the sales tax reductions for prior years (through 2013) and determined the county had under collected General Revenue Fund property taxes by approximately $600,000 in total since 2009. The County

Commission has developed a plan to collect this $600,000 over the next 2 years by reducing the sales tax reduction amounts each year when setting the General Revenue Fund property tax levy. In addition, the County Commission and County Clerk stated they reviewed the 2014 certification letter from the State Auditor's office to ensure it was consistent with their expectations.

2. Sheriff Controls and Procedures

Significant weaknesses continued to exist in the Sheriff's controls and procedures despite similar findings related to the Sheriff's office in our prior reports. Due to the concerns noted below, we were unable to determine if all monies were accounted for, deposited, and disbursed properly.

2.1 Segregation of duties

The Sheriff had not established adequate segregation of accounting duties and did not perform supervisory reviews. One clerk was responsible for receiving, recording, depositing, and disbursing monies, and reconciling the fee bank account. Another clerk was responsible for those same duties for the inmate bank account.

Recommendation

The Sheriff adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.

Status

In Progress

The Sheriff explained to us his process for reviewing monthly bank statements and images of canceled checks for reasonableness. This review is currently not documented. In addition, he plans to start reviewing receipt documentation and bank reconciliations, and will document all reviews. However, based on the recent discovery of missing monies, the office is currently revising its review procedures.

2.2 Numerical sequence and reconciliation of receipt records

The Sheriff's fee account clerk did not account for the numerical sequence of receipt slips and did not reconcile receipt records to deposits. As a result, it was difficult to determine which receipts were included in each deposit to ensure all receipts were actually deposited.

For cash bonds received, a receipt slip was issued by the booking department and placed with the cash in the drop safe for the fee account clerk to pick up. The fee account clerk did not issue receipt slips for cash bonds obtained from the drop safe even though she issued receipt slips for all other types of receipts.

When preparing deposit summaries, the fee account clerk did not always include the corresponding receipt slip numbers or identify which cash bonds were included in the deposits. A comparison of December 2012 bond deposits to booking department bond receipt slips, determined receipt slips totaled $6,052, while deposits totaled $6,622. The fee account clerk was

unable to determine the reason for the difference. Because no records were kept showing which bonds were included in which deposit, we also could not determine the reason for the difference.

Recommendation

The Sheriff account for the numerical sequence of receipt slips and reconcile receipt slips issued with deposits to ensure all receipts have been deposited.

Status

Implemented

The Sheriff's office is now accounting for the numerical sequence of the receipt slips issued for the account. We reviewed deposits made in September 2014 and noted deposit summary reports listing the individual receipt slips making up each deposit, were reconciled with deposits to ensure all receipts were included in the deposits.

2.3 Deposits

Sheriff's office personnel did not deposit monies intact or timely.

Fee account

The fee account clerk did not deposit monies intact for the fee account. We noted several checks received by the Sheriff's office were not deposited timely, and should have been included in earlier deposits.

Inmate account

The inmate account clerk did not deposit timely for the inmate account. We reviewed December 2012 receipts for the inmate account and found deposits from the lobby kiosk, booking department kiosk, and drop safe that were not made timely.

Recommendation

The Sheriff ensure deposits are made timely and include all monies on hand at the time a deposit is prepared.

Status

In Progress

We reviewed May, June, and July 2014 bank statements and determined the fee account clerk was making deposits at least once a week. Regarding depositing intact, we also reviewed the deposits summary reports for the fee account for September 2014 and noted all receipts on hand were included in each deposit for the account. The inmate account clerk is still making deposits of kiosk and drop safe monies once a month. However, she is setting up procedures to start making kiosk and drop safe deposits every 2 weeks.

2.4 Inmate refunds

The Sheriff's inmate account clerk did not maintain a running balance of the cash fund. The Sheriff's office maintained a cash fund to refund monies to U.S. Immigration and Customs Enforcement (ICE) inmates prior to deportation or transfer to another facility. Cash was withdrawn from the inmate account to replenish the cash fund. Released inmates signed for any cash received and the inmate account clerk posted this amount on the

computer system. This cash was not reflected in the list of liabilities for the inmate account because the Sheriff's office did not keep records of the balance of the cash fund.

Recommendation

The Sheriff maintain a running balance of the cash fund. In addition, on a periodic basis, cash on hand should be counted and reconciled to the related records by an independent person.

Status

In Progress

The inmate account clerk is working with the computer system vendor to determine the necessary reports that must be generated to show ICE cash activity. Once this has been resolved, she intends to start maintaining a running balance of the cash fund and count the fund periodically with an independent person present to ensure the cash on hand agrees to her records.

2.5 Seized cash

Controls and records for seized cash were not sufficient and periodic inventories were not conducted. Sheriff's office personnel could not generate a report of total cash currently on hand from the seized property system. Therefore, a ledger of seized cash was maintained. The seized cash was kept in a safe that only the Sheriff and a clerk could access. We performed a cash count of the seized cash on March 27, 2013, and determined the ledger did not include 4 evidence bags totaling approximately $4,900.

Recommendation

The Sheriff ensure a periodic physical inventory is conducted and reconciled to the various records of seized cash.

Status

In Progress

The deputy in charge of the evidence room inventoried the seized cash on hand in August 2014 by counting the amounts on the labels of the sealed evidence bags, and created a spreadsheet to track the seized cash. This spreadsheet has recently been provided to the Prosecuting Attorney to review and determine if action can be taken on any of the seized cash. The Sheriff's office plans to conduct a quarterly physical inventory of seized cash and reconcile the inventory results to the seized cash spreadsheet. However, in September 2014, the court ordered the seized cash related to one of the cases be disbursed. Based on this court order, all evidence bags associated with the case were opened and counted. One bag was missing approximately $18,000. The investigation into this missing cash remains ongoing.

2.6 Liabilities

Sheriff's office personnel did not prepare monthly lists of liabilities for either the inmate account or the fee account, and consequently, liabilities were not compared to the reconciled bank balances.

Recommendation

The Sheriff prepare a monthly list of liabilities for both accounts and compare to the reconciled bank balances. Any differences should be promptly investigated and resolved. Any unidentified monies should be disposed of in accordance with state law.

Status

Not Implemented

Both office clerks stated they are in the process of setting up procedures to allow them to identify liabilities and plan to prepare monthly listings of liabilities, including bonds, to compare to the reconciled bank balances. However, as of October 2014, lists of liabilities have not been prepared. If listings of liabilities had been prepared monthly for the fee account, the shortage of bond monies discovered by the Sheriff's office in October 2014 may have been identified sooner.

2.7 Disbursements

The Sheriff's office lacked adequate procedures to ensure monies received were properly disbursed from the fee account to the County Treasurer and/or other parties. As a result, some monies were not disbursed timely.

Recommendation

The Sheriff establish procedures to ensure all monies are disbursed to the County Treasurer and other parties on a timely basis.

Status

In Progress

We reviewed September 2014 disbursement records and determined the August 2014 fees were disbursed timely to the County Treasurer in early September. We reviewed September 2014 receipt records and determined September bond receipts were disbursed timely to the appropriate courts throughout the month. However, the Sheriff's office determined some disbursements to the County Treasurer had not been made in prior months.

2.8 Commissary and phone card profits

The Sheriff's office had not turned over any 2012 commissary profits or any phone card profits to the county treasury. The Sheriff's office was holding approximately $61,000 in profits as of December 31, 2012, in the inmate account. The inmate account clerk indicated profits from the phone cards sold to inmates were not turned over to the county treasury because they were used to pay for cable TV and indigent packages for the inmates.

Recommendation

The Sheriff ensure existing and future commissary profits (including phone card profits) not necessary to meet cash flow needs or current operating expenses are turned over to the County Treasurer to be deposited into the Inmate Prisoner Detainee Security Fund.

Status

In Progress

As of October 2014, the Sheriff's office has turned over $63,914 in commissary profits to the County Treasurer for deposit into the Inmate Prisoner Detainee Security Fund. The inmate account clerk is currently establishing procedures to turn over commissary profits to the County Treasurer monthly.

3. Property Tax System Controls and Procedures

Controls and procedures over the property tax system needed improvement.

3.1 Computer access

Access to the property tax system was not adequately restricted. The County Collector had access in the property tax system to make address changes, enter tax rates, post abatements, and outlaw taxes. Because the County Collector was responsible for collecting tax monies, good internal controls required the County Collector not have access rights allowing her to alter or delete tax rates or abate taxes.

Recommendation

The County Commission ensure property tax system access rights are limited to only what is needed for the users to perform their job duties and responsibilities.

Status

Implemented

As of October 2014, the County Collector no longer has access to remove taxes due or change tax rates in the system. These duties are now performed by the County Assessor and County Clerk, respectively.

3.2 Tax books

The County Clerk did not prepare or verify the accuracy of the delinquent tax books prepared by the County Collector.

Recommendation

The County Clerk prepare the delinquent tax books, or at a minimum, verify the accuracy of the delinquent tax books prior to charging the County Collector with the property tax amounts to be collected. Procedures performed should be adequately documented.

Status

Implemented

The County Clerk has implemented additional procedures to verify the accuracy of the delinquent tax books. We reviewed the County Clerk's account book and noted she compared the delinquent tax book totals to her account book in March 2014 and documented her review.

3.3 Review of activity

Neither the County Clerk nor the County Commission adequately reviewed the financial activities of the County Collector. The County Clerk did not maintain an account book or other records summarizing property tax

charges, transactions, and changes, and no procedures were performed by the County Clerk or the County Commission to verify the accuracy and completeness of the County Collector's annual settlements.

Recommendation

The County Clerk maintain an account book with the County Collector. In addition, the County Clerk and the County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.

Status

Implemented

The County Clerk now maintains an account book with the County Collector. We reviewed the account book for the year ended February 28, 2014, and noted the County Clerk performed and documented a comparison of her account book to the County Collector's annual settlement.

3.4 Changes and reconciliations

The County Commission and County Clerk were not adequately reviewing property tax system changes and activity. The County Assessor prepared and posted additions and abatements to the property tax system. The County Collector also had the ability to post abatements to the property tax system and to outlaw taxes in the property tax system. The County Collector submitted supporting documentation to the County Commission for abatements she initiated and provided the County Commission with total amounts for her outlawed taxes; however, there was no procedure in place to ensure all outlawed taxes and abatements initiated by the County Collector were submitted for review. At the end of each month, the County Collector printed the Assessor-initiated property tax additions and abatements report from the property tax system and provided the report to the County Clerk. However, neither the County Commission nor the County Clerk reviewed and approved these reports, and no comparison to the County Assessor's supporting documentation was performed.

Recommendation

The County Commission and the County Clerk develop procedures to ensure all property tax additions and abatements (including outlawed) are properly approved and monitored.

Status

Implemented

The County Commission now reviews property tax additions and abatements on a monthly basis. We reviewed the County Commission meeting minutes for the July 8, 2014, meeting and noted the minutes included a copy of the June property tax additions and abatement reports generated from the property tax system, and the County Commission documented its approval of these reports.

5.1 Prosecuting Attorney Controls and Procedures - Adjustments

Neither the Prosecuting Attorney nor the office manager reviewed adjustments to defendant accounts receivable balances made by the legal assistant. In addition, adequate documentation was not always maintained to support the reasons for the adjustments. As a result, there was little assurance the 51 adjustments totaling $50,652 made during the year ended December 31, 2012, were properly authorized.

Recommendation

The Prosecuting Attorney perform a documented independent review and approval for all accounting adjustments and ensure adequate documentation is maintained to support all adjustments.

Status

Implemented

We reviewed the 2014 adjustments and noted the Prosecuting Attorney performed a documented review of each adjustment and the related supporting documentation.

7.1 Senate Bill 40 Board - Segregation of duties

Accounting duties related to the Targeted Case Management (TCM) bank account were not adequately segregated. The Executive Director was responsible for all duties including receipting, recording, and disbursing monies for this account. The majority of disbursements were made through a debit card. Furthermore, the Executive Director did not prepare monthly bank reconciliations for the account. There was no documented review of any account records by the Board. The Executive Director indicated he took his file of receipt slips for debit card purchases to Board meetings so they would be available if a Board member requested them; however, the records had not actually been given to the Board to review.

Recommendation

The Senate Bill 40 Board ensure independent or supervisory reviews of accounting records are performed and documented and monthly bank reconciliations are prepared and submitted to the Board for review for the TCM account. In addition, the Board should adopt procedures to ensure supporting documentation is submitted and reviewed for all debit card usage.

Status

In Progress

An additional employee has been hired to handle some of the accounting functions and the Board Treasurer is now performing a review of bank reconciliations and accounting records for both accounts at the quarterly meetings. However, the Board Treasurer had not been consistently documenting her reviews. Starting at the next quarterly meeting in October, the Executive Director stated the Board will have procedures in place to ensure documentation of reviews is obtained. In addition, the Senate Bill 40 Board no longer uses the debit card.

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Webster County Procurement Procedures and County Clerk

November 2014

Report No. 2014-118

http://auditor.mo.gov

Webster County Procurement Procedures and County Clerk Follow-Up Report on Audit Findings
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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
County Clerk of Webster County

We have conducted follow-up work on the audit report findings contained in Report No. 2014-045, *Webster County Procurement Procedures and County Clerk*, issued in June 2014, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the county about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the county, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we met with the County Commission and County Clerk and reviewed supporting documentation provided to us. Documentation reviewed included county policies and procedures, credit card statements, invoices, receipt and transmittal records, month-end reports, and various other county records. This report is a summary of the results of this follow-up work, which was substantially completed during October and November 2014.

Thomas A. Schweich
State Auditor

1. Improper Purchases, Missing Receipts, and Unauthorized/ Unapproved Purchases

The former Administrative Assistant to the County Clerk made improper purchases for personal items totaling $17,676 with county credit cards, county charge accounts, and county checks. This employee also did not transmit $201 of some monies received in the County Clerk's office to the County Treasurer. Various items totaling $774 purchased without authorization or approval were found in the County Clerk's office after termination of the Administrative Assistant. Significant weaknesses in internal controls and record-keeping procedures resulted in these misappropriations occurring and going undetected for a significant period of time.

Billy Breitenstein, the County Clerk's Administrative Assistant, was terminated for reasons unrelated to misuse of county credit cards, and personnel in the County Clerk's office determined the Administrative Assistant had fraudulently acquired a county credit card. At the request of the County Commission and County Clerk, the Prosecuting Attorney contacted the Missouri State Highway Patrol (MSHP) to investigate. The County Commission and County Clerk later notified the State Auditor's office (SAO) and provided documentation showing some improper purchases. Audit work by the SAO identified additional improper purchases and missing monies. Billy Breitenstein was charged with felony stealing and fraudulent use of a credit device on June 9, 2014. The MSHP investigation discovered some improperly purchased items located in the Administrative Assistant's residence.

Recommendation

The County Commission and County Clerk work with law enforcement authorities regarding any criminal prosecution and take necessary action to recover the misappropriated monies.

Status

Implemented

Prosecution of the case has been referred to the state Attorney General's office. The next court proceeding is scheduled for December 1, 2014.

2. Procurement Controls and Procedures

Significant weaknesses existed in the procurement controls and procedures of the county.

2.1 Segregation of duties and oversight

The County Commission and County Clerk did not adequately segregate county procurement duties or provide adequate oversight of procurement functions and records. The County Commission and County Clerk did not perform adequate reviews of vendor jackets, credit card statements, invoices, and other supporting documentation.

Recommendation

The County Commission and County Clerk adequately segregate the procurement function to the extent possible or ensure supervisory reviews of accounting records are performed and documented.

Status

Partially Implemented

The County Clerk updated the county's disbursement policy in an effort to segregate accounting duties. The policy now indicates the accounts payable clerk has no authority to make purchases or incur charges on behalf of Webster County.

The County Commission continues to only document its review of disbursements on the vendor jacket. However, the County Clerk indicated the accounts payable clerk documents her comparison of amounts on the credit card statement to invoices by applying a highlighter mark, and he places a checkmark by the amount on the credit card statement. The use of the highlighter and checkmark does not document when or by whom the records were reviewed and approved.

2.2 Credit cards

Controls and procedures over credit cards needed improvement. The County Commission and the County Clerk did not perform adequate reviews of vendor jackets, credit card statements, invoices, and other supporting documentation, and personal purchases made by the Administrative Assistant through use of county credit cards totaling $16,077 went undetected.

The Administrative Assistant did not always submit credit card statements to the County Commission and County Clerk for their review, created some credit card statements, altered some transactions on credit card statements, and marked some transactions "void" on credit card statements to conceal personal purchases made. The Administrative Assistant duplicated and re-submitted previously paid credit card invoices/supporting documentation to the County Commission, and the county had no supporting documentation for personal purchases made by the Administrative Assistant totaling $15,124. The Administrative Assistant made personal purchases and the billing and/or shipping address on the invoices was his personal address. The Administrative Assistant made personal purchases on county holidays or weekends.

The County Commission and County Clerk did not have adequate physical controls or written policies to ensure appropriate usage of credit cards. The county paid late fees and finance charges. The Administrative Assistant made personal purchases from the county credit card assigned to him, made personal purchases from a credit card he opened without approval of the County Commission and County Clerk, and made personal purchases from 4 of 5 other county credit cards stored in the County Clerk's vault. The County Commission and County Clerk allowed county officials and

employees to make personal purchases on county credit cards, and adequate reviews of these purchases and the related reimbursements were not performed.

Recommendation

The County Commission and County Clerk adopt formal policies and procedures for credit card usage that include criteria for identifying employees that should be assigned a card and limits use to official purposes only, restrict access to shared credit cards, require adequate documentation be maintained and reconciled to billing statements, and require purchases be approved by someone other than the card user. In addition, the County Commission and County Clerk should implement procedures to ensure bills are paid timely to avoid late fees and finance charges.

Status

Partially Implemented

The County Clerk and County Commission have not changed the existing credit card policy or limited use of county credit cards to official purposes only. Credit card purchases continue to be made on holidays and weekends, and some supporting documentation was not maintained. The 5 shared credit cards are still kept in the County Clerk's vault, and access to those cards is not adequately restricted; however, the County Clerk indicated the accounts payable clerk no longer has charging privileges.

We reviewed credit card statements and the related invoices for July and August 2014, and did not identify any alterations or voided information on the statements, duplicate invoices or payments, personal purchases made, invoices including personal billing and/or shipping addresses, or late fees and finance charges assessed. In addition, someone other than the card user approved all credit card purchases we reviewed.

2.3 Charge account and checks

The County Commission and the County Clerk did not perform adequate reviews of Staples charge account statements, county checks, invoices, and other supporting documentation. As a result, the Administrative Assistant made personal purchases totaling $1,457 using the Staples charge account. There was no indication the County Commission or County Clerk reviewed or approved the vendor jackets or invoices for $1,139 of these purchases. The Administrative Assistant used Staples reward program coupons earned from county purchases for $843 of the $1,457 in purchases made.

In addition, the county issued 2 checks totaling $142 to vendors for personal purchases of the Administrative Assistant. Our review of payments to Staples identified an overpayment of $1,000. The vendor jacket generated by the Administrative Assistant reported $1,114 due to Staples, while the related invoice only showed $114 due. Staples applied the overpayment to subsequent purchases; however, $360 is still due to the county.

Various items that had not been authorized/approved for purchase, totaling $774, were purchased by the Administrative Assistant through use of the county's Staples charge account. These items were found in the County Clerk's office after termination of the Administrative Assistant.

Recommendation

The County Commission and County Clerk require adequate documentation be maintained and reconciled to monthly charge account statements, and require purchases be approved by someone other than the purchaser.

Status

Partially Implemented

We reviewed July and August 2014 charge account purchases and determined there was adequate documentation maintained, and no personal purchases were identified. Items purchased using the county's Staples charge account without proper authorization or approval (as identified in our June 2014 audit report) are being held in a secure area in the County Clerk's office for possible use in the prosecution of the former Administrative Assistant.

However, the County Clerk and County Commission still only document their approval of these charge account disbursements on the vendor jacket. No reconciliation of charge account invoices to the vendor jacket is documented by the County Commission or County Clerk. There was no evidence that the County Clerk or County Commission had requested or reviewed a complete list of Staples reward program coupons earned and used during July and August 2014. At our request, the County Clerk obtained a list of Staples reward program coupons earned and used, and we were able to account for all activity. The County Clerk indicated the county received monthly statements from Staples for these 2 months; however, they were thrown away. In addition, the County Clerk indicated the county does not receive monthly statements from some vendors with which the county has charge accounts. As a result, the county cannot document it reconciled charge invoices to the monthly statements.

3. County Clerk Receipts

Significant weaknesses existed in receipting and transmittal controls and record-keeping procedures in the County Clerk's office.

3.1 Segregation of duties

The County Clerk did not adequately segregate accounting duties or provide adequate oversight of receipts, transmittals, and related records. The County Clerk's Administrative Assistant received monies, recorded transactions, maintained accounting records, transmitted monies to the County Treasurer, and prepared month-end reports. The County Clerk or other office personnel did not perform a comparison of records prepared by the Administrative Assistant to the monies transmitted to the County Treasurer.

Recommendation

The County Clerk adequately segregate receipting and transmittal duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.

Status

Not Implemented

The County Clerk has not adequately segregated accounting duties. All personnel in the County Clerk's office receipted monies during July and August 2014. One clerk in July and another clerk in August, who receipted monies in both months, prepared the month-end reports and transmitted monies to the County Treasurer. The County Clerk did not document his review of the receipt slips, the month-end reports, or the transmittal receipts.

3.2 Receipting and transmitting

Controls and procedures over receipting and transmitting monies were not sufficient. As a result, there was no assurance all monies received were transmitted, and, some monies received were not transmitted to the County Treasurer.

The Administrative Assistant and other office personnel did not issue receipt slips for some monies received, and the method of payment was not always recorded on receipt slips. The Administrative Assistant and other office personnel did not always issue receipt slips in numerical sequence. Multiple receipt books were used concurrently. Original copies of some voided and blank receipt slips were not retained, and some receipt slips were skipped and not properly defaced to prevent later use. The Administrative Assistant did not record some monies received on the month-end transmittal report, did not transmit those monies to the County Treasurer, and those monies ($161) were missing.

Recommendation

The County Clerk issue receipt slips for all monies received, with the method of payment documented, reconcile the composition of receipt slips to the composition of transmittals, and transmit receipts intact to the County Treasurer. The County Clerk should also ensure receipt slips are issued in numerical sequence, all copies of voided and blank receipt slips are retained, and the numerical sequence of receipt slips is accounted for properly.

Status

In Progress

Office personnel in the County Clerk's office issued receipt slips in numerical sequence for all monies received during July and August 2014. All copies of voided receipt slips were retained, and no blank receipt slips were identified during the time period reviewed. However, the method of payment was not always documented on the receipt slips issued, and as a result, the composition of receipt slips could not be reconciled to the composition of transmittals. Most receipts were transmitted intact to the County Treasurer in July and August 2014; however, a cash refund for a check overpayment was identified in August 2014. The County Clerk

indicated in the future, he would ensure the composition of receipt slips is agreed to the composition of transmittals and cash refunds will be signed for by the recipient.

3.3 ATV permits and liquor licenses

The County Clerk or Administrative Assistant did not properly account for the numerical sequence of all-terrain vehicle (ATV) permits and liquor licenses issued, and there was no procedure to reconcile ATV permits and liquor licenses issued to fees collected and amounts transmitted. ATV permits and records indicated 4 ATV permits were issued by the Administrative Assistant (including one to himself); however, receipt slips were not issued for these monies nor were the monies transmitted to the County Treasurer. In addition, during our review of the ATV permit log maintained by the Administrative Assistant, we could not account for 12 of 70 ATV permit numbers used during the period July 1, 2012, to July 26, 2013. As a result, additional monies related to ATV permits could be missing. In addition, 3 liquor license numbers were used twice.

Recommendation

The County Clerk account for the numerical sequence of permits and licenses, ensure the permit log is complete and accurate, and reconcile permits and licenses issued to fees recorded and transmitted.

Status

In Progress

During our review of liquor licenses issued during the period May through August 2014, we were able to account for the numerical sequence of liquor licenses. Since most ATV permits are renewed at the beginning of each calendar year, we were unable to adequately review the handling of ATV permits. However, initial permit numbers are being reused and, as a result, the numerical sequence of ATV permits cannot be accounted for properly. Also, we reviewed the ATV permit log for May through August 2014 activity and noted it was not complete and accurate. For example, ATV permit number 10127 was assigned to 2 different individuals and the permit log only accounted for 1 of the individuals. The County Clerk indicated he is considering a new process for handling ATV permits and liquor licenses that will help him reconcile permits and licenses issued to fees recorded and transmitted.

Thomas A. Schweich

Missouri State Auditor

Clinton County

November 2014

Report No. 2014-119

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Clinton County

Financial Condition	As noted in our prior audit, the financial condition of the General Revenue Fund remains poor. The ending cash balance is expected to decline from approximately $6,000 at December 31, 2013, to $385 at December 31, 2014. In order to make payroll obligations, the county transferred $10,000 from the Tax Maintenance Fund to the General Revenue Fund in October 2013, and made an early turnover of tax collections of $35,000 to the General Revenue Fund in November 2013.
Prosecuting Attorney's Controls and Procedures	Payments made by mail are not receipted or recorded immediately, receipts are not deposited timely, and checks are not restrictively endorsed immediately upon receipt.
Sheriff's Commissary Profits	The Sheriff maintains profits from commissary sales outside the county treasury and uses these monies to purchase items for the benefit of prisoners and the Sheriff's office. As of December 31, 2013, there was approximately $3,500 of profits remaining in the commissary account that should be distributed to the Inmate Prisoner Detainee Security Fund.
Computer Controls	The County Assessor, Prosecuting Attorney, Ex Officio Recorder of Deeds, and County Treasurer have not established adequate password controls to reduce the risk of unauthorized access to computers and data.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Clinton County
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Clinton County

We have audited certain operations of Clinton County in fulfillment of our duties under Section 29.230, RSMo. In addition, Nichols, Stopp, and VanHoy, LLC, Certified Public Accountants, was engaged to audit the financial statements of Clinton County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Clinton County.

An additional audit of the Clinton County Collector and Property Tax System, fulfilling our obligations under Section 52.150, RSMo, is still in process, and any additional findings and recommendations will be included in the subsequent report.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Lori Melton, M.Acct., CPA
In-Charge Auditor:	Kenneth Erfurth
Audit Staff:	Amanda Messick
	Ruben Lara
	Keisha Williams
	Steven J. Barton

1. Financial Condition

As noted in our prior audit report, the financial condition of the General Revenue Fund remains poor. The ending cash balance for the General Revenue Fund has decreased since the prior audit, and is not sufficient to handle any emergencies or unexpected decreases in receipts or increases in disbursements. According to the approved county budgets, the ending cash balance of the General Revenue Fund was approximately $6,000 at December 31, 2012, and December 31, 2013, and is projected to be $385 at December 31, 2014.

In order to meet payroll obligations of the General Revenue Fund, county officials transferred $10,000 from the Tax Maintenance Fund to the General Revenue Fund in October 2013, and in November 2013 the County Collector made an early turnover of tax collections of $35,000 to the General Revenue Fund. County Commissioners indicated General Revenue funding has been an ongoing concern and an early turnover from the County Collector has been required every November for several years to meet payroll obligations.

County Commissioners indicated they are aware of the financial condition concern and they are continually trying to reduce disbursements. They indicated the areas monitored closest are maintaining the jail facilities and housing inmates in other county facilities. Of the $2.4 million in General Revenue Fund disbursements in 2013, $503,026 or 21 percent of total disbursements were for prisoner housing.

It is essential the County Commission address the county's financial condition both in the immediate and long-term future. Reducing spending where possible, evaluating controls and management practices to ensure efficient use of county resources, and maximizing all sources of revenue are necessary to improve the county's financial condition.

Recommendation

The County Commission closely monitor the county's financial condition and take the necessary steps to improve the financial condition of the General Revenue Fund.

Auditee's Response

The County Commission provided the following response:

We understand the finding as presented. We will take the recommendation under consideration and will continue to monitor budgets to the best of our abilities. We feel the 43rd Judicial Circuit policies not allowing independent bonding on state charges and not holding a drug court increases the number of prisoners held. As a result, these issues have a negative impact on our ability to monitor and control the budget.

2. Prosecuting Attorney's Controls and Procedures

Weaknesses exist in accounting controls and procedures in the Prosecuting Attorney's office. The Prosecuting Attorney's office processed monies for bad check and restitution receipts totaling approximately $47,000 for the year ended December 31, 2013.

Receipting, recording, and depositing procedures are not adequate. Payments made by mail are not receipted or recorded immediately. During our cash count performed on April 15, 2014, we noted nine checks, totaling $1,444, had not been receipted. These receipts, the oldest of which was dated March 25, 2014, were not recorded on receipt records until April 29, 2014, and deposited on April 30, 2014. In addition, checks are not restrictively endorsed immediately upon receipt.

To reduce the risk of loss, theft, or misuse of monies received, procedures should be established to ensure all monies received are properly receipted, promptly recorded, deposited timely, and restrictively endorsed immediately upon receipt.

Recommendation

The Prosecuting Attorney ensure all monies are receipted and promptly recorded when received, receipts are deposited timely, and checks are restrictively endorsed immediately upon receipt.

Auditee's Response

The Prosecuting Attorney provided the following written response:

The Prosecuting Attorney's office agrees that a change in receipting, depositing, and endorsing procedures is appropriate, and office policy changes have already been made. Deposits are now made semi-monthly, and checks are to be receipted and recorded promptly upon receipt. The Prosecuting Attorney's office has been significantly defunded in recent years, resulting in a too-heavy workload for current staff. While adjustments have currently been made to adopt the audit findings as best as practicable, further improvements are difficult until office funding for staff is restored. Although the audit discovered weaknesses in existing practices, all monies received by the Prosecuting Attorney's office have been accounted for.

3. Sheriff's Commissary Profits

The Sheriff maintains profits from commissary sales outside the county treasury and uses these monies to purchase items for the benefit of prisoners and the Sheriff's office. During the year ended December 31, 2013, the commissary earned a profit of $1,810 and the Sheriff purchased prisoner supplies such as soap, sheets, towels, and other items for the prison using $1,451 of this money. The County Commission did not approve these purchases and they did not go through the normal county procurement and budget process. As of December 31, 2013, there was approximately $3,500 of profits remaining in the commissary account that should be distributed to the Inmate Prisoner Detainee Security Fund.

Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund.

Recommendation

The Sheriff ensure existing and future commissary profits not necessary to meet cash flow needs or current operating expenses are turned over to the County Treasurer for deposit to the Inmate Prisoner Detainee Security Fund.

Auditee's Response

The Sheriff provided the following response:

I have partially implemented the recommendation and continue to take steps to completely comply. We will turn over the fund to the County Treasurer in November 2014.

4. Computer Controls

Controls over county computers are not sufficient to prevent unauthorized access by requiring periodic password changes. As a result, county records are not adequately protected and are susceptible to unauthorized access.

The County Assessor, Prosecuting Attorney, Ex Officio Recorder of Deeds, and County Treasurer have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees are not required to change passwords on a periodic basis and share passwords.

Passwords are required to authenticate access to computers. The security of a computer password is dependent upon keeping passwords confidential. However, since passwords do not have to be periodically changed and are shared, there is less assurance passwords are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

Recommendation

The County Assessor, Prosecuting Attorney, Ex Officio Recorder of Deeds, and County Treasurer require unique passwords for each employee that are kept confidential and periodically changed, to prevent unauthorized access to the county's computers and data.

Auditee's Response

The County Assessor provided the following response:

I agree with the finding and will implement the auditor's recommendation by January 1, 2015.

The Prosecuting Attorney provided the following response:

I agree with the recommendation and this is something that we do need to implement and will implement the recommendation by November 15, 2014.

The Ex Officio Recorder of Deeds provided the following response:

I agree with the finding and will implement the auditor's recommendation by November 15, 2014.

The County Treasurer provided the following response:

I agree with the finding and will implement the auditor's recommendation by November 15, 2014.

Clinton County
Organization and Statistical Information

Clinton County is a county-organized, third-class county. The county seat is Plattsburg.

Clinton County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 60 full-time employees and 21 part-time employees on December 31, 2013.

In addition, county operations include the Senate Bill 40 Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Wade Wilken Jr., Presiding Commissioner	$	30,566
Charles Dawson, Associate Commissioner		28,486
Larry King, Associate Commissioner		28,486
Molly Livingston, Circuit Clerk and Ex Officio Recorder of Deeds (1)		55,131
Mary Blanton, County Clerk (2)		50,163
Bill Burris, Prosecuting Attorney (3)		26,520
Eric Tate, Prosecuting Attorney (3)		4,420
Joe Gagnon, Prosecuting Attorney (3)		22,100
K. Porter Hensen, Sheriff		47,840
Leann Gump, County Treasurer		43,160
Kathleen M. Little, County Coroner		15,438
Nancy D. Wingate, Public Administrator		52,011
Sharon Cockrum, County Collector (4), year ended February 28,	71,930	
Jerry Howard, County Assessor, year ended August 31,		45,410

(1) Compensation is paid by the state.
(2) Includes $7,003 of commissions earned for preparing city property tax books.
(3) Bill Burris resigned in June 2013. Eric Tate served as Interim Prosecuting Attorney during July 2013. Joe Gagnon was appointed by the Governor in August 2013.
(4) Includes $28,770 of commissions earned for collecting city property taxes.

Financing Arrangements

The county has entered into 4 lease-purchase agreements for vehicles and road and bridge equipment. Principal and interest payments are made from the Special Road and Bridge Fund. The final payment for the lease-purchases is scheduled to occur in 2016. The remaining principal balance at December 31, 2013, was $313,288. Interest remaining to be paid over the life of the agreements totals $15,249.

Thomas A. Schweich

Missouri State Auditor

Iron County

December 2014

Report No. 2014-120

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Iron County

Sheriff Controls and Procedures	The Sheriff has not adequately segregated accounting duties and an adequate supervisory review of the accounting records is not performed. The Sheriff's office does not prepare bank reconciliations and does not identify or reconcile liabilities with cash balances for any of the 3 office bank accounts. We reviewed the accounts and found $1,423 in unidentified monies in the civil bank account, $112 in unidentified monies in the bond account, and $660 in unidentified monies in the commissary bank account. The Administrative Assistant did not issue a receipt slip for approximately $1.2 million received from a Sheriff's sale in December 2013, and did not issue receipt slips for another $4,430 received in 2013. The Administrative Assistant and Jail Administrator do not properly account for receipt slips, and Sheriff's office personnel do not consistently note the method of payment on receipt slips and do not restrictively endorse checks until deposits are prepared. Commissary receipt slips do not accurately record receipts for the commissary account, and the Jail Administrator does not deposit commissary receipts timely or intact. The Sheriff does not track profit and loss from the sales of commissary items, including telephone cards, does not maintain adequate inventory records, and does not maintain documentation to support deductions from inmate account balances. The Sheriff maintains profits from calendar sales and vending machine commissions in a bank account outside the county treasury, and the Sheriff and the County Treasurer do not have proper controls and procedures in place to track, and ensure timely collection of amounts billed to cities for boarding of prisoners.
Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney has not adequately segregated accounting duties and an adequate supervisory review of the accounting records is not performed. The Prosecuting Attorney's office does not maintain a complete record of receipts and does not reconcile receipts to fees transmitted. We could not trace 10 receipt slips, totaling $310, to a fee report, and there were $1,988 in payments on the fee reports to the County Treasurer that were not on the computer system reports. The Prosecuting Attorney's office does not have adequate procedures to account for and monitor the disposition of all bad checks submitted to the office for collection.
Property Tax System Controls and Procedures	The County Collector has access rights in the property tax system that allows changes to be made to individual tax records throughout the tax year and the County Clerk does not reconcile addition and abatement court orders for personal property to the actual changes made in the property tax system. The County Clerk does not prepare or verify the accuracy of the delinquent tax books prepared by the County Collector and the County Clerk did not prepare the land and personal, railroad and utility, and back tax aggregate abstracts timely for the 2013 tax year.

Public Administrator Controls and Procedures	As noted in our prior audit report, the Public Administrator does not always timely file annual settlements or status reports and did not assess or collect fees from the accounts of some wards and estates. We determined 19 of the 29 cases (66 percent) with annual settlements or status reports due during 2013 did not have a settlement or report filed. In addition, the Associate Circuit Court, Probate Division does not timely notify the Public Administrator prior to filing deadlines or follow up on settlements and reports not filed.
Senate Bill 40 Board	The Board had accumulated $678,000 as of December 31, 2013, and does not have specific plans for its use. The Board has not segregated accounting duties and does not provide adequate oversight of the accounting records. The Board Treasurer is responsible for all accounting duties, and the Board President routinely signs checks in advance (2 signatures required).
Tax Maintenance Fund	The County Collector paid $200 in bonuses to her employees from the Tax Maintenance Fund, which appears to violate the Missouri Constitution. She also paid the Deputy County Collector $95 per month to reimburse her for insurance premium costs and $100 for cleaning the office but these payments were not reported on the employee's W-2 forms. The County Collector issued herself 4 checks for travel advances totaling $950 and also reimbursed herself for meals at local restaurants during the year ended February 28, 2014, but did not properly account for supporting documentation and funds remaining from travel advances. The County Collector did not mark invoices paid or allow them to be matched to actual payments from the Tax Maintenance Fund and some disbursements made were not necessary expenses to carry out the duties of the office.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Iron County

We have audited certain operations of Iron County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, was engaged to audit the financial statements of Iron County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal control, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Iron County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Deborah Whitis, MBA, CPA, CIA, CFE
In-Charge Auditor:	Lori Bryant
Audit Staff:	Meghan Dowell
	Shannon Spicer

1. Sheriff Controls and Procedures

Significant weaknesses exist in controls and procedures in the Sheriff's office. The Sheriff's office collected monies for civil fees, concealed carry permits, bonds, jail phone commissions, and other miscellaneous receipts totaling approximately $93,000 for the year ended December 31, 2013, plus a Sheriff's sale for $1.2 million. The Sheriff's office opened a commissary bank account in October 2013 and started operating the commissary and handling inmate monies in the account in January 2014.

1.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties and an adequate supervisory review of the accounting records is not performed. The Administrative Assistant is responsible for receiving, recording, depositing, and disbursing monies, and reviewing the civil and bond bank account statements. The Jail Administrator is responsible for those same duties for the commissary monies. The Sheriff indicated he spot checks the monthly report for the civil account but this review is not documented. Neither the Sheriff nor other office personnel perform a documented review of accounting records.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential.

A similar condition was noted in our prior audit report.

1.2 Bank reconciliations and liabilities

The Sheriff's office does not prepare bank reconciliations and does not identify or reconcile liabilities with cash balances for any of the 3 office bank accounts. At December 31, 2013, the bank balances were $1,203,796, $595, and $36 in the civil, bond, and commissary bank accounts, respectively.

Bank reconciliations

The Administrative Assistant did not prepare formal bank reconciliations during the year ended December 31, 2013. The Administrative Assistant indicated she reviews the bank statements of the civil and bond accounts to ensure financial activity agrees with accounting records, but this review is not documented. In addition, the Jail Administrator has not prepared monthly bank reconciliations for the new commissary account opened in October 2013.

Liabilities

The Administrative Assistant does not prepare monthly lists of liabilities for either the civil or bond bank accounts; therefore, liabilities are not reconciled to the account balances. We reviewed the civil bank account and other records as of December 31, 2013, and identified $1,202,373 in liabilities while the cash balance was $1,203,796, leaving $1,423 in unidentified monies. The bond account cash balance of $112 as of December 31, 2013, was all unidentified. In addition, the Jail Administrator

does not prepare a monthly list of liabilities for reconciliation to the commissary account cash balance. The reconciled cash balance should agree to the total of the individual inmate balances plus commissary profits. We reviewed the commissary bank account and other records as of January 31, 2014, and identified $668 in liabilities while the cash balance was $1,328, leaving $660 in unidentified monies.

Monthly bank reconciliations are necessary to ensure accounting records are in balance and to identify errors timely. In addition, liabilities should be identified monthly and reconciled to cash balances to ensure sufficient cash is available for the payment of all amounts due and all monies in the bank account can be identified. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed. Various statutory provisions provide for the disposition of unidentified monies.

1.3 Receipting and depositing

Receipting and depositing procedures need improvement.

- The Administrative Assistant did not issue a receipt slip for approximately $1.2 million received from a Sheriff's sale in December 2013. The money was deposited on December 16, 2013, and disbursed in January 2014. In addition, the Administrative Assistant maintains a separate manual receipt slip book for miscellaneous monies received and transmitted to the County Treasurer for deposit into the Sheriff's Special Fund. However, transmittal records indicate receipt slips were not issued for a donation, vending machine commissions, profits from calendar sales, and inmate phone commissions totaling $4,430 in 2013.

- The Administrative Assistant and Jail Administrator do not properly account for receipts slips. Jailers issue receipt slips from separate receipt slip books for monies received at the front desk for bonds, civil fees, inmate monies and for sales of telephone cards. Jailers place the monies in an envelope and record amounts and details on the outside of the envelope. The envelopes are turned over to the Administrative Assistant. Receipt slips are not always issued in sequence, issued from the appropriate receipt slip book, or voided properly. In addition, more than one receipt slip book was in use at the same time for each type of receipt. Neither the Administrative Assistant nor the Jail Administrator compare the manual receipt slips issued by the jailers to the amounts received in the envelopes or account for the numerical sequence of receipt slips issued.

- Sheriff's office personnel do not consistently note the method of payment on receipt slips and checks are not restrictively endorsed until deposits are prepared.

- Commissary receipt slips do not accurately record receipts for the commissary account. Prior to January 2014, inmates were allowed to retain money when jailed and receipt slips were only issued for sales of telephone cards. Beginning in January 2014, inmate monies are deposited into the new commissary bank account and receipt slips are issued for sales of commissary items except purchases by deputies. In addition, the Jail Administrator issues some receipt slips to record transfers of monies between inmate accounts but does not specifically identify these transactions as transfers on the receipt slips, making it difficult to distinguish the transfers from actual monies received.

- The Jail Administrator is not depositing commissary receipts timely or intact. Only 1 deposit was made each month during February and March 2014. Some commissary items were purchased with cash withheld from deposits. The Jail Administrator said he used this method for some purchases because stores would not accept checks from the new account with low check numbers. We reviewed February 2014 commissary receipt slips and identified a receipt slip for $478 issued to an inmate but not listed as part of the individual inmate balances in the commissary account or deposited. The Jail Administrator indicated a jailer made a cash refund to the inmate upon his release on the day the office received the monies and did not document the return.

Failure to implement adequate receipting and depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected. Proper receipting and depositing procedures are necessary to ensure all receipts are handled and accounted for properly.

1.4 Commissary and telephone cards

Improvement is needed in the Sheriff's handling of the commissary and telephone cards.

Tracking of commissary activity

The Sheriff has not established a system for tracking the profit and loss from the sales of commissary items including telephone cards. The Sheriff does not maintain adequate records of items purchased for the commissary or the monies received from the sale of the items. Also, batches of prepaid telephone cards are periodically purchased from a telephone card vendor for $7 per card and held by the Sheriff's office until sold to inmates for $10 per card. The Jail Administrator indicated the vendor provided the Sheriff's office with a number of telephone cards at no cost with the county's first order; however, she could not recall how many. The profits earned on sales are retained in the commissary bank account.

To adequately account for commissary activity, complete and accurate records should be maintained in a manner to allow for the tracking of profit and loss on all commissary sales. Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its

canteen or commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund.

Inventory of commissary items

The Sheriff's office does not have adequate records or procedures over commissary inventory including telephone cards. Perpetual inventory records of commissary items are not maintained and periodic physical inventory counts are not performed.

A detailed inventory ledger is necessary to adequately account for commissary inventory. To ensure commissary items are properly recorded and handled, purchases and sales should be compared to actual inventory on hand. Loss, theft, or misuse of commissary inventory may go undetected without adequate inventory records.

Inmate disbursements

The Sheriff's office does not maintain documentation to support deductions from inmate account balances. Inmates complete a commissary purchase order form, but these forms are thrown away after the inmate receives the ordered items.

Retention of records is necessary to ensure the validity of transactions, provide an audit trail, and account for all monies.

1.5 Account held outside treasury

The Sheriff maintains profits from calendar sales and vending machine commissions in a bank account outside the county treasury. The Sheriff opened a new bank account in October 2013 after the Sheriff's Special Fund held by the County Treasurer was closed. The account was opened with $500 in profits from calendar sales and $50 in vending machine commissions (previously deposited in the Sheriff's Special Fund held by the County Treasurer) along with $500 of the Sheriff's personal funds. The Sheriff indicated this was a personal account and he uses it to pay for items that county funds cannot be used to pay for, such as donations, flowers, and cards. The Sheriff also indicated the profits from calendar sales were to be used for the maintaining and enhancing the office's drug programs for the children in the community. The Sheriff made disbursements totaling $232 for greeting cards, flowers, candy, donations, and Christmas decorations from the account during 2013.

There is no statutory authority allowing the Sheriff to maintain accounts outside the county treasury. Section 50.370, RSMo, requires county officials in third and fourth class counties who receive any fees or other remuneration for official services to pay such monies to the County Treasurer. In addition, Attorney General's Opinion No. 45, 1992 to Henderson, states sheriffs of a third class county are not authorized to

maintain a bank account for law enforcement purposes separate from the county treasury.

1.6 Board of prisoners

The Sheriff and the County Treasurer do not have proper controls and procedures in place to track, and ensure timely collection of amounts billed to cities for boarding of prisoners. The Administrative Assistant indicated she began sending out board bills to cities in April 2013 and gives a copy of the bills to the County Treasurer. These bills instruct cities to forward payment to the County Treasurer. However, the County Treasurer does not report amounts received from cities to the Sheriff and has instructed the cities to send separate payment letters to the Sheriff's office. The Administrative Assistant indicated she does not record the information from the payment letters in her files because she has no proof the County Treasurer received the payments. Records indicate the amount due from cities at December 31, 2013, was $7,978; however, the accuracy of this amount is uncertain due to the current collection process.

Procedures such as independent reconciliations of board bill records to jail records and payments received should be established to ensure prisoner housing is properly and timely billed, and payments received are proper. Unpaid board bills should be monitored and appropriate follow-up action should be taken to ensure payment is properly received. Failure to monitor unpaid amounts due may result in a loss of revenue to the county.

Recommendations

The Sheriff:

1.1 Adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.

1.2 Perform monthly bank reconciliations and prepare a monthly list of liabilities for all accounts and compare the list of liabilities to the reconciled bank balances. Any differences should be promptly investigated and resolved. Any unidentified monies should be disposed of in accordance with state law.

1.3 Issue receipt slips for all monies received. The Administrative Assistant and the Jail Administrator should compare receipt slips issued by jailers to amounts turned over and account for the numerical sequence of receipt slips. The Sheriff should ensure the method of payment is recorded on receipt slips, the composition of receipts is reconciled to the composition of deposits, and checks are restrictively endorsed immediately upon receipt. Additionally, the Sheriff should ensure all monies returned or transferred to inmates is adequately documented to ensure receipts are deposited intact and timely.

1.4 Develop records and procedures to adequately track commissary activity. Ensure existing and future commissary profits (including telephone card profits) not necessary to meet cash flow needs or current operating expenses are turned over to the County Treasurer for deposit into the Inmate Prisoner Detainee Security Fund. Inventory records of commissary items and telephone cards should be maintained and reconciled to purchases, sales, and a physical inventory count. Documentation to support deductions from inmate balances should be retained.

1.5 Transfer $550 to the County Treasurer. All future receipts for calendar sale profits and vending machine commission should be turned over to the County Treasurer.

1.6 Work with the County Treasurer to develop procedures to track, monitor, and pursue collection of costs for boarding prisoners.

Auditee's Response

The Sheriff provided the following responses:

1.1 Since segregating duties is not feasible, the Sheriff has made arrangements with the County Treasurer for the County Treasurer to perform documented reviews of accounting records on a periodic basis.

1.2 The Sheriff has initiated procedures to prepare monthly bank reconciliations and listings of liabilities and is planning to establish more detailed records.

1.3 Receipt slips are now being issued for all monies. The Jail Administrator is now the only one issuing receipt slips for inmate monies. The Sheriff will ensure the Administrative Assistant is comparing receipt slips issued by jailers to amounts turned over and accounting for the numerical sequence of receipt slips. The Sheriff will ensure the method of payment is recorded on receipt slips, the composition of receipts is reconciled to the composition of deposits, and checks are restrictively endorsed immediately upon receipt. Deposits are now being made intact and timely and checks are being issued to return or transfer monies to inmates.

1.4 Records have been established to track commissary activity including receipts, disbursements, inventory, and profits. Profits are now being turned over to County Treasurer to be deposited into the Inmate Prisoner Detainee Security Fund. Commissary order cards are being filled out by inmates and retained.

1.5 The Sheriff plans to transfer the $550 to the County Treasurer as soon as the Sheriff's Special Fund is re-activated along with any future receipts for calendar sale profits and vending machine commissions.

1.6 The Sheriff agrees to do this.

2. Prosecuting Attorney Controls and Procedures

Controls and procedures need improvement. The Prosecuting Attorney's office processed bad check restitution and fees, and court-ordered restitution totaling $32,000 for the year ended December 31, 2013.

2.1 Segregation of duties

The Prosecuting Attorney has not adequately segregated accounting duties and an adequate supervisory review of the accounting records is not performed. One legal assistant is responsible for receiving, recording, and transmitting bad check and court-ordered restitution. The Prosecuting Attorney indicated he reviews the monthly report of bad check fees turned over to the County Treasurer, but he does not compare them to any accounting record and does not document his review. Neither the Prosecuting Attorney nor other office personnel perform a documented review of accounting records.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting records are essential.

2.2 Receipting and transmitting

The Prosecuting Attorney's office does not maintain a complete record of receipts and does not reconcile receipts to fees transmitted. The Bad Check Clerk (clerk) does not post payments for cases initiated prior to the office's installation of the current computer system and does not maintain a log or list of such receipts. Instead, the clerk gives the payor a copy of the money order to serve as a receipt slip. The clerk does not generate any receipt reports from the computer system for more recent cases and does not account for the numerical sequence of receipt slips issued by the computer system. The clerk prepares the monthly report of fees transmitted to the County Treasurer using the money orders received for fee payments. In addition, the clerk stores the receipts until transmittal in an unlocked desk drawer accessible to the public.

After the clerk contacted the technical support staff for the office's computer system, she was able to generate receipt reports for receipt slips issued by the system during 2013. We were unable to trace 19 receipt slips totaling $580 received per the computer system reports to the monthly fee reports given to the County Treasurer. However, the fee report for October 2013

had been adjusted by the County Treasurer for 9 money orders totaling $270 that the County Treasurer received but were not included on the fee report prepared by the clerk. Nine of the 19 receipt slips generated by the system that we could not trace were dated in October and totaled $270, so it seems likely these items are related to the adjustment made by the County Treasurer and the clerk likely failed to list all money orders on the fee report. The remaining 10 receipt slips for $310 from the system report could not be traced to receipt by the County Treasurer.

In addition, there were $1,988 in payments on the fee reports to the County Treasurer that were not on the computer system reports because they were likely receipts related to older cases not processed in the computer system. As noted above, the clerk does not maintain a log of receipts related to older cases.

Failure to implement adequate receipting and transmitting procedures increases the risk that loss, theft, or misuse of monies received will go undetected. Proper receipting and transmitting procedures are necessary to ensure all receipts are handled and accounted for properly.

2.3 Tracking procedures

The Prosecuting Attorney's office does not have adequate procedures to account for and monitor the disposition of all bad checks submitted to the office for collection. Bad check complaint forms submitted by merchants when bad checks are turned over to the Prosecuting Attorney for collection are not assigned a sequential tracking number. Information from the complaint form is entered into the computer system and the complaint form is filed with other complaint forms processed. Without a tracking procedure, there is no assurance all bad check complaint forms are entered into the computer system. To ensure bad check complaints are handled and accounted for properly, office staff should assign a sequential number to each bad check complaint form or bad check received and track the collection and disposition of each bad check.

Recommendations

The Prosecuting Attorney:

2.1 Adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.

2.2 Require issuance of receipt slips for all monies received, account for the numerical sequence of receipt slips, and reconciliation of receipt slips to computer system receipt reports to ensure all monies received are accounted for properly. In addition, the Prosecuting Attorney should store monies in a secure location and require the reconciliation of fees transmitted to the County Treasurer to

computer system receipt reports to ensure all fees are properly transmitted.

2.3 Develop procedures and records to adequately track the receipt and disposition of all bad check complaints.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

2.1 A numeric log has now been established for intake of all bad check complaints. Such log requires the signature of the complaining party if the complaint is delivered in person, and the signature of this office's legal assistant who does not process bad check cases if the complaint is received by mail. The legal assistant who does not process bad check cases will be tasked with opening all mail from businesses to ensure that there is adequate segregation between intake and process of bad check complaints.

The Prosecuting Attorney is now comparing his review of bad check fees delivered to the County Treasurer against a report printed from the Karpel software system utilized by the office and initialing each check fee submitted on the report to document his review.

2.2 A numeric log for receipt of bad check fee payments has now been established, so that not only are there the photocopies of money orders maintained in the records (as was previously done), there is also a sequential number associated with each payment made. In addition, the Prosecutor's office has purchased some new desks that incorporate locked cabinets, to provide added protection of the money orders until they are transferred to the County Treasurer.

The payments that were not documented in the Karpel software system reflected ongoing payments from older cases that were established for restitution purposes before we began using this software (and often before the current Prosecutor took office). We have still kept paper records of money orders received of payments on these cases, there was simply not, until now, a way to adequately cross-reference monthly receipts against which older cases had received payments. This should now be accomplished through the numeric log for bad check fee payments, and would soon have become a moot issue anyway as older cases were closed and all new cases are entered into the software system.

2.3 The numeric sequence logs described above, both for bad check complaints and for bad check fee payments made, should address this issue. The Prosecuting Attorney will regularly compare the bad check complaint log against the Karpel software report to

determine if there are any outstanding cases that require actions not yet taken.

3. Property Tax System Controls and Procedures

Controls and procedures over the property tax system need improvement. As a result of the significant control weaknesses identified, there is less assurance property tax monies have been accounted for properly. For the year ended February 28, 2014, property taxes and other monies collected by the County Collector totaled approximately $9.6 million.

3.1 Computer access

The county has not adequately restricted property tax system access. The County Collector has access rights in the property tax system that allows changes to be made to individual tax records throughout the tax year. Because the County Collector is responsible for collecting tax monies, good internal controls require the County Collector not have access rights allowing alteration or deletion of tax rate, assessed valuation, and property tax billing information.

To prevent unauthorized changes to the property tax records, access should be limited based on user needs. Unrestricted access can result in the deletion or alteration of data files and programs.

3.2 Personal property additions and abatements

The County Clerk does not reconcile addition and abatement court orders for personal property to the actual changes made in the property tax system. The personal property clerk in the County Assessor's office makes changes in the property tax system and prepares a monthly court order for all personal property additions and abatements which is given to the County Clerk. However, the court order does not include any amounts and the accompanying printout of the individual amounts is generated by the County Collector. Because these additions and abatements represent changes to amounts the County Collector was charged with collecting and the County Collector has access rights in the property tax system, it is important that the County Clerk compare changes approved by the County Commission for personal property to changes made in the property tax system.

Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making changes to the tax books with the approval of the County Commission. An independent review of approved additions and abatements to changes made to the property tax system would help ensure changes to the property tax system records are proper.

A similar condition was noted in our prior audit report.

3.3 Tax books

The County Clerk does not prepare or verify the accuracy of the delinquent tax books prepared by the County Collector. A review of the tax books should include recalculating tax book totals and charges. Failure to prepare

and review the tax books may result in errors, irregularities, or misuse going undetected.

Section 140.030, RSMo, requires the County Collector to prepare delinquent tax listings. Section 140.040, RSMo, requires the County Commission to examine and correct the listings, and Section 140.050, RSMo, requires the County Clerk to make the listings into delinquent tax books and charge the County Collector with the amount of delinquent taxes to be collected. If it is not feasible for the County Clerk to prepare delinquent tax books, at a minimum, the County Clerk should verify the accuracy of the delinquent tax book and document approval of the tax book amounts to be charged to the County Collector.

3.4 Aggregate abstracts

The County Clerk did not prepare the land and personal, railroad and utility, and back tax aggregate abstracts timely for the 2013 tax year. The land and personal and railroad and utility aggregate abstracts were not prepared until May 7, 2014, although the information needed to prepare these aggregate abstracts was available at the beginning of November 2013. The back tax aggregate abstracts were not prepared until May 7, 2014, although the information needed to prepare the back tax aggregate abstract was available at the beginning of March. Section 137.295, RSMo, provides for the County Clerk to prepare these reports and forward them to the Department of Revenue (DOR) and State Tax Commission (STC) upon completion of current and delinquent tax books.

Recommendations

3.1 The County Commission ensure property tax system access is limited to only what is needed for the users to perform their job duties and responsibilities.

3.2 The County Clerk and the County Commission ensure a comparison of approved additions and abatements to changes made in the computer system is performed.

3.3 The County Clerk prepare the delinquent tax books, or at a minimum, verify the accuracy of the delinquent tax books prior to charging the County Collector with the property tax amounts to be collected. Procedures performed should be adequately documented.

3.4 The County Clerk prepare and file accurate tax aggregate abstracts timely with the DOR and STC.

Auditee's Response

The County Clerk and County Commission provided the following written response:

3.1 The County Commission and the County Clerk will discuss restricting access with the County Collector.

3.2 As noted, a similar condition was listed in our prior audit. During that exit meeting, it was recommended and agreed upon that we could compare random court orders with actual changes made to the system. I thought I had been following the recommendation. It was determined that I was actually comparing reports generated from the County Collector instead of the County Assessor. I am now getting a report from the County Assessor that hopefully can be compared with the County Collector. To the best of my ability and as time allows, I will try to work out a new way to compare totals at the end of each month.

3.3 It is not feasible for the County Clerk to prepare the delinquent tax books. With the County Collector's help, I will try to come up with a way to keep a running total for the delinquent tax book on a monthly basis.

3.4 There is no due date stated on these reports and I had followed the timeline of previous County Clerks. I agree that it makes more sense and a much easier task to complete the reports on the timeline as noted in the audit. I will prepare and file reports in a timely manner.

4. Public Administrator Controls and Procedures

The Public Administrator does not file annual settlements or status reports timely and does not always assess and collect fees. During the year ended December 31, 2013, the Public Administrator served as the court appointed personal representative for 42 individuals (wards) and decedent estates of the Associate Circuit Court, Probate Division.

4.1 Annual settlements and annual status reports

The Public Administrator does not always timely file annual settlements or status reports in compliance with state law. In addition, the Associate Circuit Court, Probate Division does not timely notify the Public Administrator prior to the deadline for the annual settlement or status report or follow up on annual settlements or status reports not filed by the required date.

We reviewed the cases with an annual settlement or status report due during the year ended December 31, 2013, and determined 19 of the 29 cases (66 percent) did not have a settlement or report filed. The Public Administrator indicated she does not prepare annual settlements or status reports until she has been notified by the Associate Circuit Court, Probate Division. The Probate Clerk indicated she is behind in sending out notifications and she does not have time to follow up on late filings because of her other duties. A status report for one case had not been filed since 2007. The Probate Clerk said this case was not in her computer system so she had never sent out any notices to the Public Administrator.

Sections 473.540, 475.082, and 475.270, RSMo, require the Public Administrator to file an annual settlement and/or a status report with the court for each ward or estate. In addition, while Sections 473.557 and 475.280, RSMo, require the clerk of the court to notify the conservator or guardian (Public Administrator) of the deadline for the annual settlement, these sections do not excuse the Public Administrator from making the settlement at the time required by law. Timely settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that errors or misuse of funds will go undetected.

4.2 Fees

The Public Administrator did not assess and collect fees from the accounts of some wards and estates. Section 473.742, RSMo, provides all fees collected by a Public Administrator who elects to be salaried are to be deposited into the county treasury. In 2013, the Public Administrator turned over $3,030 in fees to the county.

The Public Administrator petitions the courts to approve fees when status reports are filed. For annual settlements, the Public Administrator indicated the attorney who prepares the settlement is responsible for preparing the petition for fees. In addition, we noted no fees had been petitioned for an annual settlement filed in 2013 covering the period from September 2011 to March 2013 or for the prior annual settlement filed for this case. Records indicate the ward's bank account had sufficient funds to assess fees.

To ensure fees are properly assessed against the accounts of the wards and estates and remitted to the county treasury, the Public Administrator should work with the Associate Circuit Judge to establish a policy for fees to be assessed.

Similar conditions previously reported

Similar conditions were noted in our prior audit report.

Recommendations

The Public Administrator:

4.1 Ensure annual settlements and status reports are filed timely. In addition, the Associate Circuit Court, Probate Division should timely notify the Public Administrator of annual settlement and status report deadlines and follow up on those settlements and reports not filed by the required date.

4.2 Work with the Associate Circuit Judge to ensure fees are appropriately assessed and paid to the county.

Auditee's Response

The Public Administrator provided the following responses:

4.1 The Public Administrator agrees the reports should be filed timely. Status reports cannot be filed until receipt of the notification form

from the court with a court date. She has met with the Associate Circuit Judge and Circuit Clerk to develop procedures to ensure notification forms are sent out timely so they can be completed and filed back with the court timely.

4.2 The Public Administrator also discussed with the Associate Circuit Judge procedures to ensure fees are assessed and collected. She has been in contact with the attorney who prepared the annual settlement to urge him to get the petition for fees filed.

5. Senate Bill 40 Board

The Senate Bill 40 Board (Board) has accumulated a significant cash reserve and does not have documentation of how these funds will be spent to benefit the developmentally disabled. Additionally, the Board has not segregated accounting duties and does not adequately review accounting records. The Board received property taxes totaling approximately $170,000 during the year ended December 31, 2013.

5.1 Cash reserves

The Board has accumulated a significant cash reserve and does not have specific plans for its use. The cash balance was $678,000 at December 31, 2013. Based on past years' spending patterns, this amount represents more than 5 years of the Board's funding needs.

Accumulating an excessive cash balance with no specific long-term plans for its use puts an unnecessary burden on taxpayers. The Board should determine its future needs, and consider reducing future tax levies if a specific use for the cash reserves is not determined.

5.2 Segregation of duties

The Board has not segregated accounting duties and does not provide adequate oversight of the accounting records. The Board Treasurer is responsible for all accounting duties including receipting, recording, and disbursing monies. While 2 signatures are required on checks, the Board President routinely signs blank checks. Signing checks in advance effectively eliminates the additional control provided by requiring 2 signatures. In addition, the Board Treasurer does not prepare monthly bank reconciliations, and other Board members do not review bank statements or invoices to ensure the accuracy of the Board Treasurer's financial reports (list of transactions and bank account balances).

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, periodic independent or supervisory reviews of accounting records should be performed and documented by the Board. In addition, timely preparation of monthly bank reconciliations is necessary to ensure bank accounts are in agreement with accounting records and to detect and correct errors. Checks should not be signed in advance.

Recommendations

The Senate Bill 40 Board:

5.1 Evaluate funding needs and consider reducing the property tax levy. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document.

5.2 Ensure independent or supervisory reviews of accounting records are performed and documented. In addition, Board members should discontinue the practice of signing checks in advance and adopt procedures to ensure monthly bank reconciliations are prepared and submitted to the Board for review and supporting documentation is also submitted and reviewed for all disbursements prior to the signing of checks.

Auditee's Response

The Senate Bill 40 Board provided the following responses:

5.1 The Board has spent some of the excess revenues in 2014 and plans for future projects will be included in the budget.

5.2 The Board has started performing reviews of accounting records, including supporting documentation for disbursements. Board members will discontinue signing checks in advance. The Board will ensure bank reconciliations are performed and provided to the Board for review.

6. Tax Maintenance Fund

Improvement is needed with the management and use of Tax Maintenance Fund monies.

The County Collector is required to collect a penalty of 7 percent of the total charged on delinquent taxes, and two-sevenths of this penalty is required to be paid into the county's Tax Maintenance Fund to be used for additional administration and operation costs related to the office of the County Collector. During the year ended February 28, 2014, the County Collector authorized disbursements totaling $11,245 from the Tax Maintenance Fund.

6.1 Bonuses

In December 2013, the County Collector paid $200 to employees of her office from the Tax Maintenance Fund. One employee received $100 and 2 other employees received $50. No documentation was retained to support any additional hours worked or duties performed by these employees.

These bonuses appear to represent additional compensation for services previously rendered and, as such are in violation of Article III, Section 39, the Missouri Constitution, and contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, " . . . a government agency deriving its power and authority from the constitution and laws of the state would be

prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

6.2 Additional compensation

The County Collector made monthly payments of $95 totaling $1,140 during the year ended February 28, 2014, to the Deputy County Collector as reimbursement for employee insurance premiums withheld from her paychecks. The County Collector also paid the Deputy County Collector $100 for cleaning the County Collector's office. Because these payments and the bonuses (see section 6.1) were not processed through the county payroll system, they were not reported on the employee W-2 form, and payroll deductions were not withheld. The Internal Revenue Code indicates individuals treated as employees should have all compensation reported on W-2 forms.

6.3 Travel advances and meals

The County Collector did not properly account for supporting documentation and funds remaining from travel advances paid to her. The County Collector issued herself 4 checks for travel advances totaling $950 and also reimbursed herself for meals at local restaurants in the county during the year ended February 28, 2014.

Without supporting documentation to account for travel advances, there is less assurance travel expenses are appropriate and necessary. In addition, reimbursements for meals at local restaurants do not appear to be necessary expenses to carry out the duties of the County Collector's office.

6.4 Record keeping

The County Collector did not mark invoices paid or allow them to be matched to actual payments from the Tax Maintenance Fund. In addition, the County Collector indicated some of the invoices in her disbursements file may be personal and had not been paid with monies from the Tax Maintenance Fund. Some disbursements were not necessary expenses to carry out the duties of the County Collector's office such as donations to Relay for Life and Project Graduation totaling $150 and numerous candy purchases. All disbursements should be supported by a vendor invoice to ensure the obligation was actually incurred and the disbursement represents an appropriate use of public funds.

Conclusion

Section 52.315, RSMo, indicates the Tax Maintenance Fund is to be used for administration and operation costs of the office of the County Collector. It is unclear how some of the above items benefited the operation or administration of the office of the County Collector. Adequate documentation is needed to demonstrate the propriety of disbursements and compliance with state law.

Recommendations

The County Collector:

6.1 Discontinue paying bonuses.

6.2 Ensure all compensation is processed through the county's payroll system and is subject to payroll withholdings and reported on employee W-2 forms.

6.3 Maintain adequate documentation of travel expenses and refund any portion of travel advances not used for and documented as a travel expense. The County Collector should discontinue reimbursing herself for costs of meals at local restaurants.

6.4 Maintain adequate supporting documentation for all disbursements from the Tax Maintenance Fund and ensure disbursements are necessary to carry out office duties.

Auditee's Response

The County Collector provided the following responses:

6.1 The County Collector will discontinue paying bonuses.

6.2 The County Collector will work with County Commission to have compensation reported on employee W-2 forms.

6.3 The County Collector will maintain adequate documentation of travel expenses and will refund any excess monies. The cost of meals at local restaurants were for early departures for extended trips for training. In the future, this explanation will be documented on the receipts.

6.4 The County Collector will either improve her record keeping or will turn the fund over to the County Treasurer and will provide adequate documentation for all disbursements. In addition, explanations will be given to adequately support the necessity of all disbursements.

Iron County
Organization and Statistical Information

Iron County is a county-organized, third-class county. The county seat is Ironton.

Iron County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 41 full-time employees and 6 part-time employees on December 31, 2013.

In addition, county operations include the Senate Bill 40 Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Donald Barzowski, Presiding Commissioner	$	28,400
Mark Yates, Associate Commissioner		26,400
Dwayne Warncke, Associate Commissioner		26,400
Karen K. Reagan, Recorder of Deeds		40,000
Virginia Queen, County Clerk		40,000
Brian Parker, Prosecuting Attorney		47,000
Roger D. Medley, Sheriff		44,000
Denise Bates, County Treasurer		40,000
Anthony N. Cole, County Coroner		12,000
Sandra Trask, Public Administrator		40,000
Linda Kemp, County Collector, year ended February 28,	40,250	
David L. Huff, County Assessor, year ended August 31,		40,000

Financing Arrangements

The county entered into several lease-purchase agreements for road and bridge equipment. Principal and interest payments are made from the Special Road and Bridge Fund. The final payment on the lease-purchase agreements is scheduled for January 2019. The remaining principal amount at December 31, 2013, was $338,559. Interest remaining to be paid over the life of the agreements totals $20,121.

The county entered into a lease-purchase agreement for accounting software. Principal and interest payments are made from the General Revenue Fund. The lease-purchase agreement is scheduled to be paid off in February 2016. The remaining principal amount at December 31, 2013, was $29,722. Interest remaining to be paid over the life of the agreement totals $2,413.

Thomas A. Schweich

Missouri State Auditor

Thirty-Seventh Judicial Circuit

City of West Plains Municipal Division

December 2014

Report No. 2014-121

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Thirty-Seventh Judicial Circuit, City of West Plains Municipal Division

Municipal Division Records	Municipal division records are not maintained in an accurate, complete, and organized manner. We identified numerous discrepancies between manual records and electronic records, so we have no assurance the court properly handled transactions. Court administrators do not always accurately or timely post receipts to the case management system or reconcile case information to manual receipt slips and deposit records. Court Administrators do not always assess fines and court costs in accordance with the violation bureau schedule, Municipal Judge's orders, or plea agreements. In 4 cases related to 2 defendants, fines and court costs totaling $825 were waived with no evidence the Municipal Judge authorized the waivers. Court administrators do not ensure approved plea agreements are maintained in the case files, and the municipal division does not have adequate procedures to properly monitor the status of cases through final disposition. The court administrators could not locate 20 manual case files requested during the audit.
Accounting Controls and Procedures	Court administrators do not adequately monitor accrued costs and do not periodically reconcile the manual accrued costs report to balances recorded in the case management system. Some balances were overstated, while others were understated. The municipal division does not adequately segregate duties or perform adequate independent reviews of accounting records. The municipal division does not ensure noncash transactions are properly documented in the case management system. During the year ended March 31, 2014, court administrators made 314 noncash transactions totaling $19,699.
Municipal Division Procedures	Neither the police department nor the municipal division adequately accounts for the ultimate disposition of all traffic tickets, and the municipal division does not maintain adequate records to account for all parking ticket payments received. The municipal division has not provided a report of traffic violation tickets and associated fines and court costs revenues to the city for inclusion in the calculation and reporting required in the city's annual financial report filed with the State Auditor's office. The city's fiscal year end March 31, 2014, financial report did not provide an accounting of the percent of annual general operating revenue from fines and court costs related to traffic violations as required by Section 302.341.2, RSMo.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Thirty-Seventh Judicial Circuit
City of West Plains Municipal Division
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge
Thirty-Seventh Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the City Council
West Plains, Missouri

We have audited certain operations of the City of West Plains Municipal Division of the Thirty-Seventh Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended March 31, 2014. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.

2. Evaluate the municipal division's compliance with certain legal provisions.

3. Evaluate the municipal division's compliance with certain court rules.

4. Evaluate the city's compliance with Section 302.341.2, RSMo, which restricts the amount of fines and court costs that may be retained from traffic violations.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) deficiencies in internal control, (2) no significant noncompliance with legal provisions, (3) noncompliance with court rules, and (4) noncompliance with Section 302.341.2, RSMo. The accompanying Management Advisory Report presents our findings arising from our audit of the City of West Plains Municipal Division of the Thirty-Seventh Judicial Circuit.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Deborah Whitis, MBA, CPA, CIA, CFE
In-Charge Auditor:	John Lieser, CPA
	Connie James
Audit Staff:	David E. White

1. Municipal Division Records

Municipal division records are not maintained in an accurate, complete and organized manner. The 2 court administrators maintain manual and electronic records. The Municipal Judge indicated his manual notations on the docket sheets are the official record of the court proceedings and he prefers the electronic case management system to be the official accounting record of the court. The court administrators and the city are working towards issuing receipt slips electronically from the case management system, and once implemented, the court will be required to maintain accounting records electronically as required by Supreme Court Operating Rule 4.52. The court administrators began using the case management system in 1999 and the city recently purchased software to enable the system to generate receipts slips electronically. Currently the court administrators issue manual receipt slips and record case activity in both the manual case files and the case management system. Because the case management system is used to create the dockets for the court hearings and the court will need to maintain accounting records electronically when the receipting software is implemented, it is important that the information recorded is complete and accurate.

Our reviews identified numerous discrepancies between manual records and electronic records. As a result, we have no assurance transactions were properly handled.

1.1 Recording and reconciliation

Court administrators do not always accurately or timely post receipts to the case management system. In addition, the court has no process to reconcile case information to manual receipt slips and deposit records.

We reviewed 264 manual receipt slips issued during July 2013 and determined court administrators did not post 16 of the receipt slips to the case management system until 4 to 91 days after receipt. Also, the court administrators did not post 2 of the receipt slips to the system, posted 11 of the receipt slips with the wrong method of payment, and posted 3 of the receipt slips with the wrong amounts. For example, a receipt for $166 was recorded as $66 in the case management system because the court administrators had not assessed an additional $100 in fines and court costs to a case as ordered by the Municipal Judge. Instead of correcting the fines and court costs assessed and posting the full amount received, the court administrators only posted $66 of the $166 received in the system.

Our review of cases related to 115 defendants identified amounts recorded on 26 manual receipt slips and deposit records did not agree to amounts posted to the system. Court administrators indicated these differences were likely due to data entry errors.

Neither the municipal division nor city personnel reconcile a daily report of receipts posted to the case management system to the manual receipt slips

and the deposit. As a result, court administrators did not identify discrepancies between manual records and system records and did not detect and correct posting errors.

To reduce the possibility of loss, theft, or misuse of funds, and to ensure cases are processed properly, case activity should be accurately and timely recorded in the case management system and reconciled to monies received and deposited.

1.2 Fines and court costs

Court administrators do not always assess fines and court costs in accordance with the violations bureau (VB) schedule, Municipal Judge's orders, or plea agreements. The VB schedule shows the standard fines and court costs for violations payable through the VB prior to the court date. In addition, court administrators do not ensure adequate supporting documentation is obtained for changes to the assessed fines and court costs.

- Court administrators do not properly update fines and court costs assessed in the system to amounts ordered by the Municipal Judge when those amounts vary from standard fines and court costs. The system automatically assesses the standard fine and court costs for a violation when the ticket is initially recorded in the system. In our review of cases related to 115 defendants, we identified fines and court costs assessed in the case management system for 27 defendants did not agree to fines and court costs ordered by the Municipal Judge. For example, one defendant was initially assessed the standard fines and court costs of $225 when the ticket was recorded in the system and the Municipal Judge later ordered fines and court costs of $25 on the docket sheet, but the court administrators did not update the system to agree to the Municipal Judge's orders.

- A separate review identified 4 cases related to 2 defendants in which fines and court costs totaling $825 were improperly waived and reduced to zero in the system. The Municipal Judge indicated he normally authorizes the waiving of fines and court costs in writing on the manual docket sheets. The docket sheets for these cases did not include the Municipal Judge's written authorization. Rather, court administrators made written comments along with their initials on the docket sheets indicating the Municipal Judge had approved the waivers.

- Court administrators do not ensure approved plea agreements are maintained in the case files. When an alternative arrangement is agreed upon between the defendant and the Prosecuting Attorney, a plea agreement signed by both parties is necessary to document the amended charges and fines and court costs. For 7 of 12 cases reviewed, the case files did not contain documentation of approved plea agreements. For an

additional case reviewed, the Prosecuting Attorney did not sign the documented plea agreement.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, procedures should be established to ensure standard fines and court costs are collected through the VB, and any changes in assessed fines and court costs are approved by the Prosecuting Attorney or the Municipal Judge and properly recorded in the case management system.

1.3 Case disposition

The municipal division does not have adequate procedures to properly monitor the status of cases through final disposition. The court administrators enter the case status (such as hearing, failure to appear, payment plan, type of probation, extended, and finalized) and a future court date into the case management system. Because the court date determines which cases will appear on future dockets, it is important that the date be correctly entered. Neither the Municipal Judge nor city personnel adequately review the status and disposition of cases entered in the system.

In our review of cases related to 115 defendants, we determined the disposition or status of cases related to 59 defendants was not adequately tracked. Errors noted included inaccurate statuses and court dates in the case management system, inaccurate balances due and no active warrant for defendants with delinquent balances. For one case reviewed, the case management system showed a balance due of $100 with an incorrect status of failure to appear and an incorrect court date of Saturday, September 22, 2007. As a result, this case was not included on a future docket and the case was not properly disposed in the system. Our review of the manual records verified the case was paid in full on August 23, 2007, and should have been disposed in the system with the remaining $100 waived from the case at that time. The court administrators indicated that the defendant arrived late for court on August 23, 2007, paid the fine and court costs of $85, and the $100 fine for failure to appear was waived by the Municipal Judge. The court administrators failed to properly update the status, court date, and balance due in the system.

We also noted 2 instances where defendants received a suspended imposition of sentence (SIS) and the court administrators incorrectly entered future case disposition court dates of Friday, March 29, 2013, and Friday, April 11, 2014, following a 1 year probationary period. When we requested these case files in June 2014, they had not had any activity since the sentencing. However, the court administrators then changed the status in the system from "placed in SIS" to "discharged from SIS" and the related fines and court costs totaling $225 were reduced to zero. The $200 reduction of fines for one case appears appropriate per the manual docket sheet; however, the $25 reduction of court costs for the other case was not

authorized by the Municipal Judge and should have been paid. We were unable to trace the $25 to a manual receipt slip and deposit record.

Because the municipal division does not have adequate procedures to properly monitor the status of cases through final disposition in the case management system, the court administrators were not aware of these errors until we brought them to their attention.

Accurate and timely recording of the status and disposition of cases in the case management system is necessary to ensure cases are processed properly and to reduce the possibility of loss, theft, or misuse of funds. In addition, case activity should be periodically reviewed by persons independent of the receipting and recording process.

1.4 Missing records

The court administrators could not locate 20 manual case files requested during the audit. As a result, we could not determine if the case and financial activity and disposition of those tickets had been properly reflected in the case management system.

Supreme Court Operating Rule No. 8 requires all financial records be maintained for 5 years or upon completion of an audit. Retention of applicable records is necessary to properly account for the municipal division's case and financial activity.

Recommendations

The City of West Plains Municipal Division:

1.1 Ensure case activity is accurately and timely recorded in the case management system and reconciled to manual receipt records and the deposits.

1.2 Develop procedures to ensure fines and court costs assessed agree to the standard fines and court costs, plea agreement, or the Municipal Judge's orders. In addition, ensure changes to assessed fines and court costs contain a documented approval by the Prosecuting Attorney or the Municipal Judge and are properly posted to the case management system.

1.3 Ensure the status and disposition of all cases are accurately and timely recorded in the case management system and periodically reviewed by persons independent of the receipting and recording process.

1.4 Ensure case records are appropriately retained.

Auditee's Response

The City of West Plains Municipal Division provided the following written responses:

1.1 The court administrators have implemented a policy that all entries, both manual and electronic, shall be made immediately when at all possible and as soon thereafter otherwise. As far as the financial records of the court are concerned, the electronic record shall be the official and only record of the court upon the implementation of the electronic receipt recorder computerized component of the case management system, which is currently scheduled for the first day of December 2014. It is anticipated that the manual financial record (peg board system and handwritten receipts) will cease on December 31, 2014. After the implementation of the electronic receipt recorder component, all receipts of monies shall automatically update immediately upon the receipt of said payment. The City of West Plains financial accounting department shall do monthly reconciliations between all amounts receipted by the Municipal Division and the deposits made.

The written record in the court file shall continue to be the official record as to amounts assessed, setting dates, findings of law and fact, procedural matters, etc.

1.2 The Court has implemented a policy that the court administrators shall always confirm the amount assessed by the Municipal Judge on the docket sheet as opposed to referring to the court file label that provides for the standard fines and court costs amount. In addition, the Court has implemented a policy that any time the court administrators contact the Municipal Judge via telephone or other electronic means to discuss the amount of fines and court costs in regard to a particular file, that if the Municipal Judge assesses an amount different from the standard fines and court costs and verbally notifies the court administrator without having the file in front of the Municipal Judge, then the Municipal Judge shall make an entry on the docket in his own hand acknowledging the amount assessed if different from the standard fines and court costs as soon as possible thereafter. In addition, the court administrators shall receive a written plea agreement from the Prosecuting Attorney's office prior to the change in fines and court costs assessed if different from the standard fines and court costs assessed as a result of a recommendation from the Prosecutor's office.

1.3 Upon the implementation of the electronic receipt recorder computerized component, which is currently scheduled for the first day of December 2014, the court administrators shall print off a report showing all cases with an outstanding balance as well as a

report listing cases that are open but do not have a specific setting shown on the docket. These reports will be reviewed by the Municipal Judge as produced. It is the court's belief that many of the cases that were determined by the auditor to have inaccurate future setting dates (those set on weekend or holidays) and resulting in those cases not showing an accurate future docketing date were due to the fact that the court's case management system provides for automatic default date settings that are not in accordance with established court dates. For example, when a person makes a payment to the court, the case management system automatically shows the due date which is the third Thursday of each month. Additionally, Violator Compact (VC) (out of state) notices require a 15 day notice and Failure to Appear in Court for Traffic Violation (FACT) (in state) require a 30 day notice prior to the time being forwarded to the Missouri Department of Revenue. The court's case management system automatically defaults to a setting of 30 days for FACT or 15 days for VC in the future upon entry regardless as to whether that date is a weekend or holiday. The Court has contacted the court's case management provider as to whether a change may be made in the software to automatically set the matters on a court date as opposed to current default settings.

The City of West Plains financial accounting department shall perform a documented monthly reconciliation between all amounts receipted by the municipal division and the deposits made and review the report of cases with an outstanding balance.

1.4 The court administrators are now implementing a policy wherein all case files shall be segregated per file cabinet by year with each year being contained in a separate file cabinet from any other years. In addition, it is the belief of this department that, as to the financial records of the court, the implementation of the electronic receipt recorder component of the case management program, digitization of these records, and the discontinuation of the manual receipt records will help to ensure the location of all financial records.

2. Accounting Controls and Procedures

Accounting controls and procedures need improvement.

2.1 Accrued costs

Court administrators do not adequately monitor accrued costs and do not periodically reconcile the manual accrued costs report to balances recorded in the case management system.

Court administrators record fines, court costs, and restitution ordered by the Municipal Judge and defendant payments on a manual payment plan card maintained for each case. Information from the payment plan cards are compiled into a spreadsheet of accrued costs and reported to the city. Accrued costs related to restitution are not included in the report to the city because restitution represents monies owed to victims and not to the city. As of March 31, 2014, the spreadsheet reported accrued costs of $106,910.

The court administrators do not review or reconcile accrued costs recorded in the case management system to the manual records. The case management system can generate a report of balances due for citations with a conviction entered. The system calculates the accrued costs based on defendants with a conviction date and a balance due. As of April 2, 2014, the case management system reported $112,070 as the balance due to the court. After accounting for restitution and timing differences due to the different reporting dates, we were unable to reconcile the two reports.

We performed a comparison of the manual records and case management system reports by defendant name and reviewed all cases pertaining to 115 defendants. We identified numerous under and over statements of account balances in both records and incorrect conviction dates recorded in the system.

- The system balance due was overstated for 46 defendants by $3,802 because court administrators did not properly post some payments and did not properly record some documented waived fines and court costs.

- The system balance was understated for 5 defendants by $315 because court administrators did not properly post some payments and had not properly assessed some fines and court costs.

- The manual balances due were overstated for 10 defendants by $941 because court administrators did not properly post some documented waived fines and court costs on the payment plan cards and had not properly posted some payments to the cards.

- The manual balances due were understated for 18 defendants by $2,219 because court administrators do not include restitution in the accrued costs reported to the city, made some calculation errors on the payment plan cards, incorrectly posted some payments to the cards, and had not properly posted some assessed fines and court costs to the cards.

- The court administrators did not enter a conviction date in the system for 27 defendants. As a result, the balances due for these defendants were not in the system report. The defendants had either pled guilty or been found guilty and ordered to pay fines and court costs.

Proper and timely monitoring of receivables is necessary to help ensure unpaid amounts are collected and proper follow-up action is taken for non-payment. In addition, proper monitoring is necessary to provide information to the Municipal Judge and determine appropriate handling when amounts are deemed uncollectible.

2.2 Segregation of duties

The municipal division does not have an adequate segregation of accounting duties or independent review processes in place. Both court administrators perform the duties of receipting, recording, and depositing monies, and can handle transactions from receipt to deposit without involvement or review by other personnel. Neither the Municipal Judge nor city personnel perform adequate reviews of accounting records maintained by the court administrators. City personnel review copies of manual receipt slips and deposit slips but do not compare these records to the case management system and payment plan records.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible and/or ensuring adequate independent reviews of accounting records are performed.

2.3 Noncash transactions

The municipal division does not ensure noncash transactions in the case management system are properly documented and has not established procedures for review and approval of noncash transactions by persons independent of the receipting process. The court administrators make noncash transactions to document community service performed in lieu of fines due, to correct posting errors as discussed above in MAR finding number 1.1, and to waive fines and court costs. Most noncash transactions should be supported by a judicial order on the docket sheet and a community service work form signed by a designated city supervisor attesting to hours of service completed. However, the municipal division did not maintain sufficient documentation to support numerous noncash transactions that occurred during the audit period. During the year ended March 31, 2014, court administrators made 314 noncash transactions totaling $19,699.

Our review of 60 noncash transactions identified 13 transactions totaling $706 that did not have adequate supporting documentation in the case files. For example, one of these transactions (for $112) occurred on October 2, 2013, and was posted in the system with a purpose indicating it was to correct a posting error for a case paid in full. The manual case file docket indicated payment was made in full through the VB on September 19, 2013; however, we were unable to trace this transaction to a receipt slip and deposit. Upon our inquiry in June 2014, the court administrators indicated no payment was received due to the case being dismissed, and they

proceeded to obtain documentation from the Prosecuting Attorney to support the dismissal of the case. We obtained confirmation from the defendant that no monies had been paid to the court for this case.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance noncash transactions are approved and accounted for properly. Noncash transactions should be supported by adequate documentation and reviewed and approved by someone independent of cash custody and record-keeping functions to ensure such transactions are appropriate.

Recommendations

The City of West Plains Municipal Division:

2.1 Ensure accrued costs are adequately tracked and properly reported.

2.2 Segregate accounting duties to the extent possible. If it is not possible to segregate duties, documented periodic reviews of municipal division records should be performed by a person independent of accounting functions.

2.3 Require an independent review and approval of all noncash transactions, and retain adequate documentation to support noncash transactions.

Auditee's Response

The City of West Plains Municipal Division provided the following written responses:

2.1 As stated above, upon implementation of the electronic receipt recorder component within the court's case management system, all accounting will be electronic. In addition, reports will be generated accounting for all fines, restitution, recoupment and court costs that are part of the accounts paid and accounts receivable. The City of West Plains financial accounting department will also do monthly reconciliations of all funds, regardless of category, paid to or owed to the municipal division.

2.2 At this time there are only two court administrators for the municipal division and both are authorized to receipt and record funds received. The Municipal Judge neither receives nor receipts moneys paid to the court for any purpose. Due to the fact there are only two court administrators and the reality of only one of these two being at the court offices at any given time (vacations, lunch breaks, etc.), it is not possible to designate only one court administrator to be the only individual to accept or receipt payments. However, the City of West Plains financial accounting department will be doing monthly reconciliations of all funds,

regardless of category, paid to or owed to the municipal division. The court administrators will also include receipt printouts listing daily amounts collected with their deposit information that is sent to the city's accounting department.

2.3 The Municipal Judge currently does indicate on the docket those cases wherein the fines are waived or an individual may do Community Service Work (CSW) as a noncash transaction for payment of fines (court costs and restitution must be paid in cash) and has informed the court administrators that in those cases where so noted on the docket, they may accept noncash transactions of CSW as payment. The city and court have implemented a policy where the city shall keep track of the actual CSW performed by an individual and although the individual shall still be required to submit proof of completion of CSW in order to receive credit for the same, this completion of CSW will also be verified through comparison of records to be kept by the city also indicating the amount of CSW completed by the individual. In addition, the Municipal Judge will review a monthly report of all noncash transactions.

3. Municipal Division Procedures

Procedures related to ticket accountability for traffic tickets, parking ticket receipts, and monitoring excess revenues need improvement. Audit work determined the need for better records and monitoring procedures by the municipal division and city to ensure compliance with state law.

3.1 Traffic ticket accountability

Neither the police department nor the municipal division adequately accounts for the ultimate disposition of all traffic tickets.

The police department tracks the ticket numbers per ticket book assigned to each police officer. When tickets are issued the police department enters ticket information into a manual log and into a computerized system. The police department maintains the voided tickets and signed receipts for tickets forwarded to the Circuit Court. All remaining tickets are forwarded to the West Plains Prosecuting Attorney. The West Plains Prosecuting Attorney then decides to dismiss or file the ticket with the court. The court administrators only track the tickets the court receives from the West Plains Prosecuting Attorney.

For 2 of 20 traffic tickets tested, neither the court administrators nor the police department personnel could locate any record of the issuance, voiding, filing, or dismissal of the tickets. In addition, for 3 of 20 traffic tickets tested, the police department's manual log and computerized system indicate the tickets had been issued; however, neither the court administrators nor the personnel from the West Plains Prosecuting Attorney's office had a record of these tickets being filed and could not

verify the final disposition. As a result, the court and city could not account for 5 of 20 traffic tickets tested.

City of West Plains Municipal Court Operating Order Number 2, Section VII(D) requires the court administrators to work jointly with the police department to account for the numerical sequence of all traffic tickets and maintain a record of the disposition of all tickets assigned and issued by the police department. Without properly accounting for the numerical sequence and ultimate disposition of traffic tickets issued, the municipal division and the police department cannot ensure all tickets issued are properly submitted for processing. A record should be maintained to account for the ultimate disposition of each traffic ticket to decrease the risk of loss, theft, or misuse of funds.

3.2 Parking ticket receipts

The municipal division does not maintain adequate records to account for all parking ticket payments received and deposited by the court administrators. Police department records indicate the department issued 331 parking tickets during the year ended March 31, 2014. At $2 a ticket, $662 should have been collected but records indicate the city only received $325 during that period.

The police officer responsible for issuing the parking tickets is also responsible for collecting payments made at courtesy collection points. The court administrators do not issue a receipt slip to the police officer for total monies received when he transmits them to the court.

To ensure all monies received are properly recorded and deposited and to decrease the risk of loss, theft, or misuse of funds, receipt slips should be issued for all monies collected and reconciled to the deposits.

3.3 Monitoring of excess revenues

The municipal division has not provided a report of traffic violation tickets and associated fines and court costs revenues to the city for inclusion in the calculation and reporting required in the city's annual financial report filed with the State Auditor's office (SAO).

The municipal division does not have procedures in place to identify traffic violation tickets and the associated fines and court costs collected and transmitted to the city. This information is needed by the city to calculate the percent of annual general operating revenue from fines and court costs related to traffic violations, determine whether excess revenues should be distributed to the state Department of Revenue, and provide an accounting of the percent in its annual financial report as required by state law. The city's fiscal year end March 31, 2014, audited financial report was timely filed with the SAO, but did not provide an accounting of the percent of annual general operating revenue from fines and court costs related to traffic violations. With the completion of its current fiscal year (April 1, 2014,

through March 31, 2015), the city will again be required to report the percent of annual general operating revenue from fines and court costs related to traffic violations in its annual financial report. Thus, the municipal division needs to establish procedures and records to identify applicable traffic violations and the related fines and court costs revenues to assist the city in complying with state law.

Effective August 28, 2013, Section 302.341.2, RSMo, was amended, reducing the threshold for remitting excess revenues to the state, and requiring cities to provide an accounting of the percent of annual general operating revenue from fines and court costs in its annual financial report submitted to the State Auditor's office as required by Section 105.145, RSMo. Section 302.341.2, RSMo, further provides that a city that is noncompliant with the law ". . . shall suffer immediate loss of jurisdiction of the municipal court of said city . . . on all traffic-related charges until all requirements of this section are satisfied."

Recommendations

The City of West Plains Municipal Division:

3.1 Work with the police department to ensure the numerical sequence and ultimate disposition of all traffic tickets are accounted for properly.

3.2 Issue receipt slips for all parking ticket payments received and reconcile to the deposits.

3.3 Develop procedures and records to identify applicable traffic violations and the associated fines and court costs revenues and provide this information to the city.

Auditee's Response

The City of West Plains Municipal Division provided the following written responses:

3.1 The City of West Plains Prosecuting Attorney's office and police department are currently implementing a policy wherein there can be an accounting for all Uniform Traffic Citations (UTC) from the issuance of said UTC books to the officers to the filing of the same with the court and any intervening voiding, non-filing or dismissal that may occur prior to filing of the UTC with the court.

The procedure to track and record each ticket will occur from the time it is issued to the police officer to the time the officer returns the ticket to the police department, with a readily accessible log set up to explain, document, and record the disposition of any ticket that is not returned to the police department. Furthermore, each ticket that is returned to the police department will be tracked by an

officer, until the ticket is given to the City Prosecutor and a readily accessible log is set up to explain, document, and record the disposition of any ticket that is not given to the City Prosecutor. Each ticket will also be tracked from the time it is delivered to the City Prosecutor until the time the ticket is filed with the Municipal Division, with a readily accessible log set up to explain, document and record the disposition of any ticket received by the City Prosecutor and not filed with the Municipal Division.

3.2 *The Municipal Division does not administer or otherwise prosecute parking tickets with the City of West Plains. The role that the Municipal Division has had in such tickets is the receipt of money directly from the police department and occasionally from individuals that receive parking tickets who do not wish to pay through the police department. Additionally, the Municipal Division did then deposit those funds to the City of West Plains. The Court shall no longer receive or deposit these amounts and they shall instead go directly from the police department directly to the City of West Plains as determined between the City of West Plains and the police department.*

The City Prosecutor will review the city parking ordinances for the purpose of making recommendations to the City Council to improve parking ticket accountability and payment.

3.3 *The Municipal Division shall deliver to the City of West Plains financial accounting department a monthly report providing a breakdown of all fines and court costs assessed (both collected and outstanding) in all matters involving "Traffic Tickets" both moving and non-moving. The City of West Plains shall then report to the Auditor of the State of Missouri the amounts assessed by the West Plains Municipal Division for "Traffic Tickets" and indicate what percentage of the city's annual general operating revenue is represented by said fines and court costs.*

Thirty-Seventh Judicial Circuit
City of West Plains Municipal Division
Organization and Statistical Information

The City of West Plains Municipal Division is in the Thirty-Seventh Judicial Circuit, which consists of Carter, Howell, Oregon, and Shannon Counties. The Honorable David Evans serves as Presiding Circuit Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau in which fines and court costs are collected at times other than during court and transmitted to the city treasury.

Personnel

At March 31, 2014, the municipal division employees were as follows:

Title	Name
Municipal Judge	William T. Hass
Court Administrator	Peggy Lindberg
Court Administrator	Yavonne Richardson

Financial and Caseload Information

	Year Ended March 31, 2014
Receipts	$276,625
Number of cases filed	2,369

Thomas A. Schweich

Missouri State Auditor

Worth County

December 2014

Report No. 2014-122

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Worth County

Financial Condition	The financial condition of the General Revenue Fund has declined and is not expected to improve during the year ended December 31, 2014. Disbursements have exceeded receipts in each of the last 4 years and are expected to again in 2014. The General Revenue Fund lost potential funding in past years due to administrative service fee transfers rom the various Road and Bridge Funds and Capital Improvement Sales Tax Funds not being consistantly made, or calculated correctly.
Property Tax System	The County Clerk did not maintain an account book or other records summarizing property tax charges, transactions, and changes. In addition, the County Clerk and the County Commission do not perform an adequate review of the County Collector's annual settlements and the County Clerk does not prepare or verify the accuracy of the current or delinquent tax books.
Officials' Salaries	Salaries paid to most Worth County elected officials during 2013 were not in compliance with state law. Since at least 2009, most county officials have been paid approximately 65 percent of the authorized amount. State law establishing base salaries for elected officials was amended in 2007 and now provides the minimum amount to be paid. The County Commission was unaware of this change in law and as a result, elected officials were underpaid by approximately $86,000 during 2013.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Worth County
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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Worth County

We have audited certain operations of Worth County in fulfillment of our duties under Section 29.230, RSMo. In addition, McBride, Lock & Associates, Certified Public Accountants, was engaged to audit the financial statements of Worth County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

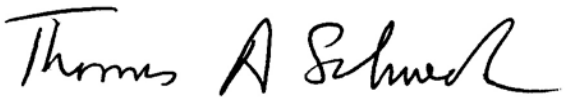
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Worth County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Richard Stuck
Audit Staff:	Alexander Druzenko, MBA, CPA
	Royce Lauer

1. Financial Condition

The financial condition of the General Revenue Fund has declined and is not expected to improve during the year ended December 31, 2014. The following table presents General Revenue Fund activity and balances as reflected in county budget documents:

	Year Ended December 31,				
	2014 Projected	2013 Actual*	2012 Actual*	2011 Actual	2010 Actual
Beginning balance	$ 13,896	29,567	36,995	53,781	65,088
Receipts	454,041	423,324	427,873	392,771	518,622
Disbursements	467,937	438,995	435,301	409,557	529,929
Ending balance	$ 0	13,896	29,567	36,995	53,781

* Amounts agreed to audited financial statements.

Disbursements have exceeded receipts in each of the last 4 years and are expected to again in 2014. The County Commission has limited opportunities to reduce disbursements from the General Revenue Fund as salaries paid are the majority of the disbursements. Most elected officials are currently only paid 65% of the base salary rate for their position based on assessed valuations, which is not in compliance with state law. As of November 1, 2014, the county had a liability of approximately $86,000 for underpaid salary amounts in 2013 relating to a statutory change affecting the base salary amounts paid to elected county officials (see MAR finding number 3).

In addition, the General Revenue Fund has lost potential funding in past years due to administrative service fee transfers from the various Road and Bridge Funds and Capital Improvement Sales Tax Funds not being consistently made, or calculated correctly. Section 50.515, RSMo, allows an administrative service fee to be imposed on the Road and Bridge Funds and the Capital Improvement Sales Tax Funds. The administrative service fee shall be imposed only to generate reimbursement sufficient to recoup actual disbursements made from the General Revenue Fund for related administrative services to the Road and Bridge Funds and Capital Improvement Sales Tax Funds, and shall not exceed 5 percent of the actual expenditures from these funds. The county has budgeted for these transfers in past years, but only began taking them in 2013.

The county cannot continue to spend more than it receives in the General Revenue Fund. The County Commissioners indicated they are aware of the concern, but have not developed a formal or specific plan to reduce disbursements or increase receipts in order to address the county's financial condition.

It is essential the County Commission address the county's financial condition both in the immediate and long-term future. The County Commission needs to consider significant changes to ensure the necessary funds are available to cover all liabilities. Possible options to improving the county's financial condition include reducing spending where possible, evaluating controls and management practices to ensure efficient use of county resources, maximizing all sources of revenue, and closely monitoring county budgets.

Recommendation

The County Commission closely monitor the county's financial condition and take the necessary steps to ensure the General Revenue Fund has sufficient monies available to pay salary liabilities and improve the overall financial condition of the General Revenue Fund.

Auditee's Response

The County Commission provided the following written response:

We will do our best to closely monitor the county's financial condition and take steps to ensure the General Revenue Fund is properly managed.

2. Property Tax System

Property tax system controls and procedures need improvement. For the year ended February 28, 2014, property taxes and other monies collected by the County Collector totaled approximately $2.3 million.

2.1 Account book

The County Clerk did not maintain an account book or other records summarizing property tax charges, transactions, and changes. In addition, the County Clerk and the County Commission do not perform adequate procedures to verify the accuracy of the County Collector's annual settlements. As a result, errors and irregularities on the annual settlement could go undetected. The County Clerk reviews the monthly and annual settlements for mathematical accuracy and the County Commission scans the annual settlements; however, a detailed review is not performed. The County Clerk indicated she was not aware an account book needed to be maintained and has now started to maintain one.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records that summarize all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector each year are accounted for properly and could also be used by the County Clerk and County Commission to verify the County Collector's annual settlements.

2.2 Tax books

The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books. The county's computer programmer enters the property tax levies into the property tax system, as provided by the County

Clerk, and the County Collector extends and prints the current and delinquent tax books and tax statements and verifies the accuracy of amounts to be collected. The County Clerk does not test or verify the accuracy of the tax books. Because the County Collector is responsible for collecting property tax monies, good internal controls require that someone independent of that process be responsible for generating and testing the accuracy of the property tax books. A review of tax books should include verification of individual entries in the tax books and recalculating tax book totals and charges. Failure to perform adequate reviews of the tax books by an independent person may result in errors or irregularities going undetected.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and delinquent tax books and charge the County Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, the accuracy of the tax books should be verified and approval of the tax book amounts to be charged to the County Collector should be documented.

Recommendations

The County Clerk:

2.1 Maintain a complete and accurate account book with the County Collector. In addition, the County Commission and the County Clerk should use the account book to review the accuracy and completeness of the County Collector's annual settlements.

2.2 Prepare the current and delinquent tax books, or at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts to be collected. Procedures performed should be documented.

Auditee's Response

The County Clerk provided the following written responses:

2.1 Although I was unaware of these duties for my position, going forward, I will prepare an account book to help verify the annual settlement filed by the County Collector and closely monitor tax collections.

2.2 I will ensure I document the process for verifying the current and delinquent tax books in the future.

3. Officials' Salaries

During 2013, salaries paid to most Worth County elected officials were not in compliance with state law. Since at least 2009, county officials have been paid salaries set as a percentage of the base salary amounts authorized by state statute. For 2013, all elected officials, except the Public Administrator and County Assessor, received salaries set at approximately 65 percent of authorized amounts. The County Assessor received a salary set at

approximately 70 percent of the authorized amount, while the Public Administrator received the authorized amount. However, Section 50.327, RSMo, as amended in 2007, revised requirements regarding base salaries and now provides the minimum amount to be paid to each elected official. The County Commissioners indicated they were not aware of the statutory change affecting base salaries. As a result, by not paying the base salary, the county underpaid various elected officials approximately $86,000 during 2013.

Various state statutes include salary schedules that, according to Section 50.327, RSMo, are to be used as base schedules for those county officials. The County Commission should consult with legal counsel and review salaries paid to elected officials to ensure amounts comply with state law and to evaluate if amounts are owed to officials for any underpaid salaries since 2009.

Recommendation

The County Commission review salaries paid to elected officials since 2009 with legal counsel to ensure amounts comply with state law and to evaluate if any amounts are owed to officials for underpaid salaries.

Auditee's Response

The County Commission provided the following written response:

We will take this recommendation under advisement and work with the salary commission and legal counsel to find the best possible solution for Worth County.

Worth County
Organization and Statistical Information

Worth County is a county-organized, third-class county. The county seat is Grant City.

Worth County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 10 full-time employees and 9 part-time employees on December 31, 2013.

In addition, county operations include a Senior Citizen Services Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Ted Findley, Presiding Commissioner	$	15,320
Regan Nonneman, Associate Commissioner		13,199
Chevy Davidson, Associate Commissioner		13,199
Barbara Foland, Recorder of Deeds		19,998
Roberta Owens, County Clerk		19,998
David A. Baird, Prosecuting Attorney		25,515
Terry Sheddrick, Sheriff		24,825
Linda L. Brown, County Treasurer		19,998
Sharon Supinger, County Coroner		5,517
Patsy A. Worthington, Public Administrator		7,957
Julie Tracy, County Collector, year ended February 28,	19,998	
Carolyn J. Hardy, County Assessor, year ended August 31,		21,642

Financing Arrangements Arrangements

The county has entered into a lease-purchase agreement for a 2011 Case Motor Grader. Principal and interest payments are made from the Special Road and Bridge Fund. The lease is scheduled to be paid off in August 2017. The remaining principal outstanding at December 31, 2013, was $97,243. Interest remaining to be paid over the life of the agreement totals $7,433.

The county has entered into a lease-purchase agreement for a 2012 Case Motor Grader. Principal and interest payments are made from the Special Road and Bridge Fund. The lease is scheduled to be paid off in November 2017. The remaining principal outstanding at December 31, 2013, was $146,887. Interest remaining to be paid over the life of the agreement totals $11,569.

Thomas A. Schweich

Missouri State Auditor

Seventeenth Judicial Circuit

Cass County

December 2014

Report No. 2014-123

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Seventeenth Judicial Circuit, Cass County

Corrective Action	The court discovered $36,743 missing and through the Sheriff's office recovered $30,069 in checks and money orders from a deputy clerk. The deputy clerk pleaded guilty to felony stealing, was sentenced to 30 days in jail, and was ordered to pay $6,674 in restitution. After the court discovered missing monies, the Office of the State Court Administrator (OSCA) conducted a review and identified several accounting control deficiencies. The former Circuit Clerk did not respond to and took little corrective action to implement the OSCA recommendations. Subsequently, the former Circuit Clerk was suspended for failure to perform her duties and later resigned. She also withdrew her candidacy for another term in office in exchange for the Missouri Attorney General's office dropping a civil lawsuit and misdemeanor criminal case against her.
Accounting Controls and Procedures	The Circuit Clerk's office has not adequately segregated accounting duties or limited user access rights in the Judicial Information System (JIS), and adequate supervisory reviews of accounting records are not performed. The court does not record monies received in the mail on a mail log, checks received are not restrictively endorsed immediately upon receipt, and the Probate Clerk does not immediately issue receipt slips for monies received. The Circuit Clerk's office does not perform monthly bank reconciliations of the JIS account and has not timely resolved reconciling items identified by the OSCA. The Circuit Clerk's office has not established procedures to follow up on outstanding checks, and interest earned on two certificates of deposit has not been recorded in the JIS. Personnel independent of the receipting process do not review non-monetary and adjusting transactions in the JIS, and supporting documentation for these types of transactions is not always adequate. Total accrued costs owed to the court totaled $7.4 million as of January 28, 2014, but the Circuit Clerk's office does not review accrued case costs and the court's formal plan for debt is incomplete and has not been updated since January 2012. The former Circuit Clerk did not review cases with liabilities to ensure monies were disbursed in a timely manner, and, as of December 31, 2013, the court was holding $275,237 on cases that have been disposed. The Circuit Clerk's office maintains three inactive bank accounts which should be closed, and the former Circuit Clerk failed to pay some invoices for goods and services in a timely manner. The Circuit Clerk's office has not developed formal policies and procedures related to voided checks, and 3 voided checks for which stop-payment orders were not issued later cleared the bank.
Case Disposition	Court personnel do not always properly record the final disposition of each case in the JIS and do not periodically review the report of open cases. Ten of the 25 (40 percent) suspended cases we reviewed should have been disposed because judgment was made and the related costs were satisfied.

Law Library	The court has not adequately segregated accounting duties. The Acting Circuit Clerk performs all accounting duties related to the law library bank account and financial activities without an independent review. In addition, court personnel do not maintain an inventory list of law library materials and could provide no documentation that physical inventories were performed.
Missing Records	The former Circuit Clerk hired temporary employees to purge and scan court records but did not properly train or supervise these temporary employees. As a result, court personnel cannot locate numerous documents previously contained in case files.
Juvenile Office Reconciliation Procedures	The Juvenile Officer does not properly identify and resolve monies remaining in the account at the end of the month. The bank account should have a zero balance after each disbursement, but the office collected $545 more in restitution than ordered from a defendant and overpaid a victim $187, resulting in a balance of $358.

In the areas audited, the overall performance of this entity was **Poor**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Seventeenth Judicial Circuit
Cass County
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge and Court en Banc
and
Circuit Clerk of the
Seventeenth Judicial Circuit
Cass County, Missouri

We have audited certain operations of the Seventeenth Judicial Circuit, Cass County in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the court's internal controls over significant financial functions.

2. Evaluate the court's compliance with certain legal provisions.

3. Evaluate the court's compliance with certain court rules.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the court, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the court's management, the Office of State Courts Administrator, and Cass County and was not subjected to the procedures applied in our audit of the court.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) noncompliance with court rules. The accompanying Management Advisory Report presents our findings arising from our audit of the Seventeenth Judicial Circuit, Cass County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Julie A. Moulden, MBA, CPA
Audit Staff:	Waleed Atout
	Nancy McDowell
	Ruben Lara

1. Corrective Action

The court has not taken sufficient steps to correct accounting control deficiencies identified by the Office of the State Court Administrator (OSCA) in January 2013. The OSCA review was conducted after monies were discovered missing by the court. Subsequent to the review, the former Circuit Clerk was suspended from her duties and later resigned.

Background

Between July 2012 and October 2012 monies from four deposits, totaling $36,743, were determined to be missing from circuit court receipts.

In October 2012, Circuit Clerk office personnel reviewed bank deposit records and bank statements and noted four deposits prepared between July and October 2012 never cleared the bank. In addition, court personnel indicated the court received phone calls from attorneys who were concerned that checks issued to the court had not cleared. The former Circuit Clerk notified the Sheriff's office and a detective from the County Sheriff's Department interviewed a deputy clerk who admitted to taking the deposits. The detective accompanied the deputy clerk to her home where she voluntarily turned over a bank bag containing $30,069 in checks, money orders, and deposit slips from the missing deposits. However, only 17 cents of $6,674 in missing cash was recovered. The recovered monies were subsequently deposited in the court account. The deputy clerk pleaded guilty to felony stealing on May 31, 2013, sentenced to 30 days in jail, and ordered to pay restitution totaling $6,674.

In August 2013, the Presiding Circuit Judge suspended the former Circuit Clerk with pay for failure to perform office duties. An Acting Circuit Clerk was appointed to oversee the duties of the office in September 2013. Also in September 2013, the Missouri Attorney General's office filed a civil lawsuit against the former Circuit Clerk alleging she failed to properly maintain the records of the court and properly manage the funds the court and state entrusted to her care. In addition, she was charged with two counts of failing to perform an act or duty required by law under Section 483.165, RSMo, which states that if any clerk knowingly and willfully does any act contrary to the duties of his office, or knowingly and willfully fails to perform any act or duty required by law, the clerk shall be deemed guilty of a misdemeanor in office. The civil trial began on June 30, 2014, but was dismissed on July 1, 2014, after the parties reached a settlement agreement. The former Circuit Clerk resigned and withdrew her candidacy for another term in office; in exchange, the Missouri Attorney General's office agreed to drop the civil lawsuit and the misdemeanor criminal case. The former Circuit Clerk was paid a total of $86,966 after she was suspended in August 2013.

OSCA recommendations

The former Circuit Clerk failed to implement recommendations made by the OSCA in January 2013. After the theft of monies was discovered in October 2012, the OSCA performed a financial review of the court. The former

Circuit Clerk did not respond to the OSCA recommendations and took little corrective action to implement the recommendations. Notable recommendations not implemented by the court included:

- Remove all supervisors from the monetary receipt process and require the supervisors to perform supervisory duties, including voiding/retaking receipts to resolve errors and correcting errors on assessed costs.

- Receipt all monies in the Judicial Information System (JIS) the day of the receipt.

- Designate a supervisor to prepare bank reconciliations. The Circuit Clerk should review them when completed and assign clerks to make corrections prior to the end of the month. The former Circuit Clerk was taking deposits to the bank and signing checks.

- Designate a supervisor to perform end of month procedures, including the creation and printing of end of month checks. A non-supervisory clerk was performing these duties.

- Perform monthly supervisory reviews of liabilities, the outstanding check list, fee adjustments, and non-monetary payments.

- Acquire a list of case management reports to run and conduct training on how to review the reports and identify corrections needed.

- Develop written procedures to review delinquent accounts at least quarterly and obtain an order from the Presiding Judge or Court en Banc to write off amounts deemed uncollectible.

Many of the unimplemented recommendations made by the OSCA are also weaknesses discussed in our report.

To ensure the Circuit Clerk's office is operating efficiently and reduce the risk of loss or misuse of funds, recommendations should be reviewed and corrective action taken.

Recommendation

The Circuit Clerk implement recommendations in a timely manner.

Auditee's Response

The Acting Circuit Clerk provided the following response:

Since the state audit began, I have made significant progress in implementing the various recommendations made by OSCA and am in the process of correcting the remaining items.

2. Accounting Controls and Procedures

Significant weaknesses exist with accounting controls and procedures.

According to court records, receipts collected during the year ended December 31, 2013, totaled approximately $4.6 million. Fines, bonds, and court costs are collected, recorded in the JIS, and deposited into the Circuit Clerk's general bank account by personnel of the Circuit Clerk's office.

2.1 Segregation of duties and supervisory review

The Circuit Clerk's office has not adequately segregated accounting duties or limited user access rights in the JIS, and adequate supervisory reviews of accounting records are not performed. The former Circuit Clerk had not established restrictions on system access and thus, the Acting Circuit Clerk and nineteen court employees have the ability to assess fees, receipt monies, post non-monetary transactions, enter voids, and adjust costs in the JIS, including the clerk primarily responsible for preparing deposits and reviewing daily cashier sessions. As a result, there are instances where the Acting Circuit Clerk and other court employees could be responsible for transactions from initial receipt to disbursement without involvement from other court employees. Neither the Acting Circuit Clerk nor other personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by court employees to ensure transactions are appropriate.

To reduce the risk of possible loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible and limiting user access rights within the JIS. If proper segregation of duties is not possible, a documented independent or supervisory review of work performed is necessary.

A similar condition was noted in a financial review report issued by the OSCA after an on-site visit in December 2012.

2.2 Receipt processing procedures

Control weaknesses exist related to the recording and handling of monies received in the mail. In addition, monies received by the Probate Division are not receipted and deposited timely.

- The court does not record monies received in the mail on a mail log and checks received are not restrictively endorsed immediately upon receipt. Personnel initially open and distribute the mail to the various clerks; however, the employees opening the mail do not record the payments received or apply the endorsement immediately.

- The Probate Clerk does not immediately issue receipt slips for monies received. The court had not issued receipt slips or recorded 15 checks/money orders, totaling $1,905, for monies on hand during a cash

count conducted on January 29, 2014. Because a mail log is not maintained, it is unknown how long these checks/money orders had been on hand, but some were dated as far back as December 20, 2013. Receipt slips were not issued for these items until February 25, 2014.

To reduce the risk of loss, theft, or misuse of funds, an initial record of monies received combined with procedures to reconcile these monies to the JIS and deposit records is necessary. Failure to implement adequate receipting and recording procedures increases the risk that loss, theft, or misuse of monies received will go undetected.

Similar conditions were noted in the financial review report issued by the OSCA after an on-site visit in December 2012.

2.3 Bank reconciliations

We noted the following concerns during our review of the court's bank reconciliations.

- The Circuit Clerk's office does not perform monthly bank reconciliations of the JIS account. Since December 2012, the OSCA has been performing these reconciliations.

  .

- Reconciling items identified on bank reconciliations performed by the OSCA have not been resolved timely. The December 31, 2013, bank reconciliation included reconciling items, totaling $9,979, which had not been resolved as of April 2014. The cash receipts totaling $6,674 from the four deposits misappropriated by a former deputy clerk in 2012 are still shown as reconciling items because the monies have been recorded in the JIS, but have not been deposited to the JIS bank account. Other reconciling items totaling $3,305, including credit card and debt collection receipts, have not been recorded in the JIS and several non-sufficient funds checks receipted in the JIS have not been resolved.

- The Circuit Clerk's office has not established procedures to follow up on outstanding checks. As of December 31, 2013, JIS records indicate 217 checks, totaling $37,511, had been outstanding for over a year. Some checks have remained outstanding since June 2010.

- Interest receipts totaling $5,197 earned on two certificates of deposit between December 28, 2010 and December 31, 2013, have not been recorded in the JIS.

Monthly bank reconciliations and routine investigation and follow up procedures for reconciling items are necessary to ensure all accounting records balance, transactions have been properly recorded, and errors and discrepancies are detected and corrected on a timely basis. Additionally, to properly monitor disbursements and ensure monies are appropriately

disbursed to the payee or as otherwise provided by state law, procedures should be established to routinely investigate outstanding checks.

Similar conditions were noted in the financial review report issued by the OSCA after an on-site visit in December 2012.

2.4 Non-monetary, voided, and adjusting transactions

Personnel independent of the receipting process do not review non-monetary and adjusting transactions in the JIS, and supporting documentation for these types of transactions is not always adequate. In addition, while a supervisor indicated she reviews voided transactions in the JIS, this review is not documented. During the year ended December 31, 2013, non-monetary transactions were $4,519,394 and fee adjustments were $160,355.

Adjusting and non-monetary transactions, including judicial orders, garnishment payouts, and application of bonds, are transactions where no monies are received; however, a credit is applied or the amount due is changed. The Circuit Clerk and all court employees are allowed to enter non-monetary transactions, adjust costs, and void receipts in the JIS without supervisory review or approval. Also, documentation was not adequate for some of these transactions. The JIS can generate various reports to monitor these transactions; however, these reports are not generated and reviewed. Our review of 60 non-monetary transactions and 88 voided transactions identified:

- A docket sheet indicating the judge's approval was not prepared for 3 cases where fees totaling $2,015 were waived and a non-monetary receipt was recorded.

- Eight cases totaling $1,472 in which a clerk voided a monetary receipt to correct the payment type or to apply the amount received to the correct case or party; however, either the monetary receipt error was not detected and corrected, and/or the monetary receipt was not re-entered in a timely manner. For example, a credit card receipt of $145 in December 2012 was entered as a check. The receipt was voided in January 2013 but not reentered as a credit card receipt until May 2013.

- Five cases totaling $3,202 in which a clerk voided a monetary receipt, but never re-entered the monetary receipt and no explanation was documented for voiding the transactions. For example, a cash receipt of $1,000 in March 2012 was never re-entered.

To ensure all non-monetary, voided and adjusting transactions are valid and reduce the risk of loss, theft, or misuse of funds, proper documentation should be maintained and someone independent of receipting and recording functions should review and approve these transactions. In addition, a report

of these transactions should be periodically generated and reviewed to ensure posted transactions match the supporting documentation.

Similar conditions were noted in the financial review report issued by the OSCA after an on-site visit in December 2012.

2.5 Accrued case costs

The Circuit Clerk's office does not review accrued case costs owed to the court (court costs, incarceration costs, court-ordered restitution, fines, and other), as required by the court's formal plan for debt. Total accrued costs as of January 28, 2014, were approximately $7.4 million. The court adopted a formal Administrative Plan for Collections of Court Debt, as required by Court Operating Rule 21.11. This plan requires the court to review accounts receivable reports (accrued case costs) from the JIS and the debt collection vendor at least quarterly and determine if any accounts should be deemed uncollectible and written off by court order. The court has not reviewed the required reports and has not deemed any accounts to be uncollectible.

We noted several cases in which costs were not accurately reflected on the JIS list of accrued case costs. We reviewed 10 of the 193 cases in the system that had outstanding guardian ad litem (GAL) fees. Only 2 of the 10 cases reviewed had GAL fees ordered by the judge to be paid to the court. In the other 8 cases, the parties were ordered by a judge to pay the GAL directly. As a result, the GAL fees for these 8 cases, totaling $29,474, should not have been recorded to the JIS and debt collection procedures should not have been initiated.

To ensure the accuracy of the accrued case costs, and to provide the Judge and Circuit Clerk with the necessary information to ensure amounts owed are collected and make a determination about collectability, accrued case costs should be reviewed at least quarterly as required by the court's administrative plan.

In addition, the plan has not been updated since January 2012 and does not contain all of the required topics. Topics not included are settlement agreements, coordination with probation and parole, and collection of board bills. Supreme Court Operating Rule 21.11 requires all circuit courts to review and evaluate the formal administrative plan for collection of court debt annually to ensure results are consistent with plan objectives. The rule also requires the plans to include at least the following topics: settlement agreements, payment plans, coordination with probation and parole, collection of board bills, review and write off of accounts receivables deemed uncollectible, and sanctions for non-payment of debt.

Similar conditions were noted in the financial review report issued by the OSCA in December 2012.

2.6 Liabilities

The former Circuit Clerk did not review cases with liabilities to ensure monies were disbursed in a timely manner. As of December 31, 2013, the Acting Circuit Clerk had also not completed a review of the liability listing totaling $1,139,976.

As of December 31, 2013, the court was holding $275,237 on cases that have been disposed, including 113 bonds totaling $166,000. Further, 144 receipts totaling $57,784 and 161 bonds totaling $225,391 had been held by the court in excess of one year.

Procedures to routinely investigate monies remaining on the liabilities list over a specific period of time are necessary to properly monitor and ensure monies are appropriately disbursed as provided by state law. In addition, the court should attempt to identify and distribute the funds held and dispose of any unclaimed or unidentified funds.

A similar condition was noted in the financial review report issued by the OSCA after an on-site visit in December 2012.

2.7 Inactive bank accounts

The Circuit Clerk's office maintains three inactive bank accounts which should be closed.

- Two accounts, one of which has an unidentified balance of $432 at December 31, 2013, and the other which is an interest account totaling $757 at December 31, 2013, were Division III accounts prior to the court's consolidation in 2009.

- The other account, which had no activity since calendar year 2002, has an unidentified balance of $610 at December 31, 2013. The account was used to fund home studies.

Maintaining inactive accounts increases the risk of misuse of funds. To ensure funds are disposed of properly, the Circuit Clerk's office should dispose of the monies held in inactive bank accounts in accordance with state law and close the accounts.

2.8 Disbursements

The former Circuit Clerk failed to pay some invoices for goods and services in a timely manner. As of October 2013, examples of unpaid invoices included:

- Jury service payments, totaling over $12,000, to 297 jurors, serving from January 2013 through August 2013.

- Multiple office supplies invoices totaling approximately $4,800 received between January and August 2013.

- Several invoices from a drinking water vendor, totaling approximately $400, from September 2012 to August 2013.

The county paid these liabilities after they were discovered and are no longer outstanding.

In addition, the court erroneously disbursed $3,700 in garnishment payments to the wrong party between June 2012 and February 2013. The court has been unsuccessful in recovering these monies and therefore has not yet made payment to the correct litigant.

Procedures should be in place to ensure payments are made in accordance with court orders and judgments, and invoices for goods and services are paid timely to avoid late charges.

2.9 Voided checks

The Circuit Clerk's office has not developed formal policies and procedures related to voided checks. The former Circuit Clerk voided 3 checks totaling $169 in the JIS but did not issue stop-payment orders, and these checks later cleared the bank. In addition, between December 2010 and July 2013, the court received 112 checks totaling $25,048 that were returned as undeliverable. The former Circuit Clerk did not issue stop-payment orders, the checks were not defaced, and the checks were not voided in the JIS. Instead, the former Circuit Clerk maintained them in a drawer in her office. Further, as indicated in finding number 2.3, no follow up was performed on these outstanding checks.

To ensure voided and returned checks are handled and accounted for properly, the court should establish formal policies and procedures that include issuing stop payment orders, defacing the check so it cannot be negotiated, and voiding the check in the JIS.

Recommendations

The Circuit Clerk:

2.1 Segregate accounting duties to the extent possible, limit user access rights within the JIS to only those necessary for the user to perform job duties, and implement appropriate reviews and monitoring procedures.

2.2 Record and process receipts timely and restrictively endorse checks immediately upon receipt.

2.3 Perform timely monthly bank reconciliations, resolve reconciling items timely, and establish procedures to routinely follow up on outstanding checks and reissue them if necessary or dispose of these monies in accordance with state law.

2.4 Ensure adequate documentation is maintained to support all non-monetary, voided and adjusting transactions, and ensure an independent review and approval of these transactions is performed and documented. In addition, the Circuit Clerk should periodically generate and review reports of these transactions.

2.5 Develop procedures to review a complete and accurate list of accrued costs at least quarterly. In addition, the formal administrative plan for collection of court debt should be updated annually and should include all topics required.

2.6 Establish procedures to review the status of liabilities monthly to determine the appropriate disposition of funds.

2.7 Dispose of monies held in the inactive bank accounts in accordance with state law, and close the accounts.

2.8 Ensure invoices for services are paid timely, and recover the payment the court made in error and disburse those funds to the appropriate party.

2.9 Establish formal policies and procedures for voided and returned checks.

Auditee's Response

The Acting Circuit Clerk provided the following response:

2.1 I have already taken steps to limit user access within JIS. Void transactions are now only entered by 5 employees who do not receive monies and I will continue to work on improving control procedures.

2.2 I will investigate the viability of implementing new procedures for mail in receipts, but at a minimum I will ensure cash received in the mail is logged. I will discuss receipt and deposit procedures for the Probate Division with the Presiding Judge, who will ensure this concern is resolved.

2.3 The court plans for the new incoming Circuit Clerk to take over the bank reconciliation procedures once she takes office in January 2015. I have already assigned an employee to review outstanding checks and this issue will be resolved soon.

2.4 I am in the process of implementing control procedures related to non-monetary and adjusting transactions and have already implemented controls over voids. I will implement a process to

ensure a report of non-monetary and adjusting transactions is printed and reviewed monthly.

2.5 I will work with the judges in the circuit to implement this recommendation.

2.6 I agree and will implement this recommendation.

2.7& 2.8 These recommendations have been implemented.

2.9 I will discuss this recommendation with the incoming Circuit Clerk and ensure she is aware of the issue.

The Presiding Circuit Judge provided the following response:

2.5 I will discuss this recommendation with the other judges at the next court en banc meeting and will work with them to update the court plan and develop procedures with the newly elected Circuit Clerk to write off uncollectable amounts in the future.

3. Case Disposition

Court personnel do not always properly record the final disposition of each case in the JIS and do not periodically review the report of open cases. We obtained case reports from OSCA for 2013 which identified 1,220 cases that were suspended because court personnel canceled a future court date and did not reschedule a new court date. When case activity is suspended, the case no longer appears on the court docket and cannot be properly disposed.

Our review of 25 suspended cases identified 10 cases (40 percent) which should have been disposed because judgment was made and the related costs were satisfied. However, because the disposition has not been entered, these cases still appear on the open cases report. These errors occurred because the clerks failed to record all activity on the docket sheets or schedule subsequent court dates, and went undetected because there was no review of the open cases report.

Without procedures to ensure the proper disposition of all cases has been entered in the JIS, the court cannot be assured all cases are properly handled and associated costs are assessed.

A similar condition was noted in the financial review report issued by the OSCA after an on-site visit in December 2012.

Recommendation

The Circuit Clerk ensure the disposition of cases is properly recorded in the JIS and the report of open cases is periodically reviewed.

Auditee's Response

The Acting Circuit Clerk provided the following response:

This will be brought to the attention of the newly elected Circuit Clerk and procedures will be put in place to review the management reports regularly.

4. Law Library

Weaknesses were identified with accounting controls and procedures of the Law Library Fund. According to financial records, Law library receipts collected during the year ended December 31, 2013, were approximately $56,000.

4.1 Segregation of duties and supervisory review

The court has not adequately segregated the accounting duties or performed independent reviews of the law library bank account and financial activities. The Acting Circuit Clerk performs all accounting duties including depositing monies, recording receipts, writing and signing checks, and reconciling the account.

Internal controls would be improved by segregating duties. If proper segregation of duties is not possible, at a minimum, periodic reviews of the records should be performed and documented by someone independent of accounting functions.

4.2 Capital assets

Court personnel do not maintain an inventory list of law library materials and could provide no documentation that physical inventories of law library materials were performed. Court personnel indicated expenditures for law library publications, subscriptions, equipment, and other materials totaled approximately $36,000 during the year ended December 31, 2013.

The law library, which includes legal publications and technical equipment, is maintained for use by court personnel and the community. Physical inventories of law library materials, and reconciliation of those inventories to the inventory records, are necessary to ensure inventory records are accurate, identify unrecorded additions and dispositions, detect and deter theft of assets, and identify obsolete materials.

Recommendations

The Court En Banc and the Circuit Clerk:

4.1 Ensure accounting duties are adequately segregated or independent reviews are performed periodically.

4.2 Ensure periodic physical inventories of law library materials are performed, reconciled to inventory records, and documented.

Auditee's Response

The Acting Circuit Clerk and Presiding Circuit Judge provided the following response:

4.1 We will bring this recommendation to the attention of the newly elected Circuit Clerk and in the future we will ensure a supervisory review of all law library transactions is performed.

4.2 This has been implemented.

5. Missing Records

The former Circuit Clerk did not properly maintain certain court records. In 2013, the former Circuit Clerk hired temporary employees to purge and scan court records, and numerous documents previously contained in case files can no longer be located. Court personnel cannot locate various case file records, including an entire case file, exhibits, child support amount calculation worksheets, summons, judgments, and court orders. According to current court personnel, the former Circuit Clerk did not properly train or supervise these temporary employees as they purged records from case files.

Section 483.082, RSMo, requires court clerks to keep such records of the courts in such a manner as directed by rule of the supreme court to accurately record all essential matters relating to the causes and matters which are and have been pending before the court, including pleadings, motions and related documents, transactions, orders and judgments or related decrees showing the course and disposition of causes and matters, the taxing and collection of court costs, and the setting of trial calendars or dockets of pending cases.

Recommendation

The Circuit Clerk ensure court records are properly maintained.

Auditee's Response

The Acting Circuit Clerk provided the following response:

This was an isolated incident related to a project initiated by the former Circuit Clerk. Since I have taken over as Acting Circuit Clerk, all court records have been properly maintained.

The Presiding Circuit Judge provided the following response:

This project was terminated and a new policy regarding record retention has been adopted.

6. Juvenile Office Reconciliation Procedures

The Juvenile Officer does not properly identify and resolve monies remaining in the bank account at the end of the month. According to financial records, juvenile restitution collected during the year ended December 31, 2013, was approximately $20,000.

As of December 31, 2013, the Juvenile Officer bank account contained an unidentified balance of $358. The Juvenile Officer indicated all monies received are disbursed immediately upon receipt. As a result, the bank account should have a zero balance after each disbursement. However, we determined the office had collected $545 more in restitution than ordered from a defendant and overpaid a victim $187, resulting in the balance of $358.

Procedures to ensure all receipts are properly disbursed are necessary to ensure accounting records are in balance and to identify errors in a timely manner. Unidentified monies should be disposed of in accordance with state law.

Recommendation

The Juvenile Officer seek reimbursement for the overage paid to the victim and refund the overpayment to the appropriate party.

Auditee's Response

The Juvenile Officer provided the following response:

The overage has been collected and the refund has been made.

Seventeenth Judicial Circuit
Cass County
Organization and Statistical Information

The Seventeenth Judicial Circuit consists of Cass County as well as Johnson County.

The Seventeenth Judicial Circuit consists of two circuit judges and five associate circuit judges. The circuit judges hear cases in Cass and Johnson Counties. Of the five associate circuit judges, three are located in Cass County and two in Johnson County. Circuit personnel located in Johnson County are not included in the scope of the audit.

Personnel

At December 31, 2013, the judges, Circuit Clerk, and Juvenile Officer of the Seventeenth Judicial Circuit, Cass County, were as follows:

Title	Name
Circuit Judge, Division I	William B. Collins
Circuit Judge, Division II	Michael Wagner
Associate Circuit Judge, Division III	Meryl L. Lange
Associate Circuit Judge, Division IV	J. Michael Rumley
Associate Circuit Judge, Division V	Dan Olsen
Circuit Clerk	Amy Bell
Acting Circuit Clerk (1)	Kim Fitzgerald
Juvenile Officer	Beverly Newman

(1) Kim Fitzgerald was appointed as Acting Circuit Clerk in September 2013 after Amy Bell, former Circuit Clerk, was suspended in August 2013. Amy Bell resigned her position on July 1, 2014.

In addition, the Seventeenth Judicial Circuit, Cass County employed 19 full-time employees and 4 part-time employees on December 31, 2013.

Financial Information

Receipts of the Seventeenth Judicial Circuit, Cass County, were as follows:

	Year Ended December 31, 2013
Court deposits, fee, bonds, and other	$4,612,211
Juvenile restitution	20,039
Interest income	1,123
Total	$4,633,373

Caseload Information

From the Office of State Courts Administrator Missouri Judicial Reports, case filings of the Seventeenth Judicial Circuit, Cass County, were as follows:

	Year Ended June 30, 2013
Civil	4,600
Criminal	6,664
Juvenile	300
Probate	363
Total	11,927

Thomas A. Schweich

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

First Judicial Circuit

Clark County

December 2014

Report No. 2014-124

http://auditor.mo.gov

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*Includes selected findings

THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge and Court en Banc
and
Circuit Clerk of the
First Judicial Circuit
Clark County, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2014-051, *First Judicial Circuit, Clark County*, issued in July 2014, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the court about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the court, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed the written status of selected findings and recommendations and supporting documentation submitted by court officials, and held meetings with several court officials. Documentation provided by the court included bank statements, Judicial Information System (JIS) reports, and various other financial and court records. This report is a summary of the results of this follow-up work, which was substantially completed during October 2014.

Thomas A. Schweich
State Auditor

1. Missing Monies and Other Questionable Transactions

From January 2012 through July 2013, monies were determined to be missing from circuit court receipts. Additional missing monies were discovered dating back to 2001. Misappropriated court funds and missing monies totaled at least $12,181.

Our audit determined receipts totaling at least $3,743 were received but not deposited. Additional receipts totaling at least $750 could also have been missing or uncollected, based on payments likely received for filing fees paid when pro se divorce cases were filed. Also, 32 manual receipt slips were removed from the receipt slip books and could not be located, indicating additional funds could also be missing. Revenue totaling at least $7,688 may never be collected due to unsupported fee adjustments, failure to assess fines and court costs, changes made to case collection status, and failure to enter a case balance into the JIS. Mary Jones, the former Circuit Clerk, was charged with 2 counts of felony stealing on June 6, 2014.

Accounting duties in the circuit court were not adequately segregated. The former Circuit Clerk and all deputy court clerks receipted monies and made entries in the JIS, including fee adjustments, voiding transactions, and docket entries. There were no supervisory or independent reviews performed. In addition, the former Circuit Clerk prepared and signed all deposit slips and made all deposits, was the only person authorized to sign checks, and performed month-end close out procedures and reconciliations. The former Circuit Clerk was primarily responsible for the cases in which problems were identified, and her signature was noted on the majority of manual receipt slips discussed.

Recommendation

The Court en Banc and the Prosecuting Attorney continue to work with law enforcement officials regarding criminal prosecution related to the missing funds, including restitution of missing funds.

Status

Implemented

A pre-trial hearing was held on September 8, 2014, to determine if sufficient evidence was found to proceed with the case. Sufficient evidence was presented and the case was bound over to Division I of the Circuit Court. A deputy court clerk indicated a trial date for the case will be set in 2015.

2. Accounting Controls and Procedures

We identified significant weaknesses with accounting controls and procedures. As a result, several receipts were not accounted for properly.

2.1 Segregation of duties and oversight

The circuit court had not adequately segregated the duties of receiving and recording receipts, preparing deposits, and disbursing funds, and had not established adequate supervisory or independent review procedures.

The former Circuit Clerk accepted receipts from the public, accumulated receipts accepted by the deputy court clerks, and processed all deposits. In

addition, she was responsible for all disbursements, month-end reporting, and reconciliations prior to her resignation on July 25, 2013. No independent reviews of the former Circuit Clerk's work were performed.

After the Circuit Clerk's resignation, the circuit court did not adequately segregate accounting duties. All 3 deputy court clerks still had access in the JIS to process receipts, record transactions, void transactions and make fee adjustments, and prepare month-end disbursements. Also, 2 of the 3 clerks had "cash boss" permission rights allowing them to prepare deposits and process month-end reports. In addition, the deputy recorder of deeds, who previously performed some circuit court duties, had "cash boss" permission rights in the JIS. The court implemented a procedural change requiring one of the deputy court clerks to reconcile each cashier session to the monies collected and the Circuit Clerk to prepare deposits and compare the total to the deputy court clerk's total.

Recommendation

The Court en Banc and Circuit Clerk segregate accounting duties to the extent possible, limit user access rights within the JIS to only those necessary for the user to perform job duties, and implement appropriate reviews and monitoring procedures.

Status

Partially Implemented

The Circuit Clerk stated they are not able to implement the recommendation of segregating duties due to only having 3 deputy clerks working in the office. The Circuit Clerk also does not intend to limit user access rights within the JIS, instead preferring that all clerks have broad access rights in the event the clerks are asked to do tasks they may not normally perform. However, some reviewing and monitoring procedures have been implemented. One deputy court clerk reviews and reconciles the other deputy court clerk's daily cashier sessions and signs and dates the report documenting the review. In addition, the Circuit Clerk reconciles the composition of receipts to each of the deputy court clerk's daily cashier session reports and documents her review when she is preparing the deposit.

2.2 Manual receipt slips

The Circuit Clerk's office had not established proper controls or procedures for manual receipt slips. Based on the court's typical use of manual receipt slips, it appeared that multiple receipt slip books were missing.

Multiple manual receipt slip books were used concurrently and numerous manual receipt slips were missing, issued out of order, or not used. Case numbers were not always documented on the manual receipt slips. In addition, manual receipt slips issued by the court were not recorded timely or reconciled to the JIS, deposited timely, or reviewed by a supervisor or someone independent of the receipting process. Also, the former Circuit Clerk used manual receipt slips to record transactions unrelated to the operations of the circuit court.

Recommendation

The Court en Banc and Circuit Clerk ensure one manual receipt slip book is used at a time and the use of manual receipt slips is limited as required by court rule. The Circuit Clerk should also ensure manual receipt slips are recorded timely in the JIS and the monies deposited timely. In addition, the Circuit Clerk should ensure manual receipt slips are only used for circuit court transactions, the numerical sequence accounted for properly, and the case number documented on the receipt slip. Further, the Circuit Clerk should ensure manual receipt slips are reviewed and reconciled to the JIS and to the related deposits by someone independent of the receipting process.

Status

Implemented

The Circuit Clerk's office is no longer issuing manual receipt slips as a result of the Office of State Court Administrator's (OSCA) Court Operating Rule 4.53.2, effective January 1, 2014, which restricts the use of manual receipt slips to only when the automated system is unavailable or as authorized by order of the presiding judge. Clerks do not accept payments if the system is not available.

2.3 Receipting and depositing procedures

Procedures related to receipting and depositing receipts needed improvement. We identified the following issues:

- Payments received in the mail were not recorded on a mail log, issued a receipt slip, or restrictively endorsed immediately upon receipt.
- None of the 11 checks included in our July 29, 2013, cash count totaling $1,454 were restrictively endorsed.
- Six cashier sessions in the JIS totaling $8,384 were left open from December 14, 2012, through December 24, 2012, and the monies related to these sessions were not deposited until December 28, 2012.
- The composition of receipts as recorded in the JIS did not agree to the composition of the December 11, 2012, deposit.
- Electronic payments made by credit/debit card and debt collection payments were not posted to the JIS until the end of the month. The court receives notification daily when electronic payments occur.

Recommendation

The Court en Banc and Circuit Clerk require an initial record of monies received by mail be prepared and reconciled to the JIS, restrictively endorse checks and money orders immediately upon receipt, and require receipt slips be issued for all monies on a timely basis. In addition, the Circuit Clerk should maintain monies collected in a secure location and deposit receipts timely.

Status

Partially Implemented

The Circuit Clerk indicated office personnel do not prepare a record of checks received by mail due to time constraints and number of employees in the office. There are no plans to utilize a mail log. The Circuit Clerk indicated payments received in the mail are receipted into the computer on a daily basis. While deposits are now made at least weekly, as we noted during a review of the court's September 2014 and October 2014 bank statements, this frequency may still not be often enough considering the receipt totals collected each week. However, all payments made directly at the Circuit Clerk's office are issued a computer generated receipt slip when received. We observed a deputy court clerk performing this task. Checks and money orders are endorsed when received. In addition, all of the deputy court clerks maintain monies receipted at their unlocked desks until deposit, but the entrance into the office area is locked when all personnel are away from the office.

2.4 Non-monetary transactions, adjustments, and voids

Non-monetary and voided transactions and adjustments in the JIS were not properly documented or reviewed and approved by persons independent of the receipting process. In addition, the Circuit Clerk's office did not maintain documentation for numerous non-monetary and voided transactions and adjustments, that occurred during the audit period. Several transactions were possibly made to conceal missing monies.

Recommendation

The Court en Banc and Circuit Clerk require an independent review and approval of all non-monetary transactions, adjustments, and voids made in the JIS, and retain adequate documentation to support these transactions.

Status

Not Implemented

The Circuit Clerk indicated there is no independent documented review of non-monetary and voided transactions and adjustments. The Circuit Clerk indicated she or an independent deputy court clerk will review and orally approve all non-monetary and voided transactions and adjustments.

2.5 Accrued costs

The Circuit Clerk's office had not established a formal administrative plan for the collection of court debt and payment plans, and did not always assess time payment fees as required by Court Operating Rule 21. In addition, the Circuit Clerk's office had not taken steps to perform additional collection efforts or write off balances owed.

Recommendation

The Court en Banc and Circuit Clerk develop a formal administrative plan for debt collection and payment plans to ensure compliance with court operating rules. In addition, the Circuit Clerk should perform periodic reviews of cases with outstanding amounts due.

Status

Not Implemented

No formal administrative plan has been developed for debt collection and payment plans as of October 21, 2014 and court personnel gave no indication a plan would be developed. The Circuit Clerk indicated it will be difficult to review the receivables report periodically due to time constraints and periodic reviews have not been implemented. However, the receivables report has been reviewed at least once since the release of the audit report and the Associate Circuit Judge issued several court orders to write off approximately $125,000 of old outstanding receivables. We reviewed one order approving approximately $82,000 in bad debt be written off.

2.6 Liabilities

The court did not properly monitor liabilities. Liabilities reports were not generated in the JIS for review to ensure monies were disbursed timely and reconciled bank balances were sufficient to cover liabilities.

Recommendation

The Court en Banc and Circuit Clerk generate monthly liabilities reports from the JIS and establish procedures to review the status of liabilities to determine the appropriate disposition of funds held on closed or inactive cases.

Status

Implemented

A deputy court clerk is currently generating a monthly listing of liabilities when preparing the bank reconciliation and reviewing it to determine if monies in closed or inactive cases should be disbursed. A review of the court's liabilities as of October 21, 2014, indicated there were no disposed cases with undistributed bond monies. The deputy court clerk has been performing her review since July 2014.

3.2 Circuit Court Procedures - Change fund and petty cash fund

We noted several weaknesses concerning the change fund and the petty cash fund.

- The change fund and the petty cash fund were not reconciled at the end of each day or located in a safe, secure location.
- The change fund was not maintained at a constant amount. Also, a deputy court clerk indicated an additional $150 received for an unidentified case was missing from the change box.
- The petty cash fund was not maintained on an imprest basis.
- According to the 3 current deputy court clerks and the deputy recorder of deeds, the former Circuit Clerk would periodically retrieve monies from the Ex Officio Recorder of Deeds' office miscellaneous cash monies to replenish the court's petty cash fund.

Recommendation	The Court en Banc and Circuit Clerk maintain the change fund and the petty cash fund at a constant/imprest basis and periodically reconcile the ending balance. In addition, the Circuit Clerk should ensure monies are maintained in a secure location and the petty cash fund is replenished through disbursements made by the County Treasurer.
Status	**Implemented** The Circuit Clerk no longer has a petty cash fund and the change fund is reconciled daily and is maintained at $200. The change fund is located in a file cabinet in the Circuit Clerk's office. The entrance into the office area is locked when all personnel are away from the office.

3.3 Circuit Court Procedures - Bond monies	According to court personnel, the court would not accept bond monies from the Sheriff's office until a case number was assigned. However, the JIS allowed bonds to be receipted in the system before a case number was assigned. In addition, the former Circuit Clerk did not issue receipt slips documenting the receipt of bond monies received from the Sheriff's office.
Recommendation	The Court en Banc and Circuit Clerk accept and record bond monies into the JIS and issue corresponding receipt slips when bond monies are received from the Sheriff's office.
Status	**Implemented** The Circuit Clerk indicated all bond monies are receipted when received from the Sheriff's office. The September 2014 liabilities listing included 3 bonds from the Clark County Sheriff that had been receipted but not yet assigned a case number, indicating the Circuit Clerk has implemented this recommendation.

3.4 Circuit Court Procedures - Passwords and computer inactivity	Court employees did not log off their computers when unattended, passwords were not kept confidential, and a security control was not in place to shut down computers after a certain period of inactivity. In addition, the user account of a former court employee who resigned in April 2013 was not disabled until October 2013.
Recommendation	The Court en Banc and Circuit Clerk ensure employees log off their computers when unattended and passwords remain confidential and are changed periodically. In addition, the Circuit Clerk should establish a security control requiring computers to shut down after a certain period of inactivity and delete all user accounts for inactive employees.
Status	**Implemented** The Circuit Clerk has coordinated computer system changes with the OSCA requiring employees change their passwords quarterly and users to be

logged off after 5 minutes of inactivity. In addition, the user accounts for all inactive employees have been deleted in the JIS.

3.5 Circuit Court Procedures - Passport fees	The circuit court did not prepare an annual report of passport fees charged and expenditures of those fees, as required by state law.
Recommendation	The Court en Banc and Circuit Clerk ensure passport fees and expenditures are reported in accordance with state law.
Status	**In Progress** The Circuit Clerk has not prepared the 2014 annual report, but indicated she will prepare the report at the end of December.

4. Law Library Fund Controls and Procedures	The court had not adequately segregated accounting duties and an independent review was not performed related to the Law Library bank account and financial activities. In addition, bank reconciliations were not prepared.
Recommendation	The Court en Banc and Circuit Clerk ensure accounting duties are adequately segregated or independent reviews are performed periodically. In addition, bank reconciliations should be prepared monthly and periodically reviewed.
Status	**Implemented** The Associate Circuit Judge now approves all expenses prior to payment and initials and dates the monthly bank reconciliation documenting his review.

5. Drug Court Deposits	Receipts were not always deposited timely.
Recommendation	The Court en Banc and the Drug Court Supervisor ensure deposits are made timely.
Status	**Implemented** A review of the JIS general ledger indicated Drug Court monies are now receipted in the JIS when received and included in the court's deposits. With the court now making at least weekly deposits, the Drug Court monies are now deposited more timely.

Thomas A. Schweich

Missouri State Auditor

Osage County

December 2014

Report No. 2014-125

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Osage County

Questionable Purchases and Misuse of County Assets	On August 7, 2014, a Road and Bridge foreman resigned his position after being confronted with allegations of questionable purchases and misuse of county assets. The county provided information to the Prosecuting Attorney, and as of November 30, 2014, no charges had been filed as the Prosecuting Attorney has requested additional information which has not yet been provided. The county did not always follow procedures over rock purchases, and Road and Bridge department controls and procedures identified 21 unusual and questionable rock purchases totaling $641. Various county officials and employees are authorized to purchase items from the Missouri State Agency for Surplus Property, but the county cannot locate several of the items purchased, most or all of which were purchased by the former foreman.
Payroll Records, Policies, and Procedures	Despite prior audit recommendations back to at least 1989, a recent legal settlement with a former employee, and the implementation of a standard county-wide timesheet, county payroll records and policies and procedures still need significant improvement. The County Clerk does not maintain centralized records of vacation, sick leave, and compensatory time or monitor balances for compliance with county policies and/or the Fair Labor Standards Act of 1938 (FLSA). We identified several errors in employee leave and compensatory time accruals which could have been detected by the County Clerk's office if centralized records and oversight procedures were in place. The FLSA and county policy require overtime be paid or compensatory time awarded at a rate of time and one-half, but the county awards compensatory time as straight time off. County policy does not distinguish between law enforcement employees and other employees for compensatory time/overtime purposes, as allowed by the FLSA. The county includes non-working time when calculating employee overtime, but the FLSA indicates it should not be used in the calculation of overtime. The county's vacation policy is not clear, and some Sheriff's department employees are awarded sick leave in excess of the county policy.
Review of Property Taxes	Neither the County Clerk nor the County Commission adequately review the financial activities of the County Collector. The County Clerk's account book is not accurate, does not track the taxes charged to the County Collector, and does not agree to the annual settlements submitted by the County Collector.
Sheriff Procedures	As noted in our 3 prior audit reports, the Sheriff's bookkeeper does not timely deposit monies received. The Sheriff's department does not account for the numerical sequence of bond forms issued or maintain a log of bond forms issued, does not always maintain copies of bond forms issued, and was unable to locate 8 bond forms. The Sheriff's department does not maintain a master listing of all seized property and does not conduct periodic inventories of seized property. The Sheriff spent approximately $6,000 on department renovations but did not maintain records supporting donations received and maintained the donations outside the county

	treasury. In addition, renovation project purchases were not made through the normal county procurement and budget process.
911/Emergency Management Department Receipts	The 911/Emergency Management department does not issue receipt slips for most monies received, utilized generic receipt slips, did not issue receipt slips sequentially, and did not always record the method of payment on receipt slips.
Capital Assets and Fuel Usage	County capital asset records are not complete and up to date. The County Clerk did not request annual inventories and inventory reports from various county officials and none of the county offices conducted inventories or submitted inventory information to the County Clerk during 2013. The Road and Bridge fuel tanks are not metered, and fuel usage is not reconciled to fuel purchases.
Computer Controls	Several offices lack adequate computer password controls. Neither the County Collector nor the County Assessor have security controls in place to lock computers after a specified number of incorrect logon attempts, county offices do not periodically test backup data, and the County Treasurer does not store backups at an off-site location.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Poor**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Osage County
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Osage County

We have audited certain operations of Osage County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, was engaged to audit the financial statements of Osage County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Osage County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Kim Spraggs, CPA
In-Charge Auditor:	Wayne Kauffman, MBA
Audit Staff:	Alexander Druzenko, MBA, CPA
	Sherrye Lesmes
	Devin Jackson

1. Questionable Purchases and Misuse of County Assets

The county received concerns of questionable purchases and misuse of county assets, and further investigation of these concerns is needed. In addition, the county did not always follow procedures over rock purchases and lacks controls and procedures over surplus property purchases.

1.1 Former Road and Bridge department foreman concerns

During 2014, the county received concerns from Road and Bridge department personnel regarding possible misuse of county funds and property by the former Road and Bridge foreman. Items of concern included several loads of rock purchased by the former foreman with county funds at a local rock quarry and hauled by the former foreman in a county dump truck to a residence; and several items purchased by the former foreman with county funds that could not be located at the county, including a chainsaw and weed eater and several items purchased from the Missouri State Agency for Surplus Property (SASP). The County Commission addressed the allegations with the former foreman and he resigned his position on August 7, 2014. At that time, he returned several items to the Road and Bridge department, including a weed eater, a work light stand, a stool, and a staple gun. The County Commission provided certain information to the Prosecuting Attorney; and as of November 30, 2014, no charges had been filed as the Prosecuting Attorney has requested additional information which has not yet been provided.

Based on these concerns, we reviewed the county's procedures over rock and surplus property purchases, and tested some related purchases. We determined the county has controls over rock purchases; and while certain procedures were not followed for some purchases, the county's controls detected questionable rock purchases. We also determined the county's lack of adequate controls and procedures over surplus property purchases could result in untimely detection of improper purchases or misuse of county assets. As noted at section 1.3, we identified some additional missing surplus property items during the audit.

To identify any additional questionable purchases, the county should review records of rock, surplus property, and other Road and Bridge department disbursements and account for items purchased. The County Commission should continue to work with the Prosecuting Attorney to identify and follow up on the questionable rock purchases, improper use of a county truck, and missing property items, and seek criminal prosecution and/or restitution if appropriate.

1.2 Rock purchases

The county did not always follow procedures over rock purchases.

Rock is purchased at 4 quarries within the county and hauled to county roads by county employees in county dump trucks. Each employee is responsible for obtaining a delivery ticket from the rock quarry, signing the

ticket and documenting the delivery location, and submitting the ticket to the Road and Bridge department bookkeeper. The bookkeeper matches the individual delivery tickets to the monthly quarry invoices, attaches the tickets to the invoices, and submits the documentation to the County Clerk's office for payment. The County Clerk and the County Commission indicated they rely on the bookkeeper's procedures to verify accuracy and appropriateness of rock purchases. Rock purchases totaled approximately $51,000 during the year ended December 31, 2013, and approximately $41,000 during the period January 1 to August 31, 2014.

Road and Bridge department controls and procedures over rock purchases identified 21 questionable rock purchases during March, June, and July 2014, totaling $641. Concerns were communicated by Road and Bridge department personnel to the County Commission who investigated the 16 questionable rock purchases made in July 2014, and could not account for any of those rock purchases totaling $494. The Road and Bridge department bookkeeper indicated the rock purchases were questioned because they were made by the former foreman whose job duties typically did not include the purchasing or hauling of rock, and the rock was hauled in the county's small dump truck, which is not typically used for hauling rock. During its investigation, the County Commission inspected the county roads identified on the rock delivery tickets and determined rock had not been recently applied to those roads. The County Commission provided the rock invoices and tickets supporting the March, June, and July 2014 rock purchases to the Prosecuting Attorney for review; however, as of September 2014, no further investigation or review of other rock purchases had been performed.

Our review of the county's controls and procedures over rock purchases and testing of several related purchases, noted several instances where rock tickets lacked an employee signature and/or documentation of where the rock was delivered. Also, the rock tickets from one quarry for two March 2013 invoices were not attached to the invoices.

To ensure the validity and propriety for rock purchases, county employees should follow established documentation and monitoring procedures.

1.3 Surplus property purchases

The county lacks controls and procedures over items purchased from the SASP, and some items could not be located.

Various county officials and employees are authorized to purchase items from the SASP. During the period January 1, 2013, to August 31, 2014, they made 53 trips to purchase numerous surplus property items costing approximately $19,200. Examples of items purchased in recent years include 2 trucks, a welder, power tools, hand tools, cabinets, medical supplies, and shop supplies. While most of these items cost less than $50, the 2 trucks purchased cost $12,900 (2013) and $6,500 (2011).

Approximately half of the purchases in recent years were made by the former Road and Bridge foreman.

Due to concerns of missing property, including surplus property items purchased by the former foreman, the County Commission worked with Road and Bridge department employees to develop a list of surplus property and other items missing from the department. According to the County Clerk, county officials believe all items on the list were purchased by the former Road and Bridge foreman. This list was provided to the Prosecuting Attorney for further follow up; however, as of September 2014, no further investigation of missing items had been performed.

Prior to receiving concerns from Road and Bridge department personnel, the county had performed no procedures to monitor surplus property purchases. The County Commission approved surplus property invoices listing items purchased, but did not perform procedures to account for the items purchased. Due to the nature of surplus property items, most items purchased were not required to be tracked in county capital assets records. Our review of 25 surplus property items purchased by Road and Bridge department personnel during 2011, 2013, and 2014 noted 9 of the items could not be located by Road and Bridge department employees. These missing items included 4 tool bins, 2 pair of goggles, a cart, a fan, and a cargo cover. Most of these items were identified on the County Commission's list of missing items.

Section 102-37.450, Federal Management Regulation, requires that surplus property be used only for its approved purpose, placed in use within 1 year, and used for at least 1 year by the eligible donee. To ensure the validity and propriety of surplus property purchases and compliance with federal regulations, and to decrease the risk of theft or misuse of county assets occurring without detection, procedures should be established to monitor and account for items purchased.

Recommendations

The County Commission:

1.1 Review records of rock, surplus property, and other Road and Bridge department disbursements, account for items purchased, and identify any additional questionable purchases. The county should continue to work with the Prosecuting Attorney to investigate the questionable rock purchases, improper use of a county truck, and missing property items, and seek criminal prosecution and/or restitution if appropriate.

1.2 Ensure established controls and procedures are followed for all rock purchases. If questionable or unreasonable rock purchases are

noted, the county should promptly and properly follow up on these purchases.

1.3 Establish controls and procedures to monitor and account for items purchased from the SASP and comply with federal regulations.

Auditee's Response

The County Commission provided the following written responses:

1.1 The county is actively reviewing records for any additional questionable purchases. The county will continue to work with the Prosecuting Attorney to investigate questionable rock purchases, improper use of a county vehicle, and missing property items. The county will seek criminal prosecution or restitution if appropriate.

1.2 The county will work to see that established controls and procedures for rock purchases are followed for all rock purchases, including listing of roads on rock tickets and driver signature. Questionable or unreasonable purchases will be promptly investigated.

1.3 The county will establish controls and procedures to monitor and account for items purchased from the SASP. Items will be added to the shop inventory and will be tagged. Staff will comply with federal regulations for surplus property.

2. Payroll Records, Policies, and Procedures

Despite a recent legal settlement with a former employee, and the implementation of a standard county-wide timesheet, county payroll records and policies and procedures still need significant improvement.

2.1 Timesheets

The county incurred legal settlement costs in February 2013 due to the lack of time records maintained by the Sheriff's department and the county in prior years. Our audit reports dating back to at least 1989 have addressed concerns related to the lack of timesheets. In March 2013, the county implemented a standard county-wide timesheet on which employees are to record time worked (top half of the form) and various leave and compensatory/overtime information (bottom half of the form). However, the county lacks adequate procedures to monitor information recorded to ensure the accuracy of the timesheets.

Most county offices and departments continue to maintain separate time records for their employees. Employees record time worked on records that suit the needs of the office or department (e.g., Road and Bridge department project time records, 911/Emergency Management department time clock) and a supervisor reviews these records. Designated personnel enter information from the records into the standard county-wide timesheet and

print and submit the timesheets to the County Clerk's office for payroll processing. Some offices and departments do not maintain separate time records and simply utilize the standard county-wide timesheet.

Overtime settlement

In February 2013, the county entered into a legal settlement for $60,000 with a former Sheriff's deputy for unpaid overtime ($7,500 paid by the county and $52,500 paid by the county's insurance company). According to the County Clerk, neither the county nor the Sheriff's department maintained timesheets or leave records for the Sheriff's department during the period covered by the lawsuit (2009 through March 2011), and the overtime was reported on a personal record the former deputy maintained. Without time or leave records, the county could not confirm or dispute the accuracy of the overtime claimed.

Review procedures

Timesheets prepared by department bookkeepers for employees of the Sheriff and Road and Bridge departments are not always reviewed before submission to the County Clerk. Our review identified several instances where timesheets submitted to the County Clerk for Sheriff's department employees differed from department time records. For example, a deputy's timesheet shows he worked 10 hours on March 27, 2013, although he was on vacation that day according to department leave records.

Signatures

Our review identified numerous timesheets lacking the required employee and/or supervisor signatures. Personnel from the Sheriff, Road and Bridge, and 911/Emergency Management departments indicated the timesheets for their employees often lack these required signatures because there is not enough time for employees and supervisors to review the timesheets before submission to the County Clerk's office. In addition, the 911/Emergency Management Director indicated the department ensures the internal time cards are signed by the employee and supervisor.

To ensure proper control over payroll and the accuracy of time recorded, leave taken, and overtime paid, and to prevent disputes over these amounts, timesheets submitted to the County Clerk's office should be reviewed and signed by the employee and the employee's supervisor.

2.2 Leave and compensatory time records

The County Clerk does not maintain centralized records of vacation, sick leave, and compensatory time, or monitor balances for compliance with county policies and/or the Fair Labor Standards Act of 1938 (FLSA).

The new standard timesheet provides for the recording of leave and compensatory time information (accruals, usage, and balances). However, the information recorded on timesheets is not always accurate or complete and does not always agree to office or department records. Timesheets are submitted to the County Clerk's office and approved by the County Commission, but the County Clerk does not review leave and compensatory

time information for accuracy and compliance with county policy or use the information to maintain leave and compensatory time records. As a result, the county lacks an accurate and reliable centralized record of employee leave and compensatory time.

Current county policy requires officials and department directors to maintain records of leave and compensatory time balances for their employees. However, some offices and departments do not maintain these records, or monitor balances. For example, the Health Department Director indicated sick leave and vacation balances are not maintained and monitored for department employees because she believed this task was performed by the County Clerk's office.

We identified several errors in employee leave and compensatory time accruals. A Sheriff's deputy incorrectly received his vacation leave accrual 3 months prior to his employment anniversary date because his original hire date was not correctly recorded in the Sheriff's department's leave records. A Road and Bridge department employee received both paid overtime and compensatory time for the same 2 hours of overtime worked. In addition, a Health Department employee received 4 hours of compensatory time for 1/2 hour of overtime worked. These errors could have been detected by the County Clerk's office if centralized records and proper oversight procedures were in place. Without adequate review procedures, the county has no assurance of the accuracy of county employee leave and compensatory time balances and compliance with county policies.

As the county's payroll officer, the County Clerk should maintain centralized leave and compensatory time records to help ensure accuracy and compliance with county policies and/or the FLSA. Leave and compensatory time balances can represent significant liabilities to the county and centralized records allow the balances and compliance with county policy to be monitored more effectively. Also, these records should serve as the official county leave and compensatory time records, and are needed in the event disputes arise.

2.3 Policies and procedures

The county's compensatory time/overtime and leave policies need improvement.

Compensatory time/overtime

Employees who work more than the county's normal 40-hour work period receive overtime pay at a rate of time and one-half or earn compensatory time as straight time off. County policy and the FLSA require overtime to be paid or compensatory time awarded at a rate of time and one-half. In addition, the county policy does not distinguish between law enforcement employees and other employees for compensatory time/overtime purposes, and law enforcement employees receive this compensation when they work more than 40 hours during a work week. The FLSA provides the county the option of computing overtime for law enforcement employees based on a

work period of 7 to 28 days, and overtime pay is required when the number of hours worked exceeds 171 hours in a 28-day period, or similar proportion for shorter work periods (e.g., 86 hours in a 14-day period or 43 hours in a 7-day period). Compensating law enforcement employees based on a 40-hour week instead of 171 hours in a 28-day period would result in higher payroll costs.

Additionally, the county includes non-working time (vacation, sick leave, compensatory time taken, and holidays) when calculating employee overtime. As a result, the county sometimes awards more overtime pay/compensatory time than required. For example, during a week in August 2013, a Sheriff's department employee was awarded 10 hours of compensatory time during a week he worked 30 hours and used 20 hours of vacation. In addition, during a week in April 2013, a 911/Emergency Management department employee worked 44 hours and used 4 hours of sick leave, but was paid for 8 hours of overtime at a rate of time and one-half. The FLSA indicates nonworking time should not be used in the calculation of overtime worked and compensatory time earned.

Vacation leave

The county's vacation policy does not adequately address the number of vacation hours earned. The policy provides that full-time employees earn a certain number of vacation days at each employment anniversary date. Employees work different number of hours in a day, and as a result, some employees earned more vacation leave than others with the same amount of time employed with the county. For example, the vacation policy provides employees 5 days of vacation after 1 year of service, which equals 40 hours for an employee who works an 8-hour workday. However, Sheriff's department road deputies are awarded 50 hours because they work 10-hour shifts and jailers are awarded 60 hours because they work 12-hour shifts.

Sick leave

Some Sheriff's department employees are awarded sick leave at rates above amounts provided by county policy. The sick leave policy states full-time employees employed over 6 months shall accrue sick leave at a rate of 8 hours per month. However, Sheriff's road deputies are awarded 10 hours of sick leave per month, and jailers are awarded 12 hours per month. Sheriff's department personnel indicated employees are awarded the same number of hours as their daily shift.

Policies and procedures

Unclear personnel policies and noncompliance with policies may result in unnecessary costs to the county and inequitable treatment of employees. To ensure employees are treated equitably and properly compensated, personnel policies should be updated to reflect the county's intended practices and comply with FLSA requirements, and strict compliance with the policies is necessary. In addition, to reduce payroll costs, the county should consider revising the compensatory time/overtime policy for law enforcement employees in accordance with the FLSA.

Similar conditions previously reported

Similar conditions to sections 2.1 and 2.2 were noted in our prior audit report.

Recommendations

The County Commission:

2.1 Ensure timesheets submitted to the County Clerk are reviewed for accuracy. The County Commission should work with the County Clerk to ensure timesheets are reviewed and signed by the employee and the employee's supervisor.

2.2 Ensure centralized leave and compensatory time records are maintained by the County Clerk's office and monitored for compliance with the FLSA and county policies.

2.3 Revise personnel policies as needed, adopt overtime and compensatory time policies that comply with the FLSA, and consider revising the compensatory/overtime policy for law enforcement employees in accordance with the FLSA.

Auditee's Response

The County Commission provided the following written responses:

2.1 The county will ensure that timesheets submitted to the County Clerk are reviewed for accuracy. The County Commission will work with the County Clerk to see that all timesheets are reviewed and signed by the employee and employee's supervisor prior to submission for processing.

2.2 During the audit, the County Clerk and County Commission established centralized monitoring of leave, compensatory time, and sick leave records by the County Clerk. These records will be monitored for compliance with FLSA and county policies for all employees.

2.3 A draft personnel policy manual has been prepared and will be updated to adopt overtime and compensatory time policies that are consistent with the FLSA for all employees.

3. Review of Property Taxes

Neither the County Clerk nor the County Commission adequately review the financial activities of the County Collector, who processed property tax monies of approximately $9.4 million during the year ended February 28, 2014. The account book maintained by the County Clerk is not accurate, does not track the taxes charged to the County Collector, and does not agree to the annual settlements submitted by the County Collector. County Commissioners indicated they rely on the County Clerk's review of the annual settlements before they approve the annual settlements. However, since the account book is inaccurate, it is not possible for the County Clerk to adequately review the annual settlements. Without adequate review

procedures, there is an increased risk of loss, theft, or misuse of property tax monies going undetected.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records that accurately summarize all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector are complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector's annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

Recommendation

The County Clerk maintain a complete and accurate account book with the County Collector. In addition, the County Clerk and the County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.

Auditee's Response

The County Commission and the County Clerk provided the following written response:

During the audit, the County Clerk implemented a complete and accurate account book on the County Collector. The County Clerk and County Commission will use this account book to review the accuracy and completeness of the County Collector's annual settlements.

4. Sheriff Procedures

Procedures over the Sheriff's deposits, bond forms, and seized property need improvement. In addition, the Sheriff's department lacked adequate controls and procedures over receipts and disbursements related to the department renovation project.

During the year ended December 31, 2013, Sheriff's department personnel deposited approximately $92,000 collected for conceal and carry permits, civil and criminal process fees, bonds, and other miscellaneous fees into the Sheriff's fee account.

4.1 Deposits

As noted in our 3 previous audit reports, the Sheriff's bookkeeper is not depositing monies received into the fee account timely. For example, $4,293 (including $225 in cash) received from November 1 through 5, 2013, was not deposited until November 15, 2013; and $525 (including $489 in cash) received from November 18 through 20, 2013, was not deposited until November 27, 2013.

Timely depositing procedures are necessary to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds.

4.2 Bonds

The Sheriff's department lacks adequate controls over bonds and associated monies, and was unable to locate some bond forms. Bonds (cash and nonmonetary) are typically collected by jailers, who issue prenumbered bond forms. These forms and monies are transmitted to the bookkeeper for processing.

The Sheriff's department does not account for the numerical sequence of bond forms issued or maintain a log of bond forms issued, and does not always maintain copies of bond forms issued. We determined the numeric range of bond forms apparently utilized during November and December 2013, and attempted to account for the disposition of these 39 bond forms. We identified 8 missing bond forms. Upon review of office records and follow up with the court, Sheriff's department personnel could not locate these bond forms or determine whether the forms had been utilized. Sheriff's department personnel indicated since there were no deposits of monies associated with these missing forms, the forms were probably (1) not utilized and misplaced, (2) voided and not retained, or (3) used for nonmonetary bonds and not retained. In addition, we noted 1 instance where a bond form was not issued for a nonmonetary bond.

To reduce the risk of loss, theft, or misuse of bond monies received, and to provide assurance bond monies are accounted for properly, department personnel should complete bond forms for all bonds and bond monies received, maintain a log of bond forms and account for the numerical sequence of bond forms. In addition, department personnel should record voided bond forms on the bond log and retain all copies of defaced bonds.

4.3 Seized property

The Sheriff's department has not established adequate controls over seized property. A master listing of all seized property is not maintained; rather evidence tickets including seized property are prepared and stored in each case file. In addition, the Sheriff's department does not conduct periodic inventories of seized property.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or misuse of the stored items. Inventory control records should be maintained and periodic physical inventories performed and the results compared to the inventory records to ensure seized property and evidence are accounted for properly.

4.4 Department renovation

The Sheriff's department lacked adequate controls and records for monies donated to the department and used for renovations.

The Sheriff made various department renovations, including remodeling of ceilings and walls totaling approximately $6,000. The county paid approximately $2,200 toward the project; and the Sheriff received donations

for the remainder, primarily from one donor. The Sheriff indicated he received donations totaling approximately $5,200, and spent approximately $3,800 of these monies on the project.

The Sheriff kept no records supporting the donations received and maintained the donations outside the county treasury. The Sheriff indicated he paid the donations into an account at the local hardware store where he purchased the remodeling supplies. In addition, the Sheriff did not handle project purchases through the normal county procurement and budget process. The Sheriff indicated approximately $1,400 of the donations went unspent and after the hardware store refunded the money he returned it to the donor. However, there are no records to support the explanations provided by the Sheriff.

There is no statutory authority allowing the Sheriff to hold county monies outside the county treasury. Section 50.370, RSMo, requires every official of third and fourth class counties who receives any fees or other remuneration for official services to pay such monies to the County Treasurer. The failure to record and account for receipts and expending monies through unauthorized accounts outside the county's normal budgeting and disbursement process increases the risk of misuse or possibility of unnecessary purchases.

Recommendations

The Sheriff:

4.1 Timely deposit all monies.

4.2 Prepare bond forms for all bonds received and establish procedures to account for all bond forms and any associated monies.

4.3 Maintain inventory records of all items in the evidence room, perform periodic physical inventories, and compare the results to the inventory records.

4.4 Turn all donations over to the County Treasurer, ensure records of donations received are maintained, and ensure all purchases are made through the normal county procurement and budget process.

Auditee's Response

The Sheriff provided the following written responses:

4.1 Although I recognize the need to make deposits in an expedient manner, I am also met with extremely limited staffing for the Sheriff's department including having one secretarial employee. We will strive to make more than one deposit a week while also balancing the need to keep the Sheriff's department open for

business. The Sheriff's department secretary has increased the number of deposits she makes in a week.

4.2 There were no previous policies in place from the preceding administration regarding bond form handling. However this is a policy we have developed recently and have established procedures to account for all bonds, including a log and proper control procedures for all bonds and bond monies. This process has been implemented and has been very effective.

4.3 When I took office I was not provided any property or evidence log. The previous administration had more than 20 years of undocumented evidence and property. The very tedious and complex task of accounting for 20 years of property and evidence seems to have been an insurmountable task. Approximately 1 year ago, during the budget process, we requested funds to implement a computerized records management process; however, the County Commission and/or the County Clerk eliminated the requested funding from our proposed budget. We expect within the next year to accomplish the project. The Sheriff's department does record evidence in each narrative report and property/evidence seized is also documented on a property/evidence intake form which is included in the investigative case file. However, at this time a master listing of evidence/property does not, and to my knowledge has not existed in the history of the Osage County Sheriff's department. I recognized the need for a master log and have been working to accomplish this task which continues to take an extensive amount of time. Once this is accomplished, we will conduct routine inventories of property and evidence.

4.4 The physical Sheriff's department was inherited from the previous administration in a state of extreme physical hazard and disarray. After trying to be a good steward of the office I inherited, it was clear that the County Commission was responsible for failing to maintain its facilities and building. The Sheriff's department had community members, other elected officials, inmates, and Sheriff's department employees and their family members volunteer their time, tools, resources, and finances to help provide necessary working conditions to serve the people. The financial donation that was received in the form of a money order made out to the local hardware store was delivered to the Presiding Commissioner and two Associate Commissioners in an open session meeting. During that meeting, I was given the money order back and instructed to take the money order to the hardware store by the Presiding Commissioner and apply to the project's balance. The county could not deposit the citizen's donation as it was made out in money order form to the hardware store. I was simply abiding by the Presiding

Commissioner's directive. I will ensure future donations are turned over to the County Treasurer, that records of donations are maintained by the County Commission and/or County Clerk, and all purchases are made through the county purchasing and budgeting process.

The County Commission provided the following written responses:

4.1 The County Commission will ask to see deposit records for all monies received per the Sheriff's department monthly report to track timely deposits.

4.2 The county will ensure that the Sheriff's department prepares bond forms for all bonds and bond monies received and establishes procedures to account for all bond forms.

4.3 The county will ensure that the Sheriff's department maintains accurate inventory records of all items in the evidence room, and performs periodic physical inventories comparing results with the inventory records.

4.4 The county will ensure that the Sheriff's department turns all donations over to the County Treasurer, ensure that records of donations received are maintained, and ensure all purchases are made through the normal county procurement and budget process.

5. 911/Emergency Management Department Receipts

The 911/Emergency Management department receipting procedures are not adequate. The 911/Emergency Management department receives monies for maps, CPR classes, road signs, scrap metal, donations, and other miscellaneous items, and transmitted $4,378 to the County Treasurer during the year ended December 31, 2013.

The 911/Emergency Management department does not issue receipt slips for most monies received. Department staff issued only 7 receipt slips totaling $125 for the $4,378 transmitted to the County Treasurer during 2013. The 911/Emergency Management Director indicated staff only issue receipt slips when requested by the payor. In addition, the department issued generic receipt slips, and staff did not issue receipt slips sequentially or always document the method of payment on the receipt slips.

Without complete receipt records, and a detailed reconciliation of these records to transmittals, there is no assurance all monies have been transmitted to the County Treasurer. To reduce the risk of loss, theft, or misuse of monies received, procedures should be established to ensure all monies received are properly receipted and transmitted to the County Treasurer.

Recommendation

The County Commission work with the 911/Emergency Management Director to ensure official receipt slips are issued for all monies received, receipt slips are issued in sequential order, the method of payment is indicated on all receipt slips, and the composition of receipts is reconciled to the composition of transmittals.

Auditee's Response

The County Commission provided the following written response:

The County Commission will work with the 911/Emergency Management Director to ensure that official receipt slips are issued for all monies received, in sequential order, with the method of payment indicated on all receipt slips; and the record of receipts is reconciled to the records of transmittals.

The 911/Emergency Management Director provided the following response:

As of May 2014, this recommendation has been implemented.

6. Capital Assets and Fuel Usage

Procedures related to capital assets and Road and Bridge department fuel usage need improvement.

6.1 Capital assets

Procedures and records to account for county property are not adequate. In addition, the county does not have adequate procedures in place to identify and record capital asset purchases and dispositions throughout the year. As a result, the county's capital asset records are not complete and up to date. The County Clerk did not request annual inventories and inventory reports from various county officials and no county officials conducted inventories or submitted inventory information to the County Clerk during 2013. In addition, county assets are not tagged or properly identified as county property.

Adequate capital asset records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Procedures to track capital asset purchases and dispositions throughout the year, along with periodic physical inventories and comparisons of the results to overall county capital asset records are necessary to evaluate the accuracy of the records, and deter and detect theft. Proper tagging of capital assets is necessary to facilitate the record-keeping process. Section 49.093, RSMo, requires third and fourth class counties to account for personal property costing $1,000 or more, assigns responsibilities to the officer or applicable designee of each county department, and describes details to be provided in the inventory records.

6.2 Road and Bridge department fuel usage

The fuel tanks for the Road and Bridge department are not metered, and fuel usage is not reconciled to fuel purchases. The Road and Bridge department maintains 6 diesel tanks and a gasoline tank for fueling 23 vehicles and

equipment and spent approximately $129,000 on fuel during the year ended December 31, 2013.

Procedures for reviewing fuel use and reconciling use to purchases are necessary to ensure the reasonableness and propriety of fuel use and disbursements, prevent paying vendors for improper billing amounts, and decrease the risk of theft or misuse of fuel occurring without detection. Metered fuel tanks are necessary to identify fuel usage for these reviews and reconciliations.

Similar conditions previously reported

Similar conditions were noted in our prior audit report.

Recommendations

The County Commission:

6.1 Work with the County Clerk and other county officials to ensure complete and accurate inventory records are maintained, purchases and dispositions of assets are tracked, annual physical inventories are conducted, and assets are tagged as county property.

6.2 Require fuel meters for all bulk fuel tanks, ensure fuel purchases are reconciled to fuel usage, and investigate any significant discrepancies.

Auditee's Response

The County Commission provided the following written responses:

6.1 The County Commission, through the County Clerk, will work with other county officials to maintain complete and accurate inventory records, and perform physical inventories on an annual basis. Purchases and dispositions of assets will be tracked, and assets of the county will be tagged as county property.

6.2 The County Commission will establish procedures to track purchase and use of fuel with the Road and Bridge department. The county will periodically obtain and review vehicle and equipment logs that track mileage, hours of use, and fuel dispensed; and compare the logs to fuel purchases to better identify any discrepancies. At this time it is not possible to meter the bulk fuel tanks.

7. Computer Controls

Controls over county computers are not sufficient to prevent unauthorized access by requiring password changes and restricting logon attempts or to restore key systems in the event of a disaster or system failure. As a result, county records are not adequately protected and are susceptible to unauthorized access or damage.

7.1 Password controls

The Recorder of Deeds, County Clerk, Prosecuting Attorney, County Treasurer, County Collector, County Assessor, and the 911/Emergency

Management Director have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees are not required to change passwords on a periodic basis, and the County Collector's office employees share passwords.

Passwords are required to authenticate access to computers. The security of a computer password is dependent upon keeping passwords confidential. However, since passwords do not have to be periodically changed and are shared, there is less assurance passwords are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

7.2 Security controls

The County Collector and County Assessor do not have security controls in place to lock a computer after a specified number of incorrect logon attempts. In addition, the computers in the offices of the Recorder of Deeds, County Clerk, Prosecuting Attorney, County Treasurer, County Collector, and County Assessor do not lock after a certain period of inactivity.

Logon attempt controls lock the capability to access a computer after a specified number of consecutive invalid logon attempts and are necessary to prevent unauthorized individuals from continually attempting to logon to a computer by guessing passwords. Inactivity controls are necessary to reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to programs and data files. Without effective security controls, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

7.3 Backup data

Periodic testing of backup data is not performed for any county offices. Additionally, the County Treasurer does not store backups at an off-site location. Failure to store computer backup data at a secure off-site location results in the backup data being susceptible to the same damage as the data on the computer.

To help prevent loss of information and ensure all essential county information and computer systems can be recovered, backups should be tested on a periodic basis and stored at a secure off-site location.

Recommendations

The County Commission work with other county officials to:

7.1 Require unique passwords for each employee that are confidential and periodically changed to prevent unauthorized access to the county's computers and data.

7.2 Require each county computer to have security controls in place to lock the computer after a specified number of incorrect logon attempts and after a certain period of inactivity.

7.3 Ensure backup data is tested on a regular, predefined basis, and stored in a secure off-site location.

Auditee's Response

The County Commission provided the following written responses:

7.1 The county will include a requirement for separate confidential passwords for each employee that are to be changed every 90 days in our revised procedures manual.

7.2 The county will ensure that 3 incorrect logons will require that employee to contact their supervisor to reset the password to enable access to the server, and that the computers will lock after a certain period of inactivity.

7.3 The county will ensure that backup data is regularly tested and storage will be off-site and secure.

Osage County
Organization and Statistical Information

Osage County is a county-organized, third-class county. The county seat is Linn.

Osage County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 43 full-time employees and 16 part-time employees on December 31, 2013.

In addition, county operations include the Senate Bill 40 Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Dave Dudenhoeffer, Presiding Commissioner	$	26,354
John Glavin, Associate Commissioner		24,354
Larry Kliethermes, Associate Commissioner		24,354
Cindy Hoffman, Recorder of Deeds		36,900
Patrick Steele, County Clerk		36,900
Amanda L. Grellner, Prosecuting Attorney		44,000
Michael Dixon, Sheriff		40,500
Tim G. Neuner, County Treasurer		36,900
Lois Jaegers, County Coroner		11,700
Paul G. Stratman, Public Administrator		22,500
Doris J. Keilholz, County Collector (1), year ended February 28,	39,034	
Ross Seals, County Assessor, year ended August 31,		36,900
Ralph P. Kliethermes, County Surveyor (2)		5,000

(1) Includes $1,367 of commissions earned for collecting city property taxes.
(2) Compensation on a fee basis.

Financing Arrangements

The county entered into a lease purchase agreement with First Bank of Missouri in 2009. Certificates of participation totaling $1,910,000 were issued by First Bank of Missouri on behalf of the county and the proceeds of those certificates used to renovate the county courthouse. Payments are made from the proceeds of the half-cent sales tax passed by the voters in

August 2007. The lease-purchase agreement is scheduled to be paid off in 2027. The remaining principal outstanding at December 31, 2013, was $1,590,000. Interest remaining to be paid over the life of the agreement totaled $629,206.

The county entered into a lease-purchase agreement with Legends Bank in 2009 for the purpose of purchasing and renovating the county annex building. The lease-purchase agreement is for $1,665,000 and is scheduled to be paid off in 2018. Payments are made from the proceeds of the quarter-cent sales tax passed by the voters in August 2007. The remaining principal outstanding at December 31, 2013, was $845,580. Interest remaining to be paid over the life of the agreement totaled $90,599.

The county entered into a lease-purchase agreement with Legends Bank in 2013, for the purpose of purchasing six law enforcement vehicles for the Sheriff's department. The lease-purchase agreement is scheduled to be paid off in June 2017. The remaining principal outstanding at December 31, 2013, was $115,538. Interest remaining to be paid over the life of the agreement totaled $6,669.

Thomas A. Schweich

Missouri State Auditor

PUBLIC SAFETY

Missouri State Highway Patrol's Use of Highway Funds

Year Ended June 30, 2014

December 2014

Report No. 2014-126

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Department of Public Safety, Missouri State Highway Patrol's Use of Highway Funds

Background	The State Auditor is required by Article IV, Section 30(b) of the Missouri Constitution and Section 226.200.3, RSMo, to determine whether appropriations from the State Highways and Transportation Fund (State Highway Fund) to the Missouri State Highway Patrol (MSHP) are used for administering and enforcing state motor vehicle laws and traffic regulations.
Methodology	Audit staff reviewed pertinent documents, conducted interviews, and tested selected transactions. Audit staff assessed and tested internal controls and reviewed and tested MSHP calculations.
Conclusions	During the year ended June 30, 2014, the MSHP appears to be in compliance with legal provisions related to the use of Highway Funds.

Because of the limited objective of this review, no overall rating is provided.

Department of Public Safety
Missouri State Highway Patrol's Use of Highway Funds
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
and
Daniel Isom, Director
Department of Public Safety
and
Colonel Ronald K. Replogle, Superintendent
Missouri State Highway Patrol
Jefferson City, Missouri

We have audited the Department of Public Safety, Missouri State Highway Patrol's Use of Highway Funds, as required by Section 226.200.3, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2014. The objective of our audit was to determine whether the agency is in compliance with legal provisions related to the use of Highway Funds.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The Background, Methodology and Conclusions present our comments concerning the overall compliance related to the Department of Public Safety, Missouri State Highway Patrol's Use of Highway Funds.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Dennis Lockwood, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Steven J. Barton

Department of Public Safety
Missouri State Highway Patrol's Use of Highway Funds
Background, Methodology, and Conclusions

Background

The State Auditor is required to determine whether appropriations from the State Highways and Transportation Fund (State Highway Fund) to the Missouri State Highway Patrol (MSHP) are used for administering and enforcing state motor vehicle laws and traffic regulations pursuant to the constitution.

Limitations and requirements

Article IV, Section 30(b), Missouri Constitution, limits the MSHP's use of highway funds to activities related to administering and enforcing state motor vehicle laws or traffic regulations. In addition, Section 226.200.3, RSMo, provides, in part:

". . . Appropriations allocated from the state highways and transportation department fund to the highway patrol shall only be used by the highway patrol to administer and enforce state motor vehicle laws or traffic regulations. Beginning July 1, 2007, any activities or functions conducted by the highway patrol not related to enforcing or administering state motor vehicle laws or traffic regulations shall not be funded by the state highways and transportation department fund, but shall be funded from general revenue or any other applicable source. Any current funding from the highways and transportation department fund used for activities not related to enforcing state motor vehicle laws or traffic regulations shall expire on June 30, 2007. The state auditor shall annually audit and examine the appropriations made to the highway patrol to determine whether such appropriations are actually being used for administering and enforcing state motor vehicle laws and traffic regulations pursuant to the constitution. The state auditor shall submit its annual findings to the general assembly by January fifteenth of each year."

During the year ended June 30, 2014, the MSHP utilized appropriations from the State Highway Fund as follows:

	Appropriation Authority	Expenditures	Lapsed Balances*
Technical services personal service	$ 13,154,837	11,956,199	1,198,638
Administration personal service	5,595,363	5,404,043	191,320
Administration expense and equipment	422,589	357,940	64,649
Enforcement personal service	65,579,028	61,937,664	3,641,364
Law Enforcement Academy personal service	1,248,056	1,196,430	51,626
Law Enforcement Academy expense and equipment	73,576	59,034	14,542
Vehicle and driver safety personal service	10,685,200	9,995,001	690,199
Vehicle and driver safety expense and equipment	942,525	822,188	120,337
Enforcement expense and equipment	5,522,131	5,484,640	37,491
Technical services expense and equipment	13,686,001	13,342,665	343,336
Refund unused motor vehicle inspection stickers	100,000	37,126	62,874
Fringe benefits personal service	69,521,846	64,250,304	5,271,542
Fringe benefits expense and equipment	6,386,801	5,859,756	527,045
Vehicle replacement expense and equipment	4,818,182	4,654,971	163,211
Gasoline expenses	6,313,699	5,042,461	1,271,238
Crime laboratories personal service	3,749,420	3,458,356	291,064
Crime laboratories expense and equipment	914,499	887,064	27,435
Interoperable system highway	5,000,000	4,317,983	682,017
Interoperable ongoing highway	4,100,000	2,495,382	1,604,618
Total	$ 217,813,753	201,559,207	16,254,546

* The lapsed balances include withholdings made at the Governor's request totaling $4,109,609.

Methodology

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the agency; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objective and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objective, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions

To determine whether the MSHP complied with the limitations on the use of highway funds, we reviewed the MSHP calculations of amounts expended from the State Highway Fund for non-highway activities and the amounts

expended by the MSHP for highway-related activities from other funding sources. We compared the amounts used in the MSHP calculations to expenditures recorded in the state accounting system (SAM II) and other supporting documentation. In addition, we tested certain expenditures to determine if the expenditures were properly recorded.

Conclusions

We concluded the MSHP appears to be in compliance with legal provisions related to the use of Highway Funds. During fiscal year 2014, the MSHP spent approximately $2,179,000 appropriated from the State Highway Fund that was not related to highway activities. This amount included non-highway personal service and fringe benefit expenditures made from the State Highway Fund for the Crime Laboratory Division, Training Division, and Administrative Services Bureau; and some gasoline and expense and equipment expenditures from the Administrative Services Bureau. However, these expenditures were more than offset by expense and equipment expenditures of approximately $4,951,000 incurred by the Crime Laboratory Division, Training Division, and Technical Services Bureau that were related to highway activities but were not paid from the State Highway Fund. As a result, approximately $2,772,000 more was spent on highway-related activities than was paid from highway funds during fiscal year 2014.

Thomas A. Schweich

Missouri State Auditor

Scott County

December 2014

Report No. 2014-127

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Scott County

Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney has not established adequate procedures for receipting, recording, and depositing monies. The clerks do not issue manual receipt slips for all monies received, do not always document adequate receipt information for all monies received, and do not always restrictively endorse money orders immediately upon receipt. The restitution clerk does not always deposit monies intact and timely, and does not always deposit restitution monies before disbursements are made to the applicable party. The restitution clerk also does not prepare monthly lists of liabilities for the restitution bank accounts, and consequently, liabilities are not compared to the reconciled bank balances. The Prosecuting Attorney has not adequately segregated accounting duties or performed supervisory reviews of accounting records. Restitution monies are not always timely disbursed and the Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks.
Sheriff Commissary Account	The Sheriff has not adequately segregated accounting duties or performed supervisory reviews of accounting records relating to inmate monies. Office personnel do not prepare monthly lists of liabilities for the inmate account, and consequently, liabilities are not compared to the reconciled bank balances. The Sheriff's office has not turned over to the county treasury all profits earned on commissary and telephone card sales, inmate identification bracelet fees, and interest earned on the bank account. The Sheriff's office has not made adequate efforts to review and resolve old inmate commissary accounts. As of December 31, 2013, 357 inmates had inactive accounts totaling $3,571. Also, the Sheriff's office is collecting a $3 inmate identification bracelet fee that is not allowable by state law.
Sales Taxes	The county, as noted in our prior audit report, has exceeded the statutory maximum for general sales taxes allowed by Section 67.505, RSMo, by 1/2 of 1 percent. The county has imposed 2 sales taxes, totaling 1 percent, which exceeds the statutory maximum allowed. Additionally, the county has not properly reported property tax levy reductions to the State Auditor's office since 2009. The county has reported the sales tax rollback as a voluntary rollback.
Public Administrator's Annual Settlements	The Public Administrator does not timely file annual settlements, and 13 of the 14 settlements we reviewed were filed after the due date, including one settlement that was filed approximately 17 months after the due date.
Computer Controls	The County Commission has not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees of the County Collector's office and the County Clerk's office use the same shared passwords when accessing the computers in the respective offices. Sheriff's office employees are not required to change their password periodically and the passwords used to access the computers in the County Collector's office also are not required to be changed periodically.

Additional Comments

Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Scott County
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Scott County

We have audited certain operations of Scott County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones and Associates, Certified Public Accountants, was engaged to audit the financial statements of Scott County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

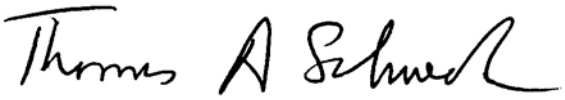
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Scott County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Robyn Vogt, M.Acct., CPA
In-Charge Auditor:	Tina Disney, M.Acct.
Audit Staff:	Albert Borde-Koufie, MBA
	Erica Schroer, MBA
	Keisha Williams
	Connor Dougan

1. Prosecuting Attorney Controls and Procedures

Despite similar concerns noted in our prior audits, significant weaknesses continue to exist in the Prosecuting Attorney's controls and procedures. With the exception of sections 1.3 and 1.4, we have reported similar findings related to the Prosecuting Attorney's office in one or more of our prior reports. Due to the concerns noted below, we were unable to determine if all monies were accounted for, deposited, and disbursed properly.

The Prosecuting Attorney's office collected bad check payment and fees, court-ordered restitution and fees, and delinquent taxes totaling approximately $169,700 for the year ended December 31, 2013.

1.1 Receipting, recording, and depositing monies

The Prosecuting Attorney has not established adequate procedures for receipting, recording, and depositing monies. The Prosecuting Attorney's office collects money orders for bad check payments and fees that are recorded and transmitted to the applicable party. Money orders are also collected for court-ordered restitution and fees, and these monies are recorded, deposited, and disbursed by check to the applicable party. We identified the following concerns:

- The clerks do not issue manual receipt slips for all monies received. The computerized accounting system has a function to issue pre-numbered receipt slips; however, the office does not use this function at the time receipts are collected. Instead, monies received for bad checks and restitution are not recorded in the computerized accounting system until monies are disbursed. In addition, case files do not always maintain the individual manual receipt logs used to record the monies received for that case. Since no complete record of receipts is maintained, the Prosecuting Attorney's office cannot reconcile receipts to deposits.

- The restitution clerk does not always deposit monies intact and timely. For example, monies collected on April 2, 2013, totaling $155, were not deposited until April 16, 2013, even though monies collected on April 3, 2013, were deposited on April 4, 2013. In addition, $800 collected on April 4, 2013, was not deposited until April 16, 2013, $200 collected on April 25, 2013, was not deposited until May 14, 2013, and $1,000 collected on June 13, 2013, was not deposited until July 3, 2013.

- The clerks do not always document adequate receipt information for all monies received. For example, monies deposited on March 7 and April 4, 2013, totaling $100 and $30, were not receipted or recorded in the computerized accounting system. Office personnel could not identify from whom these monies were received or to whom these monies should be disbursed. As a result, we could not determine if these monies were properly disbursed.

- The restitution clerk does not always deposit restitution monies before disbursements are made to the applicable party. For 4 of the 15 restitution cases reviewed, the clerk issued disbursements from the bank account before the corresponding receipts had been deposited. For example, $800 receipted on April 4, 2013, was disbursed on April 12, 2013, but not deposited until April 16, 2013, and $1,000 receipted on June 13, 2013, was disbursed on June 19, 2013, but not deposited until July 3, 2013.

- The clerks do not always restrictively endorse money orders immediately upon receipt.

To ensure all receipts are accounted for properly and timely, the Prosecuting Attorney should consider utilizing the receipt slip function of the computerized accounting system and record all receipts on the system immediately upon receipt. If the Prosecuting Attorney believes it is not practical to utilize this computerized function, other procedures should be implemented to record all receipts immediately upon receipt.

Failure to implement adequate receipting, recording, and depositing procedures increases the risk of loss, theft, or misuse of monies and the likelihood that errors will go undetected. Procedures should be established to ensure all monies received are properly receipted, promptly recorded, and deposited timely and intact.

1.2 Liabilities

The restitution clerk does not prepare monthly lists of liabilities for the restitution bank accounts, and consequently, liabilities are not compared to the reconciled bank balances. The Prosecuting Attorney has an old restitution bank account for cases prior to October 2013 and a new restitution bank account for cases as of October 2013. At our request, a list of liabilities was prepared for each account. For the old restitution account, identified liabilities totaled $11,641 at May 30, 2014. The reconciled bank balance was $31,315, leaving an unidentified balance of $19,674. For the new restitution account, identified liabilities totaled $10,298 at May 30, 2014. The reconciled bank balance was $6,768, indicating a shortage of $3,530. Monies in the restitution accounts include restitution monies and related fees, delinquent tax collections, and interest earned on bank balances.

Monthly lists of liabilities should be prepared and reconciled to cash balances to ensure records are in balance, errors are detected and corrected timely, and sufficient funds are available for payment of all liabilities.

1.3 Segregation of duties

The Prosecuting Attorney has not adequately segregated accounting duties or performed supervisory reviews of accounting records. All 3 office clerks issue manual receipt slips for monies received; however, the primary

accounting duties for bad check complaints and court-ordered restitution are divided between 2 clerks. One clerk is responsible for entering all information related to bad check complaints and payments (prior to charges being filed) in the computerized accounting system and for transmitting these payments and fees to the applicable party. A second clerk is responsible for entering all information related to court-ordered restitution (including bad checks filed with the court) and related payments into the accounting system, and disbursing these payments to the applicable party. This clerk is also responsible for performing bank reconciliations on the restitution bank accounts. The Prosecuting Attorney does not perform a documented supervisory review of the accounting records to ensure all monies received are properly recorded and transmitted/disbursed to the appropriate party.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, the Prosecuting Attorney should implement documented independent or supervisory reviews.

1.4 Disbursements

Restitution monies are not always timely disbursed. The Prosecuting Attorney's office generally does not disburse monies until restitution amounts owed are paid in full. As a result, some restitution monies are held for over one year before disbursement.

To adequately account for collections and reduce the risk of loss, theft, or misuse of funds, restitution disbursements should be made timely.

1.5 Outstanding checks

The Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks. As a result, at May 31, 2014, 13 checks, totaling $1,706, had been outstanding for over a year in the old restitution account, with some checks dating back to 2011.

Proper follow-up procedures are necessary to prevent the accumulation of old outstanding checks and ensure monies are appropriately disbursed to the payee or as otherwise allowed by state law.

Recommendations

The Prosecuting Attorney:

1.1 Establish procedures to ensure all monies received are properly receipted, promptly recorded, and deposited timely and intact. In addition, ensure all money orders are restrictively endorsed immediately upon receipt.

1.2 Prepare a monthly list of liabilities for both restitution accounts and compare to the reconciled bank balances. Any differences should be

promptly investigated and resolved. Any unidentified monies should be disposed of in accordance with state law.

1.3 Adequately segregate accounting duties or ensure supervisory reviews of accounting records are performed and documented.

1.4 Disburse restitution receipts timely.

1.5 Develop procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payee cannot be located, the amount should be disbursed in accordance with state law.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

1.1 We have implemented your suggestions as agreed. All issues under this bullet have been addressed and modified in the computer system. We are scanning in every transaction.

1.2 We have implemented your suggestion as to managing the liabilities by hand based on the lack of software for the older bad check programs that are no longer supported by any software and we plan to reconcile liabilities to reconciled bank balances for both accounts.

1.3 We have implemented the suggestion as agreed.

1.4 The straight restitution cases and tax cases will be disbursed as the payments are processed with an eye toward efficiency. Generally, the bad check cases will be disbursed as payment has been made in full on a given check. Many times we will get in multiple small payments over a period of months for one check. Some of the checks paid are old and the business has already written them off as a loss for the year. The administrative time, processing costs of paperwork and checks, and mail costs do not support sending out small payments on multiple occasions. For instance, it is inefficient to send out multiple payments on small amounts costing the county $10 in costs when one complete payment may cost $2.50. This practice saves time, money, and eliminates confusion for both the staff and the merchant who question the staff on what the small payments are supposed to be applied to in their books. We continue to track all payments to the appropriate account.

1.5 We have sent the monies to the State Treasurer and plan to routinely review outstanding checks.

2. Sheriff Commissary Account

Accounting procedures and practices for the Sheriff's commissary account need improvement. The account is used for inmate monies, commissions earned on commissary and telephone card sales, inmate identification bracelet fees, and other miscellaneous receipts. Account deposits totaled approximately $122,000 for the year ended December 31, 2013.

2.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties or performed supervisory reviews of accounting records relating to inmate monies. One clerk is responsible for maintaining accounting records, disbursing monies, and reconciling the bank account.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, the Sheriff should implement a documented independent or supervisory review to ensure bank records are in agreement with accounting records.

2.2 Liabilities

Office personnel do not prepare monthly lists of liabilities for the inmate account, and consequently, liabilities are not compared to the reconciled bank balances. At our request, a list of liabilities for the inmate account was prepared and identified liabilities totaled $34,671, at December 31, 2013. The reconciled bank balance was $41,537, leaving an unidentified balance of $6,866.

Monthly lists of liabilities should be prepared and reconciled to cash balances to ensure records are in balance, errors are detected and corrected timely, and sufficient funds are available for payment of all liabilities.

2.3 Profits, fees, and interest

The Sheriff's office has not turned over to the county treasury all profits earned on commissary and telephone card sales, inmate identification bracelet fees, and interest earned on the bank account. The Sheriff's office held approximately $20,200 in profits, fees, and interest in the inmate account as of December 31, 2013.

Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund. In addition, to adequately account for collections and reduce the risk of loss, theft, or misuse of funds, all remaining monies should be disbursed to the County Treasurer monthly.

2.4 Inmate commissary balances

The Sheriff's office has not made adequate efforts to review and resolve old inmate commissary accounts. As of December 31, 2013, 357 inmates had

inactive accounts totaling $3,571. These inmates were released from the county justice center, but did not claim the balance in their commissary accounts.

Follow up on inactive accounts is necessary to ensure monies are appropriately disbursed to the former inmates or as otherwise provided by state law. An attempt should be made to locate former inmates with commissary account balances. If the inmates cannot be located, or the check to the former inmate is not cashed, the Sheriff should dispose of the monies according to state law.

2.5 Inmate identification bracelet fees

The Sheriff's office is collecting a $3 inmate identification bracelet fee that is not allowable by state law. According to office personnel, the fee is collected from inmates at the time of booking and covers the cost of the bracelet, which is used to identify the inmates, as well as the cost of criminal record folders used to maintain an inmate's information. There is no statutory authority allowing the Sheriff to charge and collect such a fee at the time of booking.

Recommendations

The Sheriff:

2.1 Adequately segregate accounting duties or ensure supervisory reviews of accounting records are performed and documented.

2.2 Prepare a monthly list of liabilities for the inmate account and compare to the reconciled bank balance. Any differences should be promptly investigated and resolved. Any unidentified monies should be disposed of in accordance with state law.

2.3 Ensure existing and future commissary profits (including telephone card profits) not necessary to meet cash flow needs or current operating expenses are turned over to the County Treasurer for deposit into the Inmate Prisoner Detainee Security Fund. In addition, ensure all remaining monies are disbursed to the County Treasurer monthly.

2.4 Establish procedures to routinely review inactive accounts and timely disburse monies to former inmates. An attempt should be made to resolve unclaimed commissary balances. If the former inmates cannot be located, the monies should be disbursed in accordance with state law.

2.5 Discontinue charging and collecting the inmate identification bracelet fee at the time of booking.

Auditee's Response

The Sheriff provided the following written responses:

2.1 Corrective action has already been taken. Inmate fund bank statements are reconciled by the clerk and reviewed for accuracy by the office manager. The office manager signs off and dates the bank reconciliations upon approval. We implemented this practice in May before the audit team left Scott County.

2.2 Corrective actions have been implemented and the projected time frame for completion is December 31, 2014. This issue is due to an accounting software change to Archonix, an unidentified balance of $6,866 exists for the collection of monies for medical charges, telephone cards, e-cigs, inmate identification fees, and any prior booking negative balances, etc. The Archonix software lacked the proper tracking of inmate monies collected for these items. In an effort to resolve the tracking of these collected funds, we have worked hours with numerous Archonix employees requesting reports including detailed data of the funds. Archonix was UNABLE to resolve the accounting issues or provide the necessary reports forcing the Sheriff's office to return to the Keefe accounting software. Once the agreement was discontinued with Archonix, the company's assistance ceased, leaving us without the information we requested relating to inmate money collected for the above items. Our contact person with Keefe is continuing to work with us in an effort to assist with properly reconciling the unidentified balance to the best of her ability. The process has been time consuming because she travels and is not in the office weekly. The assistance she is providing goes above and beyond her regular job duties. Once this task is completed, she will provide us with a monthly report listing all liabilities to be used for reconciling cash balances. As you can see, we are working diligently to resolve this issue so that we can prepare these monthly lists and this recommendation will be implemented on a monthly basis.

2.3 All commissary commissions have been turned over to the county. All medical fees and fees collected for damages have been turned over to the county. Money collected for 2014 inmate identification fees, bank interest, and telephone card commissions remain in the inmate fund account to allow for sufficient cash flow funds for payment of all liabilities. Corrective actions for the remaining fees have been implemented.

2.4 Upon inmate release or transfer to another facility, any positive balance over $1 left on account is mailed to the address given by the inmate or forwarded to the transferred facility. If the check is returned for a bad address, a phone call is made to the number

provided by the inmate in an attempt to forward the check to the correct address. If no contact can be established, the inmate's funds remain in his account to be used if he returns to our facility. Any inmate money less than $1 is available for pick up in the office during normal business hours. We will establish procedures to routinely review inactive accounts and for any inmates not located, monies will be disbursed in accordance with state law.

2.5 We will look into changing the charging of this fee and consider alternative means to collect this fee as a cost of incarceration.

3. Sales Taxes

As noted in our prior audit report, the county exceeded the statutory maximum for general sales taxes allowed by Section 67.505, RSMo, by 1/2 of 1 percent. In addition, the county has not properly reported property tax levy reductions to the State Auditor's office for several years.

3.1 General sales taxes

The county has imposed the following 2 sales taxes, totaling 1 percent, which exceeds the statutory maximum allowed.

- In November 1979, voters approved a 1/2 of 1 percent general sales tax under Section 67.505, RSMo. The General Revenue Fund received approximately $1.8 million in 2013 from this tax.

- In February 2009, voters approved an additional 1/2 of 1 percent general sales tax under Section 67.505, RSMo. This sales tax has an expiration date of December 31, 2016, and was to replace the expired law enforcement sales tax. The General Revenue Fund received approximately $1.8 million in 2013 from this tax. Most of this sales tax is used for law enforcement.

The County Commission orders authorizing each of the issues to be placed on the ballot cited Section 67.505, RSMo, as the statutory authority. This section allows counties to impose a rate of 1/4, 3/8, or 1/2 percent. Although there is no provision against having two sales taxes under this section, the total sales tax cannot exceed 1/2 of 1 percent. Attorney General's Opinion No. 61, 1989 to Thompson, addresses a different but similar county sales tax law and states a county cannot exceed the 1/2 of 1 percent tax rate.

The prior audit recommended the County Commission consult with legal counsel to review the various sales taxes imposed and determine which are valid and what further action to take. The County Commission responded that the ballot language had been reviewed by legal counsel. However, the legal opinion did not address if the second sales tax complied with state law. The County Commission indicated voters will be asked to renew the second general sales tax in 2015.

Prior to submitting any future sales taxes to voters for approval, the county should review the current sales taxes imposed, research the statutory requirements for current and proposed sales taxes, and determine an allowable sales tax statute to ensure the sales taxes do not exceed statutory limits.

3.2 Property tax levy reductions

The county has not properly reported property tax levy reductions to the State Auditor's office since 2009. Included in the ballot language for the general sales taxes discussed in section 3.1, were provisions to reduce property taxes by a percentage of sales taxes collected. With the passage of these ballot measures, the county agreed to reduce the General Revenue property tax levy by 100 percent of sales tax collected. However, the county has reported this sales tax rollback reduction as a voluntary rollback.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. The general sales tax passed in November 1979 included a provision to reduce property taxes by 50 percent of sales tax collected. The second general sales tax passed in February 2009 included a provision to reduce property taxes by 100 percent of sales tax collected.

The county is required to certify to the State Auditor's office the annual property tax levy including the amount the levy is reduced for sales tax collections, as well as voluntary reductions, if any. In 2009, the county incorrectly reported the reduction as voluntary instead of as a sales tax reduction. In 2010, the county certified a voluntary reduction and according to Section 137.073.5(4), RSMo (amended in 2008), a voluntary reduction taken in a non-assessment year (even year) results in a reduced tax rate ceiling during the subsequent reassessment year (odd year), causing the tax rate ceiling to be zero for the county in 2011 and thereafter. The county was apparently unaware the tax rate ceiling had been reduced to zero starting in 2011. The County Clerk believed that by reporting a tax rate of zero, the levy was being reduced for a sales tax reduction; however, the tax rate certification letter issued by the State Auditor's office indicated no tax rate ceiling, no sales tax reduction, no voluntary reduction, and a certified tax rate of zero for 2011, 2012, and 2013. Section 137.073.5(4), RSMo, allows the county to reinstate its tax rate ceiling and Section 137.073.6(3), RSMo (effective September 11, 2013), allows the county to submit amended tax rate forms to the State Auditor's office. After we discussed these concerns with county officials, the County Clerk took the necessary steps to correct the tax rate forms and reinstate the county's tax rate ceiling.

To ensure property tax levies are properly set and property tax rate ceilings are maintained, the County Commission and County Clerk should ensure property tax levy reductions are accurately calculated, reported, and certified. Documentation of tax rate setting decisions is important to

demonstrate compliance with statutory provisions and ballot language and serve as a reference tool should questions arise.

Recommendations

The County Commission and County Clerk:

3.1 Review current sales taxes imposed, research the statutory requirements for current and proposed sales taxes, and determine an allowable sales tax statute to ensure sales tax levies do not exceed statutory limits prior to submitting any future sales tax proposals to voters for approval.

3.2 Properly report property tax rate reductions (sales tax or voluntary). During the tax rate setting process, the County Commission and County Clerk should ensure tax rate information reported back to the county in the State Auditor's office certification letter is consistent with expectations and, if not, promptly follow up on any discrepancies.

Auditee's Response

The County Commission and County Clerk provided the following written responses:

3.1 As stated in a past audit concerning the sales tax issue, the County Commission stands strong that the voters approved the sales tax as presented. The taxpayers have received a zero tax rate for County Real Estate and Personal Property taxes as stated in the ballot question. In 2015 the County Commission is planning to ask the voters to continue the 1/2 cent sales tax for a zero tax rate for the county taxes under Section 67.547, RSMo.

3.2 The county has not been charging a tax levy for County Real Estate and Personal Property since the sales tax was passed in 2009. The tax rate has been reported to be zero but was reported as a voluntary reduction instead of a sales tax reduction (rollback). The outcome is the same of not charging any county taxes. Tax rate forms have been resubmitted to the Missouri State Auditor and future reports will be submitted as recommended.

4. Public Administrator's Annual Settlements

The Public Administrator does not timely file annual settlements. We reviewed settlements filed for 14 of the 208 wards or estates and noted annual and final settlements for 13 of the 14 wards or estates were filed after the Probate Clerk's due date, including one final settlement that was filed approximately 17 months after the due date. The Probate Clerk sends a reminder letter to the Public Administrator 30 days before a settlement is due. The Probate Clerk will send a second reminder if the settlement is not filed by the due date. Despite these procedures, settlements have been filed late.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate. Timely settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that loss, theft, or misuse of funds will go undetected.

Recommendation

The Public Administrator ensure annual settlements are filed timely.

Auditee's Response

The Public Administrator provided the following response:

Due to unavoidable circumstances, I was behind on the annual settlements. I am now caught up and future settlements will be completed timely.

5. Computer Controls

The County Commission has not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees of the County Collector's office and the County Clerk's office use the same shared passwords when accessing the computers in the respective offices. Sheriff's office employees are not required to change their password periodically and the passwords used to access the computers in the County Collector's office also are not required to be changed periodically.

Passwords are required to authenticate access to computers. The security of a computer password is dependent upon keeping passwords confidential. However, since passwords are shared and do not have to be periodically changed, there is less assurance passwords are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

A similar condition was noted in our prior audit report.

Recommendation

The County Commission require unique passwords for each employee that are confidential and periodically changed to prevent unauthorized access to the county's computers and data.

Auditee's Response

The County Commission provided the following written response:

These issues were resolved immediately. The County Commission will add the recommendation of the State Auditor of unique passwords for each employee and being periodically changed to the County Personnel Policy.

Scott County
Organization and Statistical Information

Scott County is a county-organized, third-class county. The county seat is Benton.

Scott County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 108 full-time employees and 7 part-time employees on December 31, 2013.

In addition, county operations include the Senate Bill 40 Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Jamie Burger, Presiding Commissioner	$	38,229
Dennis Ziegenhorn, Associate Commissioner		35,820
Donnie Kiefer, Associate Commissioner		35,820
Tara L. Mason, Recorder of Deeds		54,270
Rita Milam, County Clerk		54,270
Paul R. Boyd, Prosecuting Attorney		116,858
Rick Walter, Sheriff		60,303
Glenda Enderle, County Treasurer		54,270
Scott C. Amick, County Coroner		19,302
Pam Dirnberger, Public Administrator		54,270
Mark Hensley, County Collector (1), year ended February 28,	62,362	
Teresa Houchin, County Assessor, year ended August 31,		54,270

(1) Includes $8,092 of commissions earned for collecting drainage taxes.

Thomas A. Schweich

Missouri State Auditor

Thirty-Ninth Judicial Circuit

City of Kimberling
Municipal Division

December 2014

Report No. 2014-128

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Thirty-Ninth Judicial Circuit, City of Kimberling Municipal Division

Accounting Controls and Procedures	The municipal division does not have an adequate segregation of accounting duties or independent review processes in place. The Court Clerk does not adequately monitor accrued costs owed to the municipal division and does not utilize a system generated report of balances due to review accrued costs. We determined 7 cases had differeneces between the balances reported in the manual case file and the balances shown in the computerized system. The municipal division does not reconcile manual receipt slips issued to manual receipt slips recorded in the computerized system. Also, the Court Clerk, who handles and has access to monies, is not covered by the city's bond.
Municipal Division Procedures	The Prosecuting Attorney does not always sign tickets, does not sign any plea agreements to amend violations submitted to the municipal division, and does not clearly document his approval of dismissed tickets. The Court Clerk is allowed to dismiss traffic violations issued for no proof of insurance but there is no indication the dismissals are reviewed by the Prosecuting Attorney to ensure their propriety. The municipal division does not maintain case records in a complete and accurate manner, and assesses a potentially improper $25 warrant fee for each warrant issued. According to municipal division records, warrant fees collected totaled approximately $1,500 during the year ended December 31, 2013. The municipal division has not provided a report of traffic violation tickets and associated fines and court costs revenues to the city for inclusion in the calculation and reporting required in the city's annual financial report filed with the State Auditor's office.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Thirty-Ninth Judicial Circuit
City of Kimberling Municipal Division
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge
Thirty-Ninth Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
City of Kimberling, Missouri

We have audited certain operations of the City of Kimberling Municipal Division of the Thirty-Ninth Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.

2. Evaluate the municipal division's compliance with certain legal provisions.

3. Evaluate the municipal division's compliance with certain court rules.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) noncompliance with court rules. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Kimberling Municipal Division of the Thirty-Ninth Judicial Circuit.

A petition audit of the City of Kimberling, fulfilling our obligations under Section 29.230, RSMo, is still in process, and any additional findings and recommendations will be included in the subsequent report.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Deborah Whitis, MBA, CPA, CIA, CFE
In-Charge Auditor:	Michelle Crawford, M.Acct., CIA
Audit Staff:	Amber M. Carlile
	Marian Seevers, M.Acct.

1. Accounting Controls and Procedures

Accounting controls and procedures need improvement. During the year ended December 31, 2013, the municipal division collected approximately $47,000 in fines and court costs and approximately $8,000 in bonds.

The municipal division has experienced significant personnel changes, and as a result, the current Court Clerk assumed responsibilities after the audit period. There were two different court clerks during 2013, and three different court clerks during 2014, as of our review in August 2014. In addition, the city's Accounting Clerk served as interim Court Clerk for approximately 3 months during 2014.

1.1 Segregation of duties

The municipal division does not have an adequate segregation of accounting duties or independent review processes in place. The Court Clerk is responsible for all duties related to collecting and recording monies, posting fines and court costs into the computerized system, and preparing deposits and disbursements. Neither the Municipal Judge nor other personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the Court Clerk.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If proper segregation of duties is not possible, the Municipal Judge should establish procedures to ensure a documented independent review of accounting records is performed.

1.2 Accrued costs

The Court Clerk does not adequately monitor accrued costs owed to the municipal division, including fines and court costs, incarceration costs, and court-ordered restitution. A computerized system tracks accrued costs and can produce a report of balances due. The Court Clerk has not used this report to review accrued costs because she was not aware of it until we discussed the report with her. Instead, the Court Clerk performs a monthly review of balances due as recorded in the manual case files. At our request, the Court Clerk printed an accrued costs report, and as of June 19, 2014, accrued costs totaled approximately $24,000.

We reviewed 10 accrued costs cases and determined 5 cases had differences between the balances reported in the manual case file and the balances shown on the computerized system report, resulting in the computerized system balances being understated by $743. A separate review of tickets issued identified 2 additional cases where the balances due in the computerized system were understated by $74.

Proper and timely monitoring of accrued costs is necessary to help ensure unpaid amounts are collected and proper follow up action is taken for non-payment. In addition, proper monitoring is necessary to provide information

to the Municipal Judge and determine appropriate handling when amounts are deemed uncollectible.

1.3 Manual receipt slips

The municipal division does not reconcile manual receipt slips issued to manual receipt slips recorded in the computerized system. Prior to July 9, 2014, the Court Clerk issued manual receipts slips during court and later recorded the receipts into the computerized system and prepared the deposit for transmittal to the City Clerk. Neither the municipal division nor city personnel reconciled manual receipt slips issued to the system generated receipt reports and the deposits. As a result, there is no assurance all monies collected were properly recorded in the system and deposited.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, procedures should be established to account for manual receipt slips and verify receipts have been recorded in the computerized system and deposited.

1.4 Court Clerk bonding

The Court Clerk, who handles and has access to monies, is not covered by the city's bond. Failure to properly bond individuals who have access to funds exposes the municipal division to risk of loss.

Recommendations

The City of Kimberling Municipal Division:

1.1 Segregate accounting duties to the extent possible. If it is not possible to segregate duties, documented periodic reviews of municipal division records should be performed by a person independent of accounting functions.

1.2 Establish procedures to ensure the accuracy of the accrued costs report, and properly follow up on amounts due.

1.3 Ensure manual receipt slips are recorded in the computerized system and deposited.

1.4 Maintain bond coverage for all personnel with access to municipal division monies.

Auditee's Response

The City of Kimberling Municipal Division provided the following written responses:

1.1 Currently, duties are separated. The Deputy Clerk is the primary collector of all monies, although monies are sometimes collected by the Finance Clerk or the Court Clerk. The Court Clerk posts fines and court costs into the computer system and prepares deposits and disbursements. All deposits and supporting records are reviewed by the City Administrator prior to deposit. All disbursements are

reviewed by the City Administrator, entered into the payment system by the Finance Clerk, approved by the Board of Aldermen, and signed by the City Administrator and Mayor.

1.2 All accrued costs (receivables) are tracked monthly in the computer system and presented to the City Administrator for review to ensure amounts are collected and follow up action is taken for non-payment. Receivables are balanced against amounts assessed and monies received on a monthly basis.

1.3 All fines and court costs are entered into the computer system and manual receipt slips are only used when the system is down. If the system is down during court, manual receipt slips are then entered into the system as soon as the system is available. The City Administrator will review manual receipt slips issued to the entries into the computer system during his review of deposits. Additionally, the Court Clerk is currently reviewing each manual receipt slip issued by prior court clerks and computer system receipt entries to ensure all monies are correctly accounted for.

1.4 Currently, the Court Clerk and other staff members handling money are not bonded. The city will ensure that all such employees, including the Court Clerk, will be bonded as soon as possible.

2. Municipal Division Procedures

Municipal division procedures need improvement. Audit work determined the need for better records and monitoring procedures by the municipal division and city to ensure compliance with state law.

2.1 Prosecutor approval

The Prosecuting Attorney does not always sign tickets and does not sign any plea agreements to amend violations submitted to the municipal division. In addition, the Prosecuting Attorney's approval of dismissed tickets is not clearly documented.

Our review of 40 tickets identified 3 tickets filed with the court but not signed by the Prosecuting Attorney. We also identified 2 plea agreements to amend charges for traffic violations printed on plain paper and not signed by the Prosecuting Attorney. The Prosecuting Attorney prepares plea agreements in a standard word processor and his secretary electronically submits them to the Court Clerk for printing and filing in the case files. Due to the generic nature of the plea agreements and lack of signature, there is less assurance the Prosecuting Attorney authorized all plea agreements.

Additionally, our review of 40 tickets identified 8 dismissed tickets (7 for no insurance and 1 for failure to stop at a stop sign). The Court Clerk is allowed to nolle pros (dismiss) traffic violations issued for no proof of insurance if the defendant later provides proof of insurance. It is not

possible to determine which charges were dismissed by the Prosecuting Attorney or dismissed by the Court Clerk and there is no indication charges dismissed by the Court Clerk are reviewed by the Prosecuting Attorney to ensure their propriety.

Supreme Court Rule 37.35 states citations shall be in writing and signed by the prosecutor and filed with the municipal division. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, a procedure should be established to ensure amended charges and dismissals are approved and signed by the Prosecuting Attorney indicating his review and approval.

2.2 Case records

The municipal division does not maintain case records in a complete and accurate manner. The Court Clerk could not locate 2 case files requested during the audit and entries in the computerized system are not always accurate. For 3 of 40 cases reviewed during our test of tickets issued, the fines and court costs assessed in the computerized system did not agree to the fines and court costs established for the violations bureau or the Municipal Judge's orders due to data entry errors. We identified additional differences between case files and computer system records in our review of accrued costs (see MAR finding number 1.2).

Supreme Court Operating Rule No. 8 requires all financial records be maintained for 5 years or until completion of an audit. Retention of applicable records is necessary to properly account for the municipal division's financial activity. In addition, failure to implement adequate case entry procedures increases the risk that loss, theft, or misuse of funds will go undetected and court records will contain errors.

2.3 Warrant fee

The municipal division assesses a potentially improper $25 warrant fee for each warrant issued. According to municipal division records, warrant fees collected totaled approximately $1,500 during the year ended December 31, 2013. Per Section 479.260, RSMo, a municipality may by ordinance provide for court fees pursuant to sections 488.010 to 488.020, RSMo. However, there is neither a city ordinance nor statutory provision that authorizes the municipal division to assess the warrant fee. There is also no statutory provision expressly prohibiting such a fee.

2.4 Monitoring of excess revenues

The municipal division has not provided a report of traffic violation tickets and associated fines and court costs revenues to the city for inclusion in the calculation and reporting required in the city's annual financial report filed with the State Auditor's office (SAO).

The municipal division does not have procedures in place to identify traffic violation tickets and the associated fines and court costs collected and transmitted to the city. This information is needed by the city to calculate the percent of annual general operating revenue from fines and court costs

related to traffic violations, determine whether excess revenues should be distributed to the state Department of Revenue (DOR), and provide an accounting of the percent in its annual financial report as required by state law. The city's audited financial report for the year ended December 31, 2013, was timely filed with the SAO, but did not provide an accounting of the percent. With the completion of its current year (2014), the city will again be required to report the percent of annual general operating revenue from fines and court costs related to traffic violations in its annual financial report. Thus, the municipal division needs to establish procedures and records to identify applicable traffic violations and the related fines and court costs revenues to assist the city in complying with state law.

Effective August 28, 2013, Section 302.341.2, RSMo, was amended, reducing the threshold for remitting excess revenues to the state, and requiring cities to provide an accounting of the percent of annual general operating revenue from fines and court costs in its annual financial report submitted to the State Auditor's office as required by Section 105.145, RSMo. Section 302.341.2, RSMo, further provides that a city that is noncompliant with the law ". . . shall suffer immediate loss of jurisdiction of the municipal court of said city . . . on all traffic-related charges until all requirements of this section are satisfied."

Recommendations

The City of Kimberling Municipal Division:

2.1 Ensure the Prosecuting Attorney signs all tickets and reviews and approves all amended and dismissed tickets.

2.2 Ensure necessary records are appropriately retained and case activity is recorded accurately in the computerized system.

2.3 Work with the city and legal counsel to reevaluate the warrant fee and the authority to assess the fee. If determined appropriate, the municipal division should work with the city and legal counsel to establish an ordinance authorizing the fee.

2.4 Develop procedures and records to identify applicable traffic violations and the associated fines and court costs revenues and provide this information to the city.

Auditee's Response

The City of Kimberling Municipal Division provided the following written responses:

2.1 Going forward, all tickets to be filed with the court will be signed by the Prosecuting Attorney. The Prosecuting Attorney will also approve all tickets he amends or dismisses. Any "no proof of

insurance" tickets dismissed by the Court Clerk will be independently verified by the City Administrator monthly.

2.2 A large cause of this issue has been turnover in the court clerk position. Our current Court Clerk has been with the city for six months and will be promoted to full-time status at the first of the year. Her records maintenance skills are considerable, and the city is confident that this issue will be resolved. Moreover, the city will independently audit case records annually in the future to ensure compliance.

2.3 Until an ordinance authorizing this fee is located, no warrant fee will be assessed.

2.4 The Court Clerk will differentiate between income from traffic tickets and other tickets and report this information to the city. The total traffic ticket revenues will be placed on the city's annual financial report along with a calculation of the ratio of traffic ticket revenue to general revenue.

Thirty-Ninth Judicial Circuit
City of Kimberling Municipal Division
Organization and Statistical Information

The City of Kimberling Municipal Division is in the Thirty-Ninth Judicial Circuit, which consists of Stone, Barry and Lawrence Counties. The Honorable Jack Goodman serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau in which fines and court costs are collected at times other than during court and transmitted to the city treasury.

Personnel

At December 31, 2013, the municipal division employees were as follows:

Title	Name
Municipal Judge	Mark Rundel
Court Clerk	Kimberly Walden[1]

[1] Kimberly Walden resigned in January 2014 and Amy Carroll was hired in April 2014.

Financial and Caseload Information

	Year Ended December 31, 2013
Receipts	$47,429
Number of cases filed	507

Thomas A. Schweich

Missouri State Auditor

Dallas County

December 2014

Report No. 2014-129

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Dallas County

Sheriff Accounting Controls and Procedures	Controls and procedures for receipting, recording, transmitting, and depositing bond monies are poor. As a result, the Sheriff's office could not account for some cash bonds totaling $1,055. The Sheriff has not established adequate segregation of accounting duties or review and approval procedures. Receipting and depositing procedures performed by the Chief Administrator are in need of improvement, and the controls and procedures for receipting and recording concealed carry weapon fees by the Chief Deputy are not sufficient. In January 2014, the Sheriff selected a vendor to provide commissary items to inmates, but did not enter into a written agreement with the vendor. In addition, the Sheriff does not properly control his signature stamp.
Sheriff Seized Property and Inmate Monies	As noted in our prior 2 audits, the Sheriff has not implemented procedures to periodically review cases and dispose of related seized cash. In addition, a physical inventory of all seized property has not been conducted since January 2011. Also, property intake forms completed when an inmate is booked into the jail are not prenumbered and both the inmate and officer did not always sign them at the time of arrest or release. The Sheriff did not handle inmate monies consistently.
County Procedures	County employees prepare multiple records regarding fuel use, but do not always complete the records properly and use them to reconcile to fuel billings. The Sheriff and 3 of his deputies use their county vehicles to transport family members to work, school, and daycare, against county policy. In addition, 20 employees of the Sheriff's office carried forward a total of 1,828 in vacation hours from December 2013 to January 2014, and the county had no documentation approving the carryover of this leave.
County Assessor Controls and Procedures	County Assessor's office personnel issue unofficial generic receipt slips rather than official prenumbered receipt slips for plat book receipts, and receipt slips are not issued for other types of monies received. The method of payment is not always indicated on the receipt slips. Our review of receipts and transmittals identified $60 in cash received that was apparently not transmitted to the County Treasurer. The County Assessor's office also does not prepare monthly reports of fees as required by law.
Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney's clerk does not timely transmit bad check and criminal restitution to victims and bad check fees to the County Treasurer. The Prosecuting Attorney has not established adequate procedures to ensure charges are filed timely with the court for unresolved bad check complaints. Additionally, the Prosecuting Attorney's office does not generate a monthly list of unpaid bad checks and restitution, and is not proactive in identifying cases with unpaid receivables.

Public Administrator Controls and ProceduresPublic Administrator Controls and Procedures	The Public Administrator does not adequately review the annual settlements prepared by attorneys, and she filed some incomplete or inaccurate annual settlements filed with the Associate Circuit Court. The Associate Circuit Court does not perform sufficient reviews of the annual settlements, and as a result, the same errors and omissions also went undetected by the court.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.* However, the audit revealed serious shortcomings with the Sheriff's office.

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Dallas County
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Dallas County

We have audited certain operations of Dallas County in fulfillment of our duties under Section 29.230, RSMo. In addition, Nichols, Stopp & VanHoy, LLC, Certified Public Accountants, was engaged to audit the financial statements of Dallas County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Dallas County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Roberta Bledsoe
Audit Staff:	Albert Borde-Koufie, MBA
	Katelyn Crosson
	Alex R. Prenger, M.S.Acct., CPA
	Terese Summers, MSAS, CPA

1. Sheriff Accounting Controls and Procedures

Significant weaknesses exist in accounting controls and record-keeping procedures in the Sheriff's office. The Sheriff's office processed approximately $132,000 in civil and criminal process fees, concealed carry permits, bonds, and other miscellaneous receipts during 2013.

1.1 Bond monies

Controls and procedures for receipting, recording, transmitting, and depositing bond monies are poor. As a result, the Sheriff's office could not account for some cash bonds. Deputies or jailers collect cash bonds, issue bond receipt slips, and prepare the related bond forms and booking reports. The deputies or jailers slide the bond monies and the bond form under the Chief Deputy's office door. The Chief Administrator obtains the bond monies and bond form for processing. The original bond form is filed with the court and the Chief Administrator makes a copy for her records.

- Cash bonds totaling $1,055 were not deposited. A review of the copy of the related receipt slips showed the same former jailer issued the receipts for these bonds in September 2012 and September 2013, and someone marked void in ink on the carbon copies after issuance. Also, the original (top) copies of the receipt slips and the related bond forms were not retained.

  We notified the Sheriff of our concerns on June 12, 2014, and he contacted the Missouri State Highway Patrol (MSHP) to investigate possible unaccounted for monies. We provided requested information to the MSHP on September 17, 2014. Due to poor records, the MSHP could not determine if there was criminal activity.

- Bond forms are not prenumbered and voided bond forms are not retained. Office personnel indicated it is the Sheriff's office practice to shred voided bond forms.

- Deputies or jailers did not prepare booking reports for 6 defendants arrested even though bond receipt slips were issued for cash bonds totaling $1,097.

- Documentation is not maintained to support the transmittal of bond monies from deputies and jailers to the Chief Administrator.

  The Chief Administrator did not always deposit bond monies intact and timely. For example, receipt number 2293 was issued on January 31, 2014, for a $200 cash bond, but was not deposited until February 5, 2014, while receipt number 2295 was issued on February 2, 2014, and was deposited on February 3, 2014. In another example, a $1,000 cash bond received on October 3, 2013, was held and not deposited until October 7, 2013. These examples are exceptions to the office's typical practice to deposit more timely. Because these monies were held for

more than the typical timeframe prior to deposit, multiple individuals handled these monies without adequate transmittal records, and records were not sufficient in some cases, these monies are at greater risk of loss, theft, or misuse.

Properly receipting, recording, transmitting, and depositing bond monies is necessary to ensure receipts are adequately safeguarded and to reduce the risk of loss, theft, or misuse of funds going undetected.

1.2 Segregation of duties

The Sheriff has not established adequate segregation of accounting duties or review and approval procedures. The Chief Administrator performs the duties of receiving, recording, depositing, and disbursing monies, and preparing month-end bank reconciliations for the Sheriff's 2 bank accounts (fee and inmate/commissary account). In addition, the Chief Administrator is an approved signer on the Sheriff's bank accounts that require only 1 signature on checks. Neither the Sheriff nor other office personnel perform a documented review of accounting and bank records or complete a comparison of monies received to those deposited.

Proper segregation of duties helps ensure transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential.

1.3 Receipting and depositing procedures

Receipting and depositing procedures performed by the Chief Administrator need improvement. The method of payment (cash, check, or money order) is not recorded on receipt slips, and as a result, the composition of receipts is not reconciled to the composition of deposits. In addition, the Chief Administrator does not include an itemized listing of cash, check, and money orders on deposit slips. Failure to implement adequate receipting and depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected and accounting records will contain errors.

1.4 Concealed carry weapon fees

Controls and procedures for receipting and recording concealed carry weapon (CCW) fees by the Chief Deputy are not sufficient. The Chief Deputy does not issue prenumbered receipt slips for CCW permits (new permits and renewal permits). In addition, the original receipt number issued for a new permit is used again for the renewal permit, and as a result, receipt slips for renewal permits are not issued in sequential order. The Chief Deputy also did not issue receipt slips for some CCW permits, and the method of payment (cash, check, or money order) is not always recorded on the related receipt slips. Properly receipting and recording CCW fees is necessary to ensure receipts are adequately safeguarded and to reduce the risk of loss, theft, or misuse of funds going undetected.

1.5 Written agreements

In January 2014, the Sheriff selected a vendor to provide commissary items to inmates, but did not enter into a written agreement with the vendor. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

1.6 Signature stamp

The Sheriff does not properly control his signature stamp. He allows the Chief Administrator to apply the signature stamp to timesheets documenting his supervisory approval, but does not subsequently review use of the stamp.

The Chief Administrator used the Sheriff's signature stamp to approve 12 of 18 of her monthly timesheets from January 2013 to June 2014, and the Sheriff did not document a subsequent review of these timesheets. Additionally, in August 2013, the Chief Administrator used the Sheriff's signature stamp to approve her request for payment of 100 hours of compensatory time, and in December 2013, the stamp was used to approve a deputy's request for payment of 95 hours of compensatory time.

Allowing employees to apply a signature stamp to their timesheet and payment requests reduces controls over payroll and could lead to improper payroll claims. If the Sheriff is unavailable to sign timesheets or other payroll records, he should subsequently document his review of documents approved using his signature stamp.

Similar conditions previously reported

Conditions similar to points 1.2, 1.4, and 1.5 were noted in our prior audit report.

Recommendations

The Sheriff:

1.1 Should ensure all copies of voided receipt slips are retained, the numerical sequence of receipt slips is accounted for properly, prenumbered bond forms are issued, retained, and accounted for properly; the transmittal of bond monies between persons is documented, and bond monies are deposited intact and timely.

1.2 Segregate accounting duties to the extent possible or ensure adequate independent or supervisory reviews of accounting and bank records are performed and documented.

1.3 Ensure the Chief Administrator issues receipt slips with the method of payment documented, reconciles the composition of receipt slips to the composition of deposits, and maintains an itemized list of receipts included in deposits.

1.4 Issue official prenumbered receipt slips with the method of payment documented for CCW fees, and reconcile the composition of receipt slips to the composition of deposits.

1.5 Enter into written agreements defining services provided and benefits received.

1.6 Limit use of the signature stamp and document a subsequent review of the documents approved using the signature stamp.

Auditee's Response

The Sheriff provided the following written response:

1.1 I, Sheriff Rackley, have reviewed all procedures for the receipt and handling of bond monies, which have been in place for my office and previous Sheriffs.

In regards to the missing receipts, I have turned over the findings of the Auditor's office to the Missouri State Highway Patrol – Division of Drug and Crime Control (DDCC). DDCC and I have followed up with the affected arrestee and no documentation has been found to substantiate that any bond monies were missing. Since the discovery of the missing original receipts, no receipt is to be written until monies are received and confirmed by 2 employees. It was also the practice of the Sheriff's office, if a receipt was voided, the original would be shredded and the yellow carbon copy was retained and "void" written across the receipt in an effort to avoid the original being issued. All of the yellow voided carbon copy receipts were still intact in the receipt book(s). New receipt books have been purchased that are numbered for tracking purposes.

The failure of my deputies to book subjects into the jail on 6 occasions is not acceptable and is a mistake that can't be made in the future. By reviewing daily jail bookings, bonds received and warrants served and ongoing training, this issue has been remedied. It was my review and finding that all bond monies were accounted for and subjects who were arrested and bonded were properly receipted for their monies and the appropriate courts were properly notified of the receipt of the bond monies.

I reviewed time sheets of the Chief Administrative Officer, dating from September 2013 to February 2014, in review of the bond receipts. Bond receipt number 2293 was dated January 31, 2014, and was in the Jail Administrator's office until being turned over to the Chief Administrative Officer on February 4, 2014, and subsequently deposited on February 5, 2014. Bond receipt number 2295 was dated Sunday, February 2, 2014. The Chief

Administrative Officer subsequently deposited the monies on Monday, February 3, 2014. Bond receipt number 2213 was received on Thursday, October 3, 2013, after the Chief Administrative Officer had left for the day. The monies were not received and deposited by the Chief Administrative Officer until October 7, 2013, due to sick and scheduled days off.

Out of the hundreds of bonds in excess of $200,000 the Sheriff's office processed over the audited years, not once were there monies unaccounted for. Delays in depositing any funds the Sheriff's office is in receipt were attributed to scheduled days off and unexpected sick or personal days of the Chief Administrative Officer. It is my finding that all bond monies were deposited in a timely manner. All bond monies were placed in the Chief Deputy's locked office, with jailers sometimes mistakenly placing bond monies in the Jail Administrator's locked office, subsequently received by the Chief Administrative Officer and then deposited.

The Sheriff's office has discarded all previous receipt books. At the recommendation of the Auditor's office and to come into compliance with the recommendation, I have purchased numbered receipt books and a drop safe and am accounting for the numerical sequence of receipt slips issued. I have also purchased prenumbered bond forms and am ensuring the numerical sequence of all bond forms is accounted for and copies of all voided bond forms are retained. During the audit, procedures were changed and all receipted monies are now placed in a secure drop safe that is only accessed by the Chief Administrative Officer and Jail Administrator and the receipts are signed by the Chief Administrative Officer when monies are receipted from the drop safe.

1.2 *The Sheriff's office is a small office with only one person assigned to the administration of the office, the Chief Administrative Officer. All other staff are assigned multiple duties to include but not limited to jail, inmate food, cleaning, courts, transports, civil service, Missouri Uniform Law Enforcement System (MULES) operations, patrol and investigations.*

The Chief Administrative Officer is responsible for all of the accounting and personnel management of the office. I do review from time to time the work that is completed by the Chief Administrative Officer and have found the accounting and personnel management to be completed properly. The Chief Administrative Officer and I do assign tasks to other personnel from time to time to assist in the accounting of the office.

The Chief Administrative Officer, in my review is the position and person best trained and equipped to handle the accounting and personnel management of the office on mine and the county's behalf. I will document periodic reviews of the Chief Administrative Officer's work, and complete a comparison of monies received to those deposited.

1.3 *I have reviewed the procedures for receipting and depositing monies, which have been in use for previous Sheriffs and my office. I have directed the receipts and deposits to reflect the method of payment (cash and check) and the receipts be numbered. At the time of the audit, the Sheriff's office purchased numbered receipt books and the Chief Administrative Officer is signing the receipt when monies are receipted from the drop safe. The Chief Administrative Officer currently reconciles the receipt slips to deposit slips, and is maintaining an itemized list of receipts included in deposits.*

1.4 *I have reviewed the procedures for the receipt of monies received for CCW permits by the Chief Deputy. The Sheriff's office has purchased new numbered receipt books, and I have directed the Chief Deputy to reflect the method of payment (cash and check) on the receipt slip, which is in effect at this time, and we are reconciling the composition of payments recorded on receipt slips to the composition recorded on deposit slips.*

1.5 *The Sheriff's office is in the process of obtaining a written agreement between the commissary vendor and the county for the County Commission to review and sign.*

The commissary vendor is a Missouri based company, providing inmate services. Neighboring county jails utilize the vendor's services and have done so for multiple years. The commissary vendor is a well-respected and trusted company in the jail commissary business. By the Sheriff's office not having a binding contract, I am better able to review the service provided by the commissary vendor and make any appropriate changes in the future without delay. Commissions from the items purchased by inmates is handled and transferred directly from commissary vendor to the Dallas County Treasurer's office. No fees are paid from county taxpayer funds to the commissary vendor for services provided.

1.6 *My signature stamp is not used without my prior approval. My staff and I do periodically review employee timesheets and accrued compensatory time is approved at a supervisor level during the current time period. Since 2005, the Sheriff's office has lost several positions due to retirements, loss of employees, hiring freezes and*

lack of funding for increased costs such as fuel, insurance, inmate food and medical, utilities, but workloads have increased without compensation for the increased costs or additional staff.

In the absence of my approval of using the signature stamp, I have directed the Chief Deputy to review and make the appropriate authorization signatures. The signature stamp will not be used to authorize timesheets, even though I have no issue with the timesheets that have had my signature stamp used.

2. Sheriff Seized Property and Inmate Monies

Improvement is needed in the Sheriff's controls and procedures over seized property and inmate monies.

2.1 Seized property

As noted in our prior 2 audit reports, the Sheriff has not implemented procedures to periodically review cases and dispose of related seized cash. In addition, a physical inventory of all seized property has not been conducted since January 2011.

Seized property records indicated the Sheriff held approximately $28,000 of seized cash at July 23, 2014. This amount includes $7,292 that was reported on hand in our prior audit report and relates to cases disposed of by the court from 1998 to 2005. The total also includes $10,000 of cash seized in February 2011, despite sentencing of the defendant in the related case in October 2011. The Sheriff has not requested the court to review these cases and order disposition of the funds.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or misuse of the stored items. Complete and accurate inventory records should be maintained and periodic physical inventories should be performed and the results compared to inventory records to ensure seized property is accounted for properly. Section 542.301, RSMo, provides guidance for the disposition of unclaimed seized property. Proper disposal of such items would eliminate the significant risks of unauthorized access, use, or theft.

2.2 Inmate monies

Prenumbered receipt slips are not issued for monies received from (or for) inmates. Property intake forms are completed when an inmate is booked into the jail; however, these forms are not prenumbered and were not always signed by both the inmate and officer at the time of inmate arrest or release. In addition, inmate monies were not handled consistently during the year ended December 31, 2013. Sometimes employees deposited these monies into the inmate/commissary bank account, and other times they stored the monies in lockers at the jail. Properly receipting, recording, and depositing

inmate monies is necessary to ensure receipts are adequately safeguarded and to reduce the risk of loss, theft, or misuse of funds going undetected.

Recommendations

The Sheriff:

2.1 Obtain written authorization from the court to dispose of these seized monies, and dispose of monies in accordance with court orders. The Sheriff should also ensure a periodic physical inventory is conducted and reconciled to the records, and investigate any differences.

2.2 Issue prenumbered receipt slips for all monies received from or on behalf of the inmates, ensure receipt slips are signed by the inmate and officer at the time of arrest and release, and consistently handle inmate monies.

Auditee's Response

The Sheriff provided the following written responses:

2.1 Since the previous state audit, the Sheriff's office has requested disposal orders of hundreds of items seized. Since January 1, 2011, the Sheriff's Office has implemented the use of a report management system, which includes the inventory of seized property.

As staffing becomes available, an inventory of evidence on hand will be conducted, and I am currently working with the Dallas County Prosecuting Attorney in an attempt to dispose of seized property in a more timely manner.

2.2 During the current audit, procedures were implemented to document monies inventoried from inmate property. Numbered receipts are now utilized and placed in the inmate property, signed by the inmate and jailer/deputy, and the money is placed in the drop safe, which is accessed by the Chief Administrative Officer and the Jail Administrator. The receipts are signed by the Chief Administrative Officer, when monies are receipted from the safe. The money receipted from the inmate is also documented in the inmate's bank in the jail management system.

3. County Procedures

Improvement is needed in the county's controls and procedures over fuel, vehicles, and personnel policies.

3.1 Fuel use

The county lacks adequate procedures to account for fuel use by the road and bridge department and Sheriff's office. Accounting records indicated fuel purchases totaled approximately $190,000 for the road and bridge department and $61,000 for the Sheriff's office during the year ended December 31, 2013.

County employees prepare multiple records regarding fuel use (fuel and usage logs, Sheriff's office daily work logs, and data entered into the pumps at fill up for reporting on detailed billings), but they did not always properly complete these records or use them to reconcile to fuel billings. We identified instances where the same odometer reading was recorded multiple times or no odometer reading was entered. Also, receipts at the pump are not obtained, and fuel and usage logs maintained by the Sheriff's office are shredded. In addition, a portable fuel tank used by the road and bridge department is not metered.

Without sufficient and accurate information the county cannot evaluate propriety and reasonableness of fuel pumped/used or to reconcile to fuel billings. Failure to account for fuel purchases could result in loss, theft, and misuse going undetected.

A similar condition was noted in our prior report.

3.2 Personnel use of vehicles

According to County Commission minutes and various county officials/employees, the Sheriff and 3 of his deputies use their county vehicles to transport family members to work, school, and daycare. We also observed the Sheriff transporting his wife to work. In May 2008 and again in September 2014, the County Commission notified all county employees in writing that only county personnel are allowed in county vehicles. In addition, the county's personnel policy states, "County resources will not be used for personal business, misused, or otherwise misappropriated." Personal use of county-owned vehicles results in a significant potential liability for the county. Individuals not employed by the county, such as spouses and children should not be passengers in county vehicles, unless they are involved in the conduct of county business.

3.3 Personnel policies

County officials have not always followed established employee leave policies. Twenty employees of the Sheriff's office carried forward a total of 1,828 in vacation hours from December 2013 to January 2014. The county personnel policy indicates employees must take all vacation days in each year and no vacation time will be carried from one year to the next unless in case of an emergency and when approved by the supervisor and Personnel Director. The county had no documentation approving the carryover of this leave.

Unclear policies and allowing employees to carry leave in excess of county policy may result in unnecessary costs to the county. To ensure employees are treated equitably and are properly compensated, strict compliance with personnel policies is necessary, or personnel policies should be updated to reflect the county's intended and actual practices.

Recommendations

The County Commission:

3.1 Ensure fuel logs are reviewed for accuracy, reconciled to fuel purchases, and any significant discrepancies investigated. The County Commission should also meter the portable fuel tank and require a fuel use log be maintained, require odometer readings be entered, and fuel receipts to be obtained and submitted for its review.

3.2 Consider other means to stop the practice of allowing individuals not employed by the county to be passengers in county-owned vehicles.

3.3 Ensure compliance with leave policies or revise personnel policies as needed.

Auditee's Response

The County Commission provided the following written responses:

3.1 These recommendations have been implemented. Receipts are being printed at the time of re-fueling and turned in to the County Clerk's office for reconciliation to the statement. A meter for the portable fuel tank has been ordered, and we plan to maintain records of fuel use to reconcile to fuel pumped into the portable tank.

3.2 The Sheriff has refused to comply with the County Commission's directive that personal use of vehicles is not allowed and has instructed his employees to disregard it as well. Other departments have complied in the past, and continue to comply with the policy.

3.3 A letter will be given to each employee advising them that any accrued vacation must be used by December 31, 2015, or it will be lost. The policy requiring approval by the supervisor and the Personnel Director will be changed to "written approval by the supervisor and the County Commission." The policy will also be revised to indicate any approved carryover of vacation from one year to the next must be used in the next calendar year or it will be lost.

The Sheriff provided the following written responses:

3.1 The Dallas County Sheriff's office has fuel cards issued from the fuel vendor to individual deputies. The deputies keep detailed logs in their vehicles, documenting the date, mileage and amount of fuel purchased. The deputies also account for other fuel purchases (lawn mowing, all-terrain vehicle usage, generators, etc.) on the fuel logs. At the recommendation of the State Auditor's office, the deputies will now obtain receipts at the time of purchase from the

fuel vendor along with keeping the detailed log. Periodic reviews of the fuel vendor's statements and the deputies' fuel logs have been performed prior to this audit and will continue in the future, with the addition of the Sheriff's or his designee's signature to document the review.

3.2 The Dallas County Sheriff's office is a community based law enforcement agency and will continue to be. In the light of school shootings and other violence in schools, deputies will still be allowed to transport children to school when the deputy is on duty, the school is within Dallas County, and there is no extra mileage added to the vehicle. The insurance policy is still in effect performing such duties. It should be noted that the County Commission does not set policy regarding the use of the Sheriff's office vehicles.

3.3 Funding and staffing issues persist at the Sheriff's office and the employees have and will accrue compensatory time in order to staff the jail, courts, and provide law enforcement services. Deputies are encouraged to take their vacation and compensatory time, but staffing levels make it impractical to do so much of the time. I will still attempt to get my deputies the time off that they have earned and will work to preserve the time off that they have earned up to this time. I will work with the County Commission to implement a policy regarding the usage and carryover of unused leave.

4. County Assessor Controls and Procedures

Significant weaknesses exist in accounting controls and record-keeping procedures in the County Assessor's office. The County Assessor's office collected approximately $12,000 for maps, plat books, Geographical Information System (GIS) subscriptions, and miscellaneous fees during the year ended December 31, 2013.

County Assessor's office personnel issue unofficial generic receipt slips rather than official prenumbered receipt slips for plat book receipts. Receipt slips are not issued for other types of monies received. The method of payment (cash, check, or money order) is not always indicated on the receipt slips. As a result, the composition of receipt slips cannot be reconciled to the composition of monies transmitted to the County Treasurer and there is less assurance all monies collected are appropriately handled and transmitted. Our review of receipts and transmittals identified $60 in cash received during February 2013 and January 2014 that was apparently not transmitted to the County Treasurer. In addition, the County Assessor's office does not prepare monthly reports of fees as required by law.

To properly account for all monies and ensure they are handled properly, official prenumbered receipt slips should be issued for all monies received,

and the method of payment received should be recorded and reconciled to the composition of monies transmitted to the County Treasurer. In addition, Section 50.370, RSMo, requires county officials to file a report with the county commission and pay monies received for official services to the county treasurer monthly. It also provides that the officials are liable for monies collected but not accounted for and paid into the county treasury as required.

Recommendation

The County Assessor investigate the missing recorded cash receipts. The County Assessor should also ensure official prenumbered receipt slips are issued for all receipts, the numerical sequence of receipt slips is accounted for, the method of payment is indicated on all receipt slips, and the composition of receipt slips is reconciled to the composition of transmittals. The County Assessor should also file a monthly report of fees with the County Commission.

Auditee's Response

The County Assessor provided the following response:

I will investigate the missing recorded cash receipts. I am currently issuing unofficial prenumbered receipt slips for all receipts, accounting for the numerical sequence of the receipt slips, indicating the method of payment, and reconciling the composition of receipt slips to the composition of transmittals. Also, I am currently filing a monthly report of fees with the County Commission.

5. Prosecuting Attorney Controls and Procedures

Improvement is needed in the accounting controls and procedures of the Prosecuting Attorney's office. Bad check restitution and fees, criminal restitution, and delinquent taxes collected by the Prosecuting Attorney's office totaled approximately $13,000 during the year ended December 31, 2013.

5.1 Transmittals

The Prosecuting Attorney's clerk does not timely transmit bad check and criminal restitution to victims and bad check fees to the County Treasurer. For example, 4 money orders totaling $1,000 received on April 1 and 30, May 29, and June 30, 2014, had not been transmitted to the victim as of July 30, 2014. We identified numerous other examples of untimely transmittals during our review of case files. Additionally, $655 of bad check fees collected from February 3 to February 18, 2014, were not transmitted to the County Treasurer until March 27, 2014.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, procedures should be established to ensure bad check and court-ordered restitution is transmitted to the victims timely and bad check fees collected should be transmitted to the County Treasurer timely.

5.2 Charges filed

The Prosecuting Attorney has not established adequate procedures to ensure charges are filed timely with the court for unresolved bad check complaints.

We reviewed 5 cases for which charges were filed and determined charges were not filed timely for any of the cases. Charges were not filed until 301 to 587 days after the initial bad check complaint was received. For example, the Prosecuting Attorney's office received a bad check complaint from a local vendor on August 30, 2012, and her office issued a 10-day letter on September 17, 2012; however, charges were not filed against the bad check writer until April 9, 2014.

Procedures should be established to ensure charges are timely filed with the court for unresolved bad check complaints.

5.3 Accounts receivables

Improvement is needed to better monitor and pursue collection of unpaid receivables. The Prosecuting Attorney's office does not generate a monthly list of unpaid bad checks and restitution, and is not proactive in identifying cases with unpaid receivables. In addition, the Prosecuting Attorney indicated she was given a box of unpaid bad check cases from the former Prosecuting Attorney in January 2011; however, these cases have not been entered into the computerized accounting system.

A complete and accurate list of unpaid bad checks and restitution would allow the Prosecuting Attorney's office to more easily review the amounts due to the office and to take appropriate steps to ensure amounts owed are collected or to determine if amounts are uncollectible.

Recommendations

The Prosecuting Attorney:

5.1 Ensure all monies are transmitted timely.

5.2 Establish procedures to file charges with the court timely.

5.3 Establish procedures to monitor and collect accounts receivables.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

5.1 The 4 money orders referred to were transmitted to the victim which was the state of Missouri. Since the recent change in Missouri statutes which made it the responsibility of the Prosecuting Attorney to collect restitution (formerly collected by the Circuit Clerk), we have acquired a restitution component to our case management software to assist as we must now not only collect restitution, including interest when ordered by the court, but also provide amortization schedules. There were problems with the system which were corrected by the software provider in October 2014. The system now seems to be functioning properly. We have also implemented additional procedures for the handling of restitution (other than bad check payments) which include providing that we will send out restitution payments on the date they are received.

Bad check payments which are received from check writers are mailed to victims unless they choose to pick them up. We call the victim the same day a payment is received. We then mail the payment if the victim so directs. If they choose to pick up the payment, we hold the payment for thirty days. If they do not pick up the payment within that time, we call again or mail.

To reduce the risk of loss, theft, or misuse of funds we do not accept cash. All payments must be made by money order or cashier's check payable to the victim and fees owed to the county must be made payable to Dallas County. Numbered receipts are given for all payments received. The fees, along with a monthly restitution collection report, are transmitted to the Dallas County Treasurer once a month.

5.2 *The charges referred to were filed within the statute of limitations under Missouri law. We have one attorney handling our entire caseload, including filing bad check charges. In 2010, there were three attorneys performing those duties. Since that time our workload has not decreased but has increased and additional duties added. We also recognize that we cannot always rely only on the bad check complaint on its own. We have had numerous bad check complaints turned in which we discovered were not accurate or complete so more investigation and work has been necessary, including investigative subpoenas and confirming that the identifiers, such as date of birth and driver's license numbers match the alleged check writer. We have received bad check complaints on particular persons, only to discover the actual check writer was a different person, such as a family member, a roommate or someone who had stolen the checks. With the increase in identity theft, we must be particularly careful so as not to file charges on an innocent person. This work requires proper review and consideration of each case which is obviously time-consuming when multiplied by our caseload. However, while this additional review is time consuming, I would rather take the time required to be certain that the right person is being properly charged, that people who did not commit a crime are not charged and that our victims receive their restitution.*

5.3 *The box of unpaid bad check cases referred to were cases which have been filed with the court and a warrant has been outstanding for the defendant's arrest for more than 4 years. Until such time as the defendant is located and arrested by law enforcement, I have no way to further contact the defendant or collect on these bad checks. We do not generate a monthly list of unpaid bad checks as we keep a detailed log for review at any time which documents 10-day*

letters sent, charges filed, date payment received, and the date payment is picked up by or mailed to the victim.

As we are now collecting restitution generally and have software to keep track of not only the amount of restitution ordered, but the interest accrued as well, we now have the capability of printing a report which lists outstanding balances for restitution, including interest. We have run that report, but found that not all balances due are listed. We are actively trying to resolve the issues and will be using that report monthly. We still have the paper files and logs which list each bad check and restitution ordered as we always have and can look to those files for the amounts owed by each defendant. By now putting all of this data in the computer, we now have duplicate records of the restitution amounts owed and paid.

6. Public Administrator Annual Settlements

Reviews of annual settlements are not sufficient. During the year ended December 31, 2013, the Public Administrator served as the court appointed guardian, conservator, or personal representative for 40 individuals (wards/estates).

The Public Administrator does not adequately review the annual settlements prepared by attorneys, and some annual settlements filed with the Associate Circuit Court, Probate Division by the Public Administrator were not complete or accurate. The Associate Circuit Court, Probate Division also does not perform sufficient reviews of the annual settlements, and as a result, the same errors and omissions also were undetected by the court.

For example, annual settlements for 1 ward did not include all estate assets, such as a vehicle, a $7,500 burial plan, and other personal property purchased totaling $1,216. In addition, the attorneys preparing the annual settlements only included checks that had cleared the bank, and did not identify voided checks. The Public Administrator was not aware of these issues until we discussed them with her.

Failure to adequately review settlements increases the risk that errors or loss, theft, or misuse of funds could go undetected. To ensure the financial activity of the estates is accurately reported to the court, all assets, receipts, and disbursements should be accurately reflected on the annual settlement.

Recommendation

The Public Administrator ensure annual settlements are accurately prepared. The Associate Circuit Judge should establish procedures to adequately review annual settlements filed with the court.

Auditee's Response

The Public Administrator provided the following written response:

I will review line by line the annual settlement prepared by attorneys as required by the court prior to signing and turning them into the court. This will begin immediately.

The Associate Circuit Judge provided the following written response:

The Associate Circuit Court reviews and approves numerous settlements annually. The audit report states that the Associate Circuit Court "does not perform sufficient reviews of the annual settlements" however, of all the files scrutinized by the auditors, the majority of the concerns noted related to a single file. In that case, the audit references a vehicle that was included on the initial inventory at a value of $0.00. This was apparently because there was a loan against the vehicle which exceeded its value. The annual settlements which followed included an aggregate value of all personal property equal to that listed on the original inventory. The court monitors the aggregate value of all personal property for increases and decreases in value, which in most instances, is due to the sale or exchange of an asset, and in that event, there will be a corresponding transaction in the settlement to explain the change in value of the personal property, whether up or down. The court believes that this system of checks and balances adequately protects the ward from financial misuse. However, to address the auditor's concerns, the Public Administrator will amend the inventory to provide clarification and better accounting by the Public Administrator of this asset. With regard to that same case, the audit took issue with the failure of the Public Administrator to report on the annual settlement, an irrevocable burial plan that was purchased by the ward prior to establishment of the conservatorship. This burial plan was reported in the Guardian's annual report in 2011 and 2012 and is well documented in the court file. In the past, the court did not require an irrevocable burial plan to be reported as an asset of the estate unless necessary to explain disbursals from the estate to purchase the burial plan. The burial plan was not required to be inventoried, as it could not be sold or exchanged and had no cash value which could be used for support of the ward. To address the auditor's concern, the court will require that burial plans be inventoried and reported on all settlements. Finally, with regard to this estate, the court concedes that the purchases of personal property items, totaling $1,216, should have been reported as an asset in the settlement following purchase. The Public Administrator will amend the annual settlement in this case to show acquisition of the personal property purchased for the ward's use.

To address the auditor's final concern, the court will require that all voided checks are identified on settlements so that they may be accounted for in sequential order, even though they never pass through the account.

Dallas County
Organization and Statistical Information

Dallas County is a county-organized, third-class county. The county seat is Buffalo.

Dallas County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 52 full-time employees and 7 part-time employees on December 31, 2013.

In addition, county operations include the 911 Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Kevin D. Sharpe, Presiding Commissioner	$	28,400
Rex (Pete) Barclay, Associate Commissioner		26,400
Owen Kjar, Associate Commissioner		26,400
Stacy Satterfield, Recorder of Deeds		40,000
Pam Louderbaugh, County Clerk		40,000
Barbara J. Viets, Prosecuting Attorney		116,858
Mike Rackley, Sheriff		44,000
Becky Schofield, County Treasurer		40,000
Lamont Swanson, County Coroner		12,000
Carol Johnson, Public Administrator		40,000
Sheryl Ferrell, County Collector, year ended February 28,	40,000	
Sue Doty, County Assessor, year ended August 31,		40,000
Greg Maynard, County Surveyor (1)		

(1) Compensation on a fee basis.

Financing Arrangements

In March 2013, the county entered into a lease-purchase agreement for 4 motor graders. Principal and interest payments are made from the Capital Improvements Fund. The final payment on the lease-purchase agreement is scheduled for June 2018. The remaining principal outstanding at December 31, 2013, was $955,135. Interest remaining to be paid over the life of the agreement totals $124,407.

In December 2012, the county entered into an agreement to purchase land at a cost of $125,000. Principal and interest payments are made from the Capital Improvements Fund. The final payment on the purchase agreement is scheduled on or before January 1, 2015. The remaining principal outstanding at December 31, 2013, was $50,000. The agreement has no stated interest rate.

In October 2011, the county entered into a lease-purchase agreement for 4 dump trucks and refinanced the lease-purchase agreement in October 2014. Principal and interest payments are made from the Capital Improvements Fund. The final payment on the lease-purchase agreement is scheduled for October 2015. The remaining principal outstanding at December 31, 2013, was $171,019. Interest remaining to be paid over the life of the agreement totals $3,729.

Thomas A. Schweich

Missouri State Auditor

INSURANCE, FINANCIAL INSTITUTIONS, AND PROFESSIONAL REGISTRATION

Division of Professional Registration

State Board of Pharmacy

December 2014

Report No. 2014-130

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Division of Professional Registration, State Board of Pharmacy

Inspections	The Board has inspectors on staff that perform inspections of pharmacies/drug distributors, but inspectors do not maintain documentation supporting requirements reviewed, and checklists are not used to ensure critical requirements are considered during inspections. Inspectors began using an electronic observation report, but this has prevented them from obtaining a signature from either the pharmacist-on-duty or permit holder acknowledging the completion of the inspection and any observations noted.
Board Appointments	As of June 30, 2014, the Board had three vacancies, dating from January 2011, January 2012, and April 2013. If any current member is absent from a Board meeting, the Board would not have a quorum and could not conduct business.
Board Meetings	The Board did not follow the Sunshine Law for email meetings held. The Board's policy is that meeting minutes be approved before being made available for public inspection, but our review noted Board meeting minutes were not approved for up to 12 months after the meeting was held. As such, documentation of business conducted was not available for inspection and review by the general public within a reasonable amount of time.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Division of Professional Registration
State Board of Pharmacy
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
John M. Huff, Director
Department of Insurance, Financial Institutions, and Professional Registration
and
Jane A. Rackers, Director
Division of Professional Registration
and
State Board of Pharmacy
Jefferson City, Missouri

We have audited certain operations of the Department of Insurance, Financial Institutions, and Professional Registration, Division of Professional Registration, State Board of Pharmacy, in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2014 and 2013. The objectives of our audit were to:

1. Evaluate the board's internal controls over significant management and financial functions.

2. Evaluate the board's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the board, and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the board's management and was not subjected to the procedures applied in our audit of the board.

For the areas audited, we identified (1) deficiencies in internal control, (2) noncompliance with legal provisions, and (3) no significant deficiencies in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Insurance, Financial Institutions, and Professional Registration, Division of Professional Registration, State Board of Pharmacy.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Keriann Wright, MBA, CPA
In-Charge Auditor:	Joyce Thomson
Audit Staff:	Nicholas Schafer, MBA
	Erica Schroer, MBA
	Dustin Davis

1. Inspections

Controls and procedures over pharmacy and drug distributor inspections need improvement. As of June 30, 2014, the Board of Pharmacy (Board) had 2,421 licensed pharmacies and 1,387 licensed drug distributors. The Board inspected a total of 2,081 pharmacies and drug distributors during the 2 years ended June 30, 2014.

Section 338.360, RSMo, authorizes the Board to inspect pharmacies and drug distributors in Missouri. Inspections are completed for any pharmacy/drug distributor that is new, has not had an inspection in the past 18 months, and did not have a clean inspection from the Federal Drug Administration (FDA) in the past 2 years. Pharmacies/drug distributors may be exempt from any inspection if they received an inspection from the FDA in the past 2 years that resulted in no significant issues.

Board inspections consist of a review of various statutory requirements based on an inspector's general review of a pharmacy/drug distributor through a limited sampling of records. At the end of the inspection, the inspector typically issues an observation report and/or a compliance notice, depending on the significance of issues found. An observation report is issued if no compliance issues or less than significant compliance issues are noted, and a compliance notice is issued when significant compliance concerns are noted and require immediate corrective measures.

1.1 Documentation

Inspectors do not maintain documentation supporting requirements reviewed during inspections, and checklists are not used to ensure critical requirements are considered at each inspection. According to personnel, the chief inspector reviews weekly summaries, compliance notices, and some observation reports; however, these reviews are not documented.

The Board has 8 inspectors on staff that perform inspections throughout the state, including a chief inspector who oversees inspections completed. Weekly summaries are submitted to the chief inspector along with any resulting reports of issues noted. Both weekly summaries and resulting inspection reports, such as the observation report and the compliance notice, only address issues or noncompliance found. Documentation relating to what specific requirements were reviewed during inspections is not prepared or maintained. According to personnel, inspectors are licensed pharmacists that operate in a professional capacity. They are extensively trained and are provided guidance for performing their inspections, including a citation inspection guide that lists out all critical compliance requirements. The Executive Director indicated that documenting everything reviewed would be time consuming and inefficient.

Adequately documenting the requirements reviewed, periodically reviewing the documentation to ensure critical requirements are reviewed, and documenting the chief inspector's supervisory reviews of weekly summaries

and inspection reports would provide additional assurance inspections are properly completed.

1.2 Pharmacist acknowledgment

The Board does not ensure observation reports are signed by the pharmacist on duty or the permit holder during inspections. Observation reports include a signature line for the pharmacy to acknowledge the completion of the inspection and any observations noted. Our review found observation reports submitted electronically did not include a signature from a representative of the pharmacy/drug distributor. According to personnel, during 2013, inspectors began using electronic versions of the observation report, preventing inspectors from being able to obtain a signature.

Without obtaining a signature of the pharmacist or permit holder on observation reports, the Board has less assurance the inspection was completed as required and any observations were discussed and acknowledged by the pharmacy/drug distributor. According to personnel, the Board is currently developing a method to obtain signatures electronically.

Recommendations

The State Board of Pharmacy:

1.1 Maintain adequate supporting documentation of requirements reviewed during inspections. Supporting documentation should be periodically reviewed, and reviews of supporting documentation and resulting inspection reports should be documented.

1.2 Ensure all observation reports are signed by the pharmacy/drug distributor.

Auditee's Response

1.1 The Board utilizes an Inspection Cite Guide that identifies over 420 individualized inspection standards in addition to compliance standards set forth in statutes and regulations. Under these circumstances, risk focused inspections effectively and efficiently produce results superior to those that could be achieved with inspection checklists. The chief inspector reviews all compliance notices and initials the compliance notice to document his review. The Board will continue to review its inspection procedures and requirements for efficiency and effectiveness.

1.2 In 2013, the Missouri General Assembly appropriated funds to purchase a new licensure system for all boards within the Division of Professional Registration, including the Missouri Board of Pharmacy. The Board requested that the new licensing system include the capability of capturing electronic signatures during an inspection. It is anticipated that electronic signature capture will be

available in mid-2015. The Board will promptly implement electronic signature requirements once available.

2. Board Appointments

The Division of Professional Registration should improve procedures to ensure Board vacancies are filled timely. As of June 30, 2014, the Board had three vacancies. The positions became vacant in January 2011, January 2012, and April 2013.

Section 338.110, RSMo, requires the State Board of Pharmacy to be composed of seven members appointed by the Governor with the advice and consent of the senate, with six licensed pharmacists actively engaged in the practice of pharmacy, and one voting public member. At least one member must be a person who provides pharmaceutical services to a hospital, skilled nursing facility, or intermediate care facility on a full-time basis. The term of office for Board members is 5 years and members serve until a replacement is appointed and qualified.

The day-to-day operations of the Board are overseen by the Executive Director; however, Board vacancies could negatively impact the operations of the Board. In order to have a quorum and hold Board meetings, four members must be present, which is the current level of Board membership. If any member is absent for a meeting, the Board would not have a quorum, and a meeting could not be held to conduct business. Section 338.140, RSMo, indicates a majority of the State Board of Pharmacy will constitute a quorum for the transaction of business.

Recommendation

The Division of Professional Registration work with the Governor's office to fill Board vacancies timely.

Auditee's Response

The Board will continue to cooperate with the Governor's office.

3. Board Meetings

Policies and procedures over Board meetings need improvement.

3.1 Closed meetings

The Board was not in compliance with the Sunshine Law for email meetings held. Periodically, the Board holds closed meetings through email to vote on specific issues. Agendas for these meetings were posted; however, the Board did not motion to close and/or take a roll call vote in open meeting to close email meetings held, as required. As a result, the Board was conducting business outside of regular board meetings.

Section 610.022, RSMo, provides that a public governmental body planning to hold a closed meeting should follow the notice procedures for an open meeting, include notice that a closed meeting will be held, and cite the specific provision of the law that allows the meeting to be closed. Further, a

meeting may not be closed without the affirmative public vote of the majority of a quorum.

3.2 Approvals

The Board did not approve meeting minutes timely. It is the Board's policy that meeting minutes be approved before the minutes become available for public inspection. As a result, documentation of business conducted was not available for inspection and review by the general public within a reasonable amount of time.

Our review noted Board meeting minutes were approved up to 12 months after the meeting was held, including 11 Board meeting minutes that were not approved for at least 6 months after the meeting was held. For example, the Board did not approve the October 9, 2013 Board meeting minutes until October 16, 2014, over 12 months later. According to the Executive Director, approvals of meeting minutes got delayed due to significant turnover of Board personnel that shifted their priorities.

Section 610.020.7, RSMo, states minutes of open and closed meetings shall be taken and retained by the Board and Section 610.023.2, RSMo, requires the Board to make records available to the public for inspection and copying. Without timely approving Board meeting minutes, the public records of open Board meetings are not made available to the public for inspection within a reasonable amount of time.

Recommendations

The State Board of Pharmacy:

3.1 Ensure meetings are closed by an affirmative vote by each Board member during open session.

3.2 Approve Board meeting minutes and make such records available to the public timely.

Auditee's Response

3.1 Missouri law is unclear as to the handling of closed session e-mail ballots. The Board's current process was adopted after consultation with legal counsel and will be reviewed to assess continued compliance with Missouri's Sunshine Law.

3.2 The Board historically approves minutes during its regularly scheduled in-person meetings (which occur approximately every three (3) months) when public participation is at its highest. The Board will continue to monitor its processes to ensure timely completion of minutes.

Division of Professional Registration
State Board of Pharmacy
Organization and Statistical Information

The State Board of Pharmacy was established in 1909 under House Bill 87 by an act of the Missouri General Assembly. The Omnibus State Reorganization Act of 1974 transferred the Board to the Division of Professional Registration. By Executive Order 06-04, the division moved from the Department of Economic Development to the reorganized Department of Insurance, Financial Institutions, and Professional Registration on August 28, 2006.

The Board has superintending control over the practice of pharmacy in the State of Missouri, and its primary duties consist of examining and licensing pharmacists, pharmacy technicians, intern pharmacists, pharmacies, and drug distributors; investigating complaints; disciplining licensees; and inspecting pharmacies and drug distributors. At June 30, 2014, there were approximately 34,700 licensed pharmacists, pharmacy technicians, intern pharmacists, pharmacies, and drug distributors. Pharmacist initial license fee is $150 with a biennial renewal license fee of $200; pharmacy technician license fee is $35 with an annual renewal fee of $35; intern pharmacist license fee is $50 with a biennial renewal license fee of $80; and pharmacy and drug distributor license fees are $300 with a biennial renewal fee of $450.

The Board consists of seven members, with six members actively engaged in the practice of pharmacy and one voting public member. At least one member must be a person who provides pharmaceutical services to a hospital, skilled nursing facility, or intermediate care facility on a full-time basis. Board members are appointed by the Governor with the advice and consent of the senate and serve a term of 5 years. Members whose terms expire may continue to serve until a replacement is appointed and qualified. Board members at June 30, 2014, were:

Member	Term Expires
Janine M. Burkett, President	April 18, 2015
Pamela L. Marshall, Vice-President	September 24, 2015
Barbara A. Bilek, Member	June 1, 2012
Anita K. Parran, Member	April 27, 2010
Vacant	
Vacant	
Vacant	

Board members receive a $50 per diem compensation and expenses while performing their duties. The Board appoints an executive director to perform the administrative duties of the Board. Kimberly Grinston serves as Executive Director. Thirteen other employees perform administrative duties and responsibilities.

Appendix A

Division of Professional Registration
State Board of Pharmacy
Board of Pharmacy Fund
Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments

	Year Ended June 30,	
	2014	2013
RECEIPTS		
Professional license or permit fees	$ 2,627,190	2,914,727
Penalties	9,000	49,005
Other fees	157,611	105,842
Occupational board exam	6,900	21,000
Overpayments	4,024	1,945
Total Receipts	2,804,725	3,092,519
DISBURSEMENTS		
Personal services	880,236	887,635
Employee fringe benefits	344,242	321,795
Expense and equipment	337,442	296,115
Licensure replacement system expense and equipment	73,900	0
State Central Services cost allocation	21,092	23,829
Total Disbursements	1,656,912	1,529,374
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,147,813	1,563,145
TRANSFERS		
To Professional Registration Fees Fund (1)	258,430	203,956
To General Revenue Fund (2)	69,205	13,316
Total Transfers	327,635	217,272
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	820,178	1,345,873
CASH AND INVESTMENTS, JULY 1	7,247,443	5,901,570
CASH AND INVESTMENTS, JUNE 30	$ 8,067,621	7,247,443

(1) For reimbursement of personal services, employee benefits, and operating expenses paid from the Professional Registration Fees Fund.

(2) For reimbursement of services provided by the Administrative Hearing Commission and the Attorney General's office totaling $22,068 in fiscal year 2014 and $13,316 in fiscal year 2013; and for transferring funds totaling $47,137 in excess of the maximum fund balance allowed for the Board of Pharmacy Fund in fiscal year 2014.

Appendix B

Division of Professional Registration
State Board of Pharmacy
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2014			2013		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
BOARD OF PHARMACY FUND						
Personal Service	$ 947,067	880,236	66,831	943,420	887,635	55,785
Expense and Equipment	680,217	337,335	342,882	666,448	295,279	371,169
Criminal history checks	5,000	107	4,893	5,000	70	4,930
For reimbursing the Division of Employment Security benefit account for claims paid to former state employees for unemployment insurance coverage and for related professional services	0	0	0	768	766	2
For a Professional Registration licensure system replacement from Professional Registration board funds	73,900	73,900	0	0	0	0
Total Board of Pharmacy Fund	$ 1,706,184	1,291,578	414,606	1,615,636	1,183,750	431,886

Appendix C

Division of Professional Registration
State Board of Pharmacy
Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2014	2013	2012	2011	2010
Salaries	$ 880,236	887,635	872,562	858,813	875,050
Travel, in-state	21,377	15,874	18,471	16,795	23,217
Travel, out-of-state	8,333	3,412	4,131	1,789	4,228
Supplies	47,625	56,620	53,089	53,359	45,498
Professional development	18,628	7,218	5,449	4,269	5,131
Communication services and supplies	19,067	14,979	15,333	10,910	14,380
Services:					
Professional	251,542	178,749	170,014	203,251	164,429
Maintenance and repair	7,758	9,275	2,285	9,538	6,271
Equipment:					
Motorized	28,015	0	31,231	12,900	0
Office	43	85	0	29	0
Other	0	0	89	190	0
Building lease payments	2,555	255	0	540	992
Miscellaneous expenses	5,948	8,470	11,516	11,165	13,159
Program distributions	451	1,178	2,465	4,864	20,757
Total Expenditures	$ 1,291,578	1,183,750	1,186,635	1,188,412	1,173,112

Thomas A. Schweich

Missouri State Auditor

AGRICULTURE

Department of Agriculture

December 2014

Report No. 2014-131

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Department of Agriculture

Inspections	The Metrology/Moisture Meter Program failed to inspect some grain moisture meters and scales in calendar year 2013 as required by state law. The Petroleum/Propane/Anhydrous Ammonia Program failed to inspect some petroleum devices in calendar year 2013 as required by state law.
Missouri Wine and Grape Board Annual Reports	The Missouri Wine and Grape Board's annual reports do not provide any information related to the expenditures made during the year.
Salary Increases	The MDA provided significant salary increases to six employees during fiscal year 2013 and four employees during fiscal year 2014, representing an annual total increase in salaries of $51,864 (ranging from 6 to 30 percent for these employees).
Board Appointments	The MDA oversees 4 boards, 4 commissions and an authority (boards). The MDA has not ensured the appointing authority filled vacant board positions timely. As of June 30, 2014, 7 appointments remained vacant. The MDA should also improve monitoring procedures to ensure members do not serve longer than allowed by state law. As of June 30, 2014, 48 of 72 (67 percent) active board members were serving beyond their term expiration date.
Analysis of Fees	As noted in our prior audit report, various program fees of the MDA do not cover the related costs of the program, forcing the programs to be more dependent upon funding appropriated from the General Revenue Fund. For example, expenditures for the Agriculture Business Development Division exceeded revenues by $1,490,000 and $1,450,000 during the 2014 and 2013 fiscal years, respectively, and the division did not perform and document an analysis of some fees charged. Some program fees have not been adjusted in more than a decade.

In the areas audited, the overall performance of this entity was Good.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Richard Fordyce, Director
Department of Agriculture
Jefferson City, Missouri

We have audited certain operations of the Department of Agriculture, excluding the Missouri State Fair, which is reported on separately, in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2014, and 2013. The objectives of our audit were to:

1. Evaluate the department's internal controls over significant management and financial functions.

2. Evaluate the department's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the department; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the department.

For the areas audited, we identified (1) no significant deficiencies in internal control, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Agriculture.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Douglas J. Porting, CPA, CFE
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Matthew Schulenberg, CFE
Audit Staff:	Rachelle Thompson
	Morgan Alexander

Department of Agriculture
Management Advisory Report
State Auditor's Findings

1. Inspections

The Weights, Measures and Consumer Protection Division failed to inspect some grain moisture meters and scales and petroleum devices, as required by state law.

1.1 Grain Moisture Meters and Scales

The Metrology/Moisture Meter Program, within the Weights, Measures and Consumer Protection Division, failed to inspect some grain moisture meters and scales in calendar year 2013 as required by state law.

The Metrology/Moisture Meter Program is responsible for ensuring the accuracy of grain moisture meters and associated equipment, such as scales. Owners and operators of moisture meters are required to register all commercial meters with the Weights, Measures and Consumer Protection Division each January. During 2013, they registered 504 moisture meters. Grain test scales are not required to be registered with the division. Program staff use the list of these scales inspected in the previous year to determine the scales needing inspection during the current year. During 2012, the Missouri Department of Agriculture (MDA) performed inspections of 408 grain test scales. Under Section 413.065(7), RSMo, and 2 CSR 90-21.025, the MDA is required to inspect and seal all commercial weighing and measuring devices annually. We tested inspection documentation for 26 registered moisture meters and 22 grain test scales for calendar year 2013 and determined the program did not perform an annual inspection on 5 of the 26 registered moisture meters tested (19 percent) or on 5 of the 22 grain test scales tested (23 percent) for which an annual inspection was required.

Failure to perform annual inspections, as required by state law, could result in inaccurate results of grain tests.

1.2 Petroleum Devices

The Petroleum/Propane/Anhydrous Ammonia Program, within the Weights, Measures and Consumer Protection Division, failed to inspect some petroleum devices as required by state law in calendar year 2013.

The Petroleum/Propane/Anhydrous Ammonia Program is responsible for a variety of services that ensure consumer protection and public safety; including, but not limited to, the inspection of petroleum dispensers. Under Section 414.072.1, RSMo, the MDA is mandated to inspect all petroleum measuring devices at least every 6 months, except that devices installed at marinas are required to be inspected at least once a year. There were a total of 3,880 petroleum sites inspected during 2013. Of the 3,880 petroleum sites inspected, 125 (3 percent) were not inspected on the required basis.

Failure to perform inspections, as required by state law, could result in inaccurate petroleum measurements.

Recommendations

The MDA ensure the Weights, Measures and Consumer Protection Division:

1.1 Performs annual inspections of all grain moisture meters and grain test scales as required by state law.

1.2 Performs inspections of all petroleum devices as required by state law.

Auditee's Response

An unusual rate of staff vacancies due to retirements and illnesses, as well as limited access to some petroleum sites due to station renovations, repairs, or changes of ownership, resulted in an inspection rate slightly less than 100 percent. The MDA will continue to work toward inspecting 100 percent of the petroleum devices, grain moisture meters and grain test scales.

2. Missouri Wine and Grape Board Annual Reports

The Missouri Wine and Grape Board's annual reports do not set forth the complete operating and financial statement of the Board.

The Missouri Wine and Grape Board is responsible for researching, developing, and promoting Missouri grapes, juices, and wine. The Board is primarily funded by a tax on all wine sold in Missouri. Section 262.859, RSMo, requires the Missouri Wine and Grape Board to submit an annual report of its activities for the preceding year that sets forth a complete operating and financial statement of the Board. The fiscal year 2012 and 2013 annual reports present the asset balance at the end of the fiscal year and provide a breakdown of monies received during the fiscal year. However, the reports do not provide any information related to the expenditures made during the year. As a result, the annual reports are incomplete.

Without presenting a complete operating and financial statement, the Missouri Wine and Grape Board's annual reports are not in compliance with state statute and do not present the public with a transparent representation of the Board's activities.

Recommendation

The Missouri Wine and Grape Board prepare a complete annual operating and financial statement detailing the Board's activities, as required by state statute.

Auditee's Response

The Missouri Wine and Grape Board will review the content of the annual report to ensure compliance with state statutes.

3. Salary Increases

The MDA provided salary increases to some employees that were not provided to other state employees.

In July 2012, state employees earning less than $70,000 per year received a 2 percent cost of living adjustment. The budget approved by the General Assembly authorized an annual increase of $500 ($42 per month) for state employees effective January 1, 2014. The MDA provided significant additional salary increases to six employees during fiscal year 2013 and four employees during fiscal year 2014. These additional salary increases represented an annual increase in staff salaries totaling $51,864, and represented annual increases ranging from approximately 6 to 30 percent for these employees. MDA personnel indicated these salary increases were based on additional job duties and responsibilities or supervisory responsibilities and a desire to bring the salary of certain MDA staff to a level equal to other staff in similar positions. Although MDA officials provided memos or email messages indicating some of these raises resulted from additional job duties, they did not provide documentation detailing the specific job duties added for these employees or how they determined the positions for which salaries would be realigned.

Given the recent state budget constraints and that other state employees have generally not received such pay increases, the department should re-evaluate the reasonableness and necessity for these salary increases.

Recommendation

In the future, the MDA discontinue providing pay increases significantly over and above those provided to other state employees.

Auditee's Response

The MDA compensates employees consistent with job duties and/or classification and will document any adjustments.

4. Board Appointments

The MDA should improve procedures to ensure timely filling of Board vacancies, including replacing members who have served past their term expiration date.

The MDA oversees 4 boards, 4 commissions, and 1 authority (boards). Each board is governed by state laws and regulations that define the number, term length, and qualifications of members. These boards serve various functions such as advising the MDA, the Governor, and the General Assembly, overseeing state fair operations, administering milk inspections, and approving grants. Functions of other boards include promoting the development of agriculture and small businesses; promoting Missouri grapes, juices, and wine; promoting the development, sale, and distribution of alternative fuels; and developing a referendum for boll weevil eradication.

Member vacancies

Various state laws require the appointment of a total of 79 board members. However, the MDA has not ensured the appointing authority filled vacant positions timely. As of June 30, 2014, 7 appointments (9 percent) remained vacant. The following table lists the number of members and vacancies.

BOARD	Members	Vacancies
AgriMissouri Advisory Commission for Marketing Missouri Agricultural Products	9	0
Missouri Agricultural and Small Business Development Authority	8	1
Missouri Cotton Growers' Organization Board of Directors	9	0
Missouri Alternative Fuels Commission	9	4
Missouri Pet Spay/Neuter Fund Board	3	0
Missouri Propane Gas Commission	9	1
Missouri Wine and Grape Board	11	0
State Fair Commission	9	1
State Milk Board	12	0
Totals	79	7

Vacancies result in boards that contain fewer members than authorized or required by state law. Although the day-to-day operation of boards is overseen by each board's executive director, multiple vacancies could result in the lack of a quorum and prevent impacted boards from conducting business.

Term limits

The MDA should improve monitoring procedures to ensure appointing authorities are notified when members' terms end to ensure members do not serve longer than allowed by state law. Of the 72 active board members, 48 (67 percent) were serving beyond their term expiration date as of June 30, 2014, with 6 members serving more than 5 years beyond their term expiration date.

Board members should not be allowed to serve significant years beyond the term expirations established by state laws and regulations.

Recommendation

The MDA work with the Governor's office and other applicable appointing authorities to fill board vacancies timely.

Auditee's Response

The MDA will work with the Governor's office and other applicable appointing authorities to fill board vacancies. The State Fair Commission vacancy was filled October 2, 2014.

5. Analysis of Fees

As noted in the previous MDA audit report, fees charged by various programs at the MDA do not cover the related costs of the program, forcing the program to be more dependent upon funding appropriated from the General Revenue Fund. In addition, fees charged by some programs have not been analyzed on a periodic basis or as required by state regulations. Some program fees charged have not been adjusted in more than a decade.

Animal Care and Animal Health Disease Control Programs

Expenditures for the Animal Care and the Animal Health Disease Control programs exceeded program revenues by approximately $572,000 and $300,000, respectively, during the year end June 30, 2014 and by approximately $690,000 and $475,000, respectively, during the year ended June 30, 2013. In addition, the Animal Health Division did not perform and document a periodic analysis of some division fees charged nor have per capita fees been analyzed on an annual basis, as required by the state code of regulations.

The Animal Health Disease Control Program is responsible for controlling, eradicating and testing for livestock disease in Missouri. The Animal Care Program is responsible for regulating breeders, dealers, boarders, shelters and pet stores to ensure they meet state standards regarding feed, water, shelter, veterinary care, building maintenance, socialization, identification and record-keeping requirements. These programs receive various license and registration fees from qualifying entities and charge various fees for the services performed.

The Animal Health Division last performed and documented a fee analysis during the year ended June 30, 2010 and that analysis only addressed the division's lab service fees. The division could not provide documentation of when it last performed a fee analysis of livestock brand fees, livestock sales and markets fees, and Animal Care Facilities Act fees. The division last adjusted livestock brand fees in 1992 and livestock sales and markets fees in 1990. No documentation could be provided of any fee analysis performed after these dates.

In addition, the division charges a per capita fee in the Animal Health Disease and Animal Care programs for each service performed or board day per animal, or animal sold, traded, bartered, brokered, auctioned, given, or otherwise disposed of other than by euthanasia or death. Per 2 CSR 30-9.020, these per capita fees shall be assessed annually and be based upon the budgetary needs of the program. According to division management, the per capita fees were established in the early 1990s and have not been assessed or analyzed since establishment.

Grain Regulatory Services Program

Expenditures for the Grain Regulatory Services Program exceeded program revenues by approximately $685,000 and $765,000 during the years ended June 30, 2014, and June 30, 2013. In addition, the Grain Regulatory Services Program did not periodically perform and document an analysis of fees charged by the program.

The program is responsible for licensing and regulating grain warehouses and grain dealers in Missouri. The program receives various license and registration fees from qualifying entities and charges various fees for the services performed. The program last adjusted grain warehouse license fees

in 1977 and grain dealer license fees in 1997. The program could not provide documentation of any fee analyses performed after these dates.

Agriculture Business Development Division

Expenditures for the Agriculture Business Development Division exceeded revenues by approximately $1,490,000 and $1,450,000 during the years ended June 30, 2014, and June 30, 2013. In addition, the division did not periodically perform and document an analysis of some division fees charged.

The division helps to create opportunities for success for Missouri's farmers and agribusiness. The division administers AgriMissouri memberships, the domestic and international marketing of Missouri agricultural products, and the agriculture market news reporting service. The division receives various membership registration fees from qualifying entities and charges various fees for the services performed.

The AgriMissouri Commission, through the division, established the AgriMissouri membership fees and bar code fees in 2003 and 2005, respectively. These fees have not been analyzed since establishment. In addition, the division established market news subscription fees in 2003, which also have not been analyzed since that time. Although these fees would not necessarily be expected to cover all division costs, the fees should be analyzed periodically to determine if a change is needed.

Overall

The MDA should perform and document an analysis of fees charged by the various programs and consider adjusting fees where possible to cover more of the expenditures of the programs. By periodically performing a fee analysis and charging the most appropriate fee amount, the MDA will be able to ensure programs are maximizing their revenues, more adequately cover program costs, and become less dependent upon General Revenue funding. If the MDA determines that a program's fees cannot be set at a level to cover all expenditures of the program, the MDA should determine what percentage of expenditures should be covered by program revenues and establish fees accordingly.

Recommendation

The MDA periodically perform an analysis of fees and expenditures for all fee funded programs, consider adjusting fees where possible by administrative action to cover the programs' costs, and report the results of the analysis to the legislature for consideration.

Auditee's Response

The MDA will periodically analyze fees for operations of the programs.

Department of Agriculture
Organization and Statistical Information

The Department of Agriculture was created in 1933 by an act of the legislature to replace the Missouri State Board of Agriculture. Operating under a director, the department's divisions are charged with enforcing state laws regulating the handling and marketing of agribusiness products, as well as protecting producers, processors, distributors, and consumers of food and fiber and promoting Missouri's agricultural economy.

The following are the various responsibilities of the Office of the Director, the five divisions of the department, the Missouri Agricultural and Small Business Development Authority, the Missouri Wine and Grape Board, and the State Milk Board:

1. The Office of the Director determines department policy, assigns duties among departmental units, obtains financial and personnel resources to discharge department responsibilities, and monitors departmental performance.

2. The Animal Health Division, under the direction of the state veterinarian, promotes and protects Missouri's livestock industry, and administers the laws and regulations pertaining to livestock and poultry disease control, state licensed meat processors, livestock markets and dealers, and licensed commercial companion animal breeders and dealers.

3. The Grain Inspection and Warehousing Division is responsible for the enforcement of the Missouri grain dealers and grain warehouse laws and U.S. Grain Standards Act. The Grain Inspection Program serves as a disinterested third-party which, upon request, will determine the grade, weight, and protein content of grain for any interested party. The Grain Regulatory Services Program oversees the regulation of the storage, purchase, and sale of grain in Missouri. Additionally, the division administers the commodity check-off program and the Missouri agricultural mediation program.

4. The Agriculture Business Development Division administers the AgriMissouri program, the domestic and international marketing programs for Missouri agricultural products, the agriculture market news reporting service, and loans and grants for the betterment of rural agriculture. The division also administers the Agriculture Development Fund Program, which provides youth development programs and scholarships. In addition, the division works with the Missouri Agricultural and Small Business Development Authority and the Wine and Grape Board.

5. The Plant Industries Division licenses pesticide applicators and administers regulations concerning the use of pesticides, herbicides, and other chemical products. The division also licenses plant nurseries and growers and inspects them for plant pests and diseases, licenses animal feed manufacturers and dealers and tests feed products for safety and compliance with labeling guarantees. In addition, the division licenses plant seed distributors and tests seed products for compliance with labeling guarantees, administers the fruit and vegetable inspection and the noxious weed programs, and regulates treated timber producers and sellers.

6. The Weights, Measures and Consumer Protection Division licenses and tests commercial weighing and measuring devices to ensure accuracy and fair dealing in the exchange of commodities. The division performs small-scale and large-scale testing, price scanner verification, and egg inspections. The division also performs motor fuel quality testing, volumetric testing and safety inspections of petroleum distributors and dealers, and tests liquefied petroleum gas meters. The division tests the accuracy of grain moisture meters and the metrology lab maintains standards for mass, volume, and length and certifies test weights, test measures, and volume provers for industry and agency testing programs.

7. The Missouri Agricultural and Small Business Development Authority was established in 1981 and its governing body consists of members who are appointed by the Governor with the advice and consent of the Senate and the department director as an ex-officio member. The authority issues tax-free bonds to lenders who make low-interest loans to farmers and small businesses and administers the beginning farmer loan, family farm breeding livestock loan, animal waste treatment system loan, single-purpose animal facilities loan guarantee, and Missouri value-added grant and loan guarantee programs. The authority also administers the New Generation Cooperative Incentive Tax Credit and the Agriculture Products Utilization Contributor Tax Credit programs.

8. The Missouri Wine and Grape Board was established in 2005 and its governing body consists of seven members who are appointed by the Governor with the advice and consent of the Senate and four ex-officio members including the department director. The Board promotes grapes, juice, and wine produced in Missouri using funds paid by grape and wine producers.

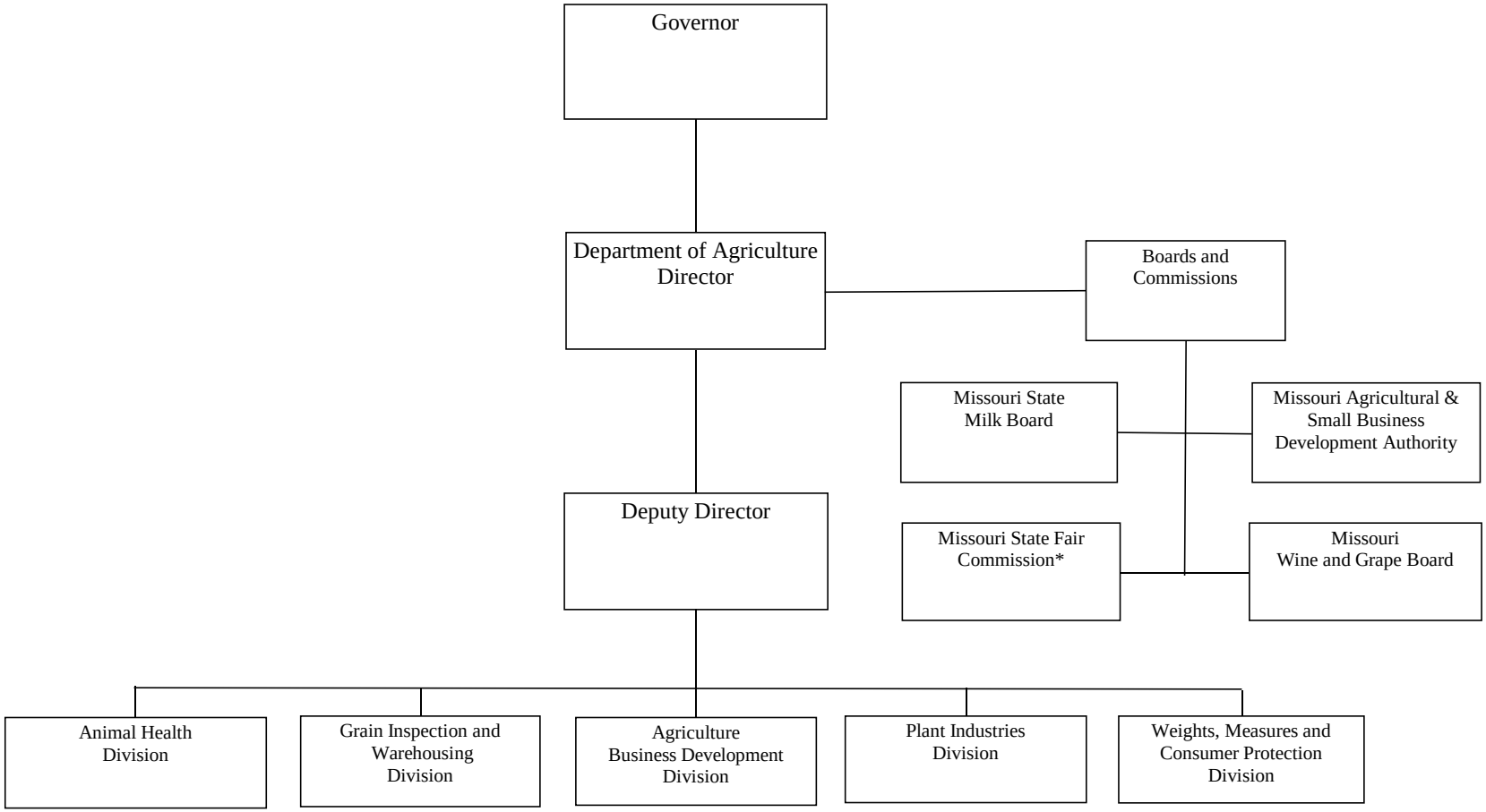
9. The State Milk Board was established in 1972 and its governing body consists of twelve members, ten of whom are nominated by the department director and appointed by the Governor with the

advice and consent of the Senate, with the remaining two members being from the state Department of Health and Senior Services and the Department of Agriculture. Four of the appointed members of the Board must be Grade A dairy farmers representing recognized producer organizations, four are active members of local health departments in the state, and two represent processor and consumer interests. The Board administers milk inspections in relation to Grade A milk and milk supplies to ensure uniformity of procedures and interpretation of milk inspection regulations.

In addition, the department includes the State Fair Commission, which is audited and reported upon separately.

Dr. Jon Hagler served as the department director until October 11, 2013. Richard Fordyce was appointed department director on December 19, 2013, and confirmed on February 6, 2014, and continues to serve in this capacity. The department employed 283 full-time employees and 83 part-time employees as of June 30, 2014. An organization chart follows.

Department of Agriculture
Organizational Chart
June 30, 2014



*Not included in this report.

Appendix A

Department of Agriculture
Comparative Statement of Receipts, Disbursements, and
Changes in Cash and Investments

	Year Ended June 30,						
		2013			2014		
Fund:	Cash and Investments June 30, 2012	Receipts *	Disbursements **	Cash and Investments June 30, 2013	Receipts *	Disbursements **	Cash and Investments June 30, 2014
Agriculture - Federal and Other	$ 1,526,964	2,893,936	2,804,618	1,616,282	3,273,193	2,856,692	2,032,783
Animal Health Laboratory Fees	352,557	647,673	769,460	230,770	712,749	738,545	204,974
Animal Care Reserve	1,064,091	514,936	594,246	984,781	514,695	332,740	1,166,736
Livestock Brands	21,213	28,520	49,733	0	20,805	5,991	14,814
Commodity Council Merchandising	75,987	82,734	89,206	69,515	82,666	82,703	69,478
Single Purpose Animal Facility Loan Program	24,453	155,783	169,381	10,855	108,379	113,339	5,895
Single Purpose Animal Facility Loan Guarantee	12	0	0	12	0	0	12
Product Utilization and Business Development Guarantee	2	801	0	803	5,210	6,011	2
Agriculture Product Utilization Grant	40	164,574	164,570	44	234,448	234,430	62
Missouri Qualified Fuel Ethanol Producer	0	4,790,895	4,790,895	0	0	0	0
Aquaculture Marketing Development	0	4,217	4,147	70	4,540	4,585	25
Livestock Sales and Markets Fees	168	8,925	9,093	0	9,000	8,719	281
Apple Merchandising	3,010	4,023	83	6,950	2,247	4,389	4,808
Livestock Dealer Law Enforcement and Administration	9	0	0	9	0	0	9
Milk Inspection Fees	814,638	1,158,754	1,193,906	779,486	1,032,597	1,176,358	635,725
Grain Inspection Fees	832,823	1,763,768	1,784,711	811,880	2,569,543	1,856,997	1,524,426
Petroleum Inspection	1,882,974	2,375,671	2,603,765	1,654,880	2,374,280	2,515,455	1,513,705
Agriculture Business Development	316,867	92,377	57,735	351,509	268,401	241,968	377,942
Missouri Pet Spay/Neuter	20,791	20,271	19,942	21,120	0	19,708	1,412
Organic Production and Certification	36	0	0	36	0	36	0
Missouri Qualified Biodiesel Producer Incentive	0	5,077,367	5,077,367	0	5,359,250	5,359,250	0
Missouri Wine and Grape	988,960	1,624,650	1,694,854	918,756	1,746,436	1,894,232	770,960
Veterinary Student Loan Payment	2,266	117,754	120,000	20	116,461	116,400	81
Boll Weevil Suppression and Eradication	38,138	0	1,769	36,369	0	2,800	33,569
Missouri Wine Marketing and Research Development	793	36,502	36,502	793	42,194	42,124	863
Agriculture Development	2,633	101,430	98,087	5,976	105,455	105,155	6,276
Agriculture Protection	5,123,066	8,532,990	8,588,727	5,067,329	8,738,899	9,956,226	3,850,002
Federal Stimulus-MDA	61,713	2,034,774	2,061,277	35,210	19,598	52,851	1,957
Totals	$ 13,154,204	32,233,325	32,784,074	12,603,455	27,341,046	27,727,704	12,216,797

* Receipts include interagency billing receipts and transfers in.

** Disbursements include interagency disbursements and transfers out. Disbursements on this statement will not agree to fund expenditures on Appendix B primarily due to appropriated transfers out for personal service benefits costs.

Appendix B

Department of Agriculture
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2014			2013		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND						
Animal Health Administration Personal Service	$ 2,538,348	2,437,995	100,353	2,467,043	2,393,032	74,011
Animal Health Administration Expense and Equipment	945,693	917,321	28,372	883,239	856,742	26,497
Grain Regulatory Services Personal Service	681,612	660,015	21,597	678,580	655,625	22,955
Grain Regulatory Services Expense and Equipment	86,802	85,274	1,528	85,034	85,034	0
Weights and Measures Personal Service	432,519	418,833	13,686	429,294	416,415	12,879
Weights and Measures Expense and Equipment	100,396	97,384	3,012	100,396	97,384	3,012
Agriculture Leasing	157,336	149,541	7,795	158,195	153,454	4,741
Refund Account	3,639	0	3,639	3,639	0	3,639
Indemnities	10,000	0	10,000	1	0	1
State Milk Board Personal Service	102,585	99,507	3,078	101,975	98,916	3,059
State Milk Board Expense and Equipment	852	792	60	872	846	26
Agriculture State Owned	83,464	83,464	0	89,226	86,549	2,677
Total General Revenue Fund	5,143,246	4,950,126	193,120	4,997,494	4,843,997	153,497
AGRICULTURE-FEDERAL AND OTHER FUND						
Animal Health Administration Personal Service	825,147	602,975	222,172	665,190	430,540	234,650
Animal Health Administration Expense and Equipment	778,584	192,120	586,464	765,026	603,031	161,995
Plant Industries Program Personal Service	542,002	344,067	197,935	538,312	380,565	157,747
Plant Industries Program Expense and Equipment	720,882	364,327	356,555	501,438	403,814	97,624
Director's Office Personal Service	45,708	0	45,708	45,434	0	45,434
Director's Office Expense and Equipment	284,883	66,600	218,283	293,308	0	293,308
Weights and Measures Personal Service	36,915	0	36,915	36,635	5,919	30,716
Weights and Measures Expense and Equipment	50,000	2,324	47,676	50,000	17,496	32,504
Director's Office Federal Personal Service	109,880	109,787	93	146,173	46,150	100,023
Director's Office Federal Expense and Equipment	224,325	114,584	109,741	219,750	219,602	148
Gypsy Moth Control Program	60,000	0	60,000	60,000	0	60,000
Gypsy Moth Control Program Personal Service	29,630	11,791	17,839	29,193	2,238	26,955
Gypsy Moth Control Program Expense and Equipment	11,388	8,507	2,881	13,000	2,730	10,270
Agriculture Business Development Personal Service	22,694	13,165	9,529	22,611	4,267	18,344
Agriculture Business Development Expense and Equipment	459,041	385,657	73,384	318,811	258,795	60,016
Grain Regulatory Services Personal Service	35,146	6,169	28,977	35,021	7,730	27,291
Grain Regulatory Services Expense and Equipment	36,211	3,351	32,860	41,180	41,175	5
Agriculture State Owned	18,375	18,374	1	16,754	16,681	73
Total Agriculture-Federal And Other Fund	4,290,811	2,243,798	2,047,013	3,797,836	2,440,733	1,357,103
ANIMAL HEALTH LABORATORY FEES FUND						
Animal Health Administration Personal Service	143,177	0	143,177	162,292	35,413	126,879
Animal Health Administration Expense and Equipment	657,007	620,041	36,966	547,316	547,313	3
Agriculture Leasing	51,941	46,067	5,874	43,548	41,781	1,767
Agriculture State Owned	30,664	30,663	1	29,687	29,592	95
Director's Office Personal Service	25,000	24,825	175	70,000	69,912	88
Total Animal Health Laboratory Fees Fund	907,789	721,596	186,193	852,843	724,011	128,832

Appendix B

Department of Agriculture
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2014			2013		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
ANIMAL CARE RESERVE FUND						
Animal Health Administration Personal Service	488,845	161,017	327,828	536,762	268,346	268,416
Animal Health Administration Expense and Equipment	189,956	52,635	137,321	293,583	196,439	97,144
Agriculture State Owned	1,899	1,899	0	1,879	1,871	8
Director's Office Personal Service	30,000	26,386	3,614	0	0	0
Total Animal Care Reserve Fund	710,700	241,937	468,763	832,224	466,656	365,568
LIVESTOCK BRANDS FUND						
Livestock Brands Program	30,698	5,213	25,485	36,925	7,236	29,689
Director's Office Personal Service	0	0	0	3,259	3,259	0
Director's Office Expense and Equipment	0	0	0	9,692	8,769	923
Animal Health Administration Personal Service	20,000	0	20,000	20,000	18,990	1,010
Total Livestock Brands Fund	50,698	5,213	45,485	69,876	38,254	31,622
COMMODITY COUNCIL MERCHANDISING FUND						
Commodity Merchandising Personal Service	77,169	48,487	28,682	76,543	56,483	20,060
Commodity Merchandising Expense and Equipment	15,651	10,382	5,269	21,526	7,804	13,722
Agriculture State Owned	2,705	2,705	0	2,675	2,663	12
Total Commodity Council Merchandising Fund	95,525	61,574	33,951	100,744	66,950	33,794
SINGLE PURPOSE ANIMAL FACILITY LOAN PROGRAM FUND						
Agricultural and Small Business Development Authority Personal Service	109,771	69,798	39,973	108,932	108,738	194
Agricultural and Small Business Development Authority Expense and Equipment	9,364	2,070	7,294	20,650	1,966	18,684
Agriculture State Owned	4,290	4,290	0	4,245	4,227	18
Total Single Purpose Animal Facility Loan Program Fund	123,425	76,158	47,267	133,827	114,931	18,896
SINGLE PURPOSE ANIMAL FACILITY LOAN GUARANTEE FUND						
Single Purpose Animal Facility Loan Program	201,046	0	201,046	201,046	0	201,046
Total Single Purpose Animal Facility Loan Guarantee Fund	201,046	0	201,046	201,046	0	201,046
PRODUCT UTILIZATION AND BUSINESS DEVELOPMENT GUARANTEE FUND						
Missouri Value-Added Loan Guarantee Program	624,501	6,011	618,490	624,501	0	624,501
Total Product Utilization and Business Development Guarantee Fund	624,501	6,011	618,490	624,501	0	624,501
AGRICULTURE PRODUCT UTILIZATION GRANT FUND						
Abattoir	200,000	134,430	65,570	200,000	64,570	135,430
Beef Excellence Program	100,000	100,000	0	200,000	100,000	100,000
Total Agriculture Product Utilization Grant Fund	300,000	234,430	65,570	400,000	164,570	235,430
MISSOURI QUALIFIED FUEL ETHANOL PRODUCER FUND						
Missouri Ethanol Producer Incentive Program	0	0	0	4,925,000	4,790,895	134,105
Total Missouri Qualified Fuel Ethanol Producer Fund	0	0	0	4,925,000	4,790,895	134,105
AQUACULTURE MARKETING DEVELOPMENT FUND						
Missouri Aquaculture Council	11,000	4,585	6,415	11,000	4,005	6,995
Missouri Agricultural and Small Business Development Authority Personal Service	9,173	0	9,173	9,103	0	9,103
Total Aquaculture Marketing Development Fund	20,173	4,585	15,588	20,103	4,005	16,098
LIVESTOCK SALES AND MARKETS FEES FUND						
Livestock Markets	30,690	8,637	22,053	32,115	8,832	23,283
Total Livestock Sales and Markets Fees Fund	30,690	8,637	22,053	32,115	8,832	23,283

Appendix B

Department of Agriculture
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2014			2013		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
APPLE MERCHANDISING FUND						
Research, Promotion and Market Development of Apples	11,000	4,389	6,611	11,000	0	11,000
Total Apple Merchandising Fund	11,000	4,389	6,611	11,000	0	11,000
LIVESTOCK DEALER LAW ENFORCEMENT AND ADMINISTRATION FUND						
Livestock Dealer Law Enforcement	0	0	0	11,677	0	11,677
Total Livestock Dealer Law Enforcement and Administration Fund	0	0	0	11,677	0	11,677
MILK INSPECTION FEES FUND						
State Milk Board Personal Service	331,871	271,574	60,297	329,208	267,237	61,971
State Milk Board Expense and Equipment	249,760	169,896	79,864	297,432	158,008	139,424
Milk Board Local Health	802,262	595,595	206,667	803,212	632,873	170,339
Agriculture State Owned	4,716	4,715	1	4,661	4,644	17
Total Milk Inspection Fees Fund	1,388,609	1,041,780	346,829	1,434,513	1,062,762	371,751
GRAIN INSPECTION FEES FUND						
Agriculture Leasing	25,761	25,744	17	25,781	25,764	17
Grain Regulatory Services Expense and Equipment	271,744	170,990	100,754	274,636	215,079	59,557
Grain Regulatory Services Personal Service	1,412,950	1,046,253	366,697	1,500,381	938,411	561,970
Payment of Federal User Fee	100,000	79,755	20,245	100,000	61,428	38,572
Agriculture State Owned	3,383	3,382	1	3,345	3,330	15
Director's Office Personal Service	55,812	51,671	4,141	55,476	54,708	768
Director's Office Expense and Equipment	5,867	0	5,867	7,342	1,533	5,809
Total Grain Inspection Fees Fund	1,875,517	1,377,795	497,722	1,966,961	1,300,253	666,708
DAIRY PLANT INSPECTION AND GRADING FUND						
Dairy Plant Inspections	4,552	0	4,552	7,754	0	7,754
Total Dairy Plant Inspection and Grading Fund	4,552	0	4,552	7,754	0	7,754
PETROLEUM INSPECTION FUND						
Agriculture Leasing	6,405	6,396	9	7,463	6,439	1,024
Weights and Measures Personal Service	1,543,007	1,246,746	296,261	1,531,705	1,331,106	200,599
Weights and Measures Expense and Equipment	728,857	439,958	288,899	757,817	396,314	361,503
Agriculture State Owned	92,669	92,669	0	88,264	87,991	273
Director's Office Personal Service	18,724	18,698	26	33	32	1
Director's Office Expense and Equipment	8,363	0	8,363	0	0	0
Total Petroleum Inspection Fund	2,398,025	1,804,467	593,558	2,385,282	1,821,882	563,400
AGRICULTURE BUSINESS DEVELOPMENT FUND						
Governor's Conference on Agriculture	210,638	159,485	51,153	216,593	0	216,593
AgriMissouri Program Expense and Equipment	0	0	0	10,000	0	10,000
Agriculture Business Development Personal Service	8,480	0	8,480	8,435	0	8,435
Agriculture Business Development Expense and Equipment	193,920	80,889	113,031	213,775	54,773	159,002
Agriculture State Owned	0	0	0	2,691	2,679	12
Total Agriculture Business Development Fund	413,038	240,374	172,664	451,494	57,452	394,042
MISSOURI PET SPAY/NEUTER FUND						
Animal Health Administration Expense and Equipment	50,000	19,708	30,292	50,000	19,615	30,385
Total Missouri Pet Spay/Neuter Fund	50,000	19,708	30,292	50,000	19,615	30,385

Appendix B

Department of Agriculture
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2014			2013		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
ORGANIC PRODUCTION AND CERTIFICATION FUND						
Plant Industries Program Expense and Equipment	36	36	0	0	0	0
Total Organic Production and Certification Fund	36	36	0	0	0	0
AGRICULTURE BOND TRUSTEE FUND						
Bond Trustee Account	135,000	0	135,000	135,000	0	135,000
Total Agriculture Bond Trustee Fund	135,000	0	135,000	135,000	0	135,000
MISSOURI QUALIFIED BIODIESEL PRODUCER INCENTIVE FUND						
Biodiesel Incentive Program	5,525,000	5,359,250	165,750	4,925,000	4,925,000	0
Agriculture Business Development Expense and Equipment	0	0	0	152,367	152,367	0
Total Missouri Qualified Biodiesel Producer Incentive Fund	5,525,000	5,359,250	165,750	5,077,367	5,077,367	0
MISSOURI WINE AND GRAPE FUND						
Wine and Grape Board Expense and Equipment	1,598,695	1,505,289	93,406	1,616,093	1,302,483	313,610
Wine and Grape Board Personal Service	260,337	202,681	57,656	210,182	200,668	9,514
Agriculture Leasing	0	0	0	5,710	543	5,167
Director's Office Personal Service	58,924	53,370	5,554	58,579	58,161	418
Director's Office Expense and Equipment	6,727	0	6,727	7,737	2,746	4,991
Agriculture State Owned	2,719	2,718	1	0	0	0
Total Missouri Wine And Grape Fund	1,927,402	1,764,058	163,344	1,898,301	1,564,601	333,700
VETERINARY STUDENT LOAN PAYMENT FUND						
Veterinary Student Loan Program	180,000	116,400	63,600	180,000	120,000	60,000
Total Veterinary Student Loan Payment Fund	180,000	116,400	63,600	180,000	120,000	60,000
BOLL WEEVIL SUPPRESSION AND ERADICATION FUND						
Boll Weevil Eradication Personal Service	39,230	847	38,383	38,948	0	38,948
Boll Weevil Eradication Expense and Equipment	24,657	187	24,470	29,780	42	29,738
Agriculture State Owned	1,439	1,439	0	1,423	1,417	6
Total Boll Weevil Suppression and Eradication Fund	65,326	2,473	62,853	70,151	1,459	68,692
MISSOURI WINE MARKETING AND RESEARCH DEVELOPMENT FUND						
Missouri Wine Marketing and Research Council	111,000	41,737	69,263	111,000	35,628	75,372
Total Missouri Wine Marketing and Research Development Fund	111,000	41,737	69,263	111,000	35,628	75,372
AGRICULTURE DEVELOPMENT FUND						
Agriculture Business Development Personal Service	74,271	43,587	30,684	73,817	45,013	28,804
Agriculture Business Development Expense and Equipment	41,744	30,965	10,779	46,987	20,858	26,129
Agriculture State Owned	1,535	1,534	1	1,518	1,512	6
Agriculture Development Fund Investments	100,000	9,000	91,000	100,000	10,000	90,000
Total Agriculture Development Fund	217,550	85,086	132,464	222,322	77,383	144,939
LIVESTOCK FEED CORPORATE INPUT LOAN FUND						
Livestock Feed and Corporate Loan	50,000	0	50,000	50,000	0	50,000
Total Livestock Feed Corporate Input Loan Fund	50,000	0	50,000	50,000	0	50,000
INSTITUTION GIFT TRUST FUND						
Agriculture Business Awareness Program	22,815	0	22,815	24,389	0	24,389
Gift Trust Fund Expense and Equipment	5,000	0	5,000	5,000	0	5,000
Total Institution Gift Trust Fund	27,815	0	27,815	29,389	0	29,389

Appendix B

Department of Agriculture
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2014			2013		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
AGRICULTURE PROTECTION FUND						
Director's Office Personal Service	699,945	699,607	338	696,252	696,252	0
Director's Office Expense and Equipment	1,676,189	826,298	849,891	143,488	143,488	0
Refund Account	13,500	6,673	6,827	13,500	4,726	8,774
Agriculture Business Development Personal Service	1,063,917	1,038,530	25,387	1,056,986	1,039,504	17,482
Agriculture Business Development Expense and Equipment	425,004	399,991	25,013	435,731	430,077	5,654
AgriMissouri Program Personal Service	35,825	11,403	24,422	35,553	33,090	2,463
AgriMissouri Program Expense and Equipment	118,756	117,041	1,715	118,756	108,519	10,237
Animal Health Administration Expense and Equipment	2,462	684	1,778	2,462	2,445	17
Grain Regulatory Services Expense and Equipment	44,170	19,407	24,763	44,170	30,379	13,791
Plant Industries Program Personal Service	1,622,285	1,620,457	1,828	1,610,425	1,573,476	36,949
Plant Industries Program Expense and Equipment	381,058	378,817	2,241	801,651	761,731	39,920
Gypsy Moth Control Program Personal Service	129,087	112,918	16,169	128,107	122,891	5,216
Gypsy Moth Control Program Expense and Equipment	58,000	33,677	24,323	58,000	30,975	27,025
Weights and Measures Personal Service	515,250	511,233	4,017	510,583	506,685	3,898
Weights and Measures Expense and Equipment	690,429	683,706	6,723	401,557	401,557	0
Agriculture Leasing	1,731	1,730	1	1,756	1,732	24
Agriculture State Owned	245,618	245,618	0	234,374	181,706	52,668
Urban Agriculture Program	25,000	25,000	0	25,000	0	25,000
Total Agriculture Protection Fund	7,748,226	6,732,790	1,015,436	6,318,351	6,069,233	249,118
LIVESTOCK FEED CORPORATION LOAN PROGRAM FUND						
Agriculture and Small Business Development Authority Personal Service	11,050	0	11,050	11,000	0	11,000
Agriculture and Small Business Development Authority Expense and Equipment	2,000	0	2,000	4,000	0	4,000
Total Livestock Feed Corporation Loan Program Fund	13,050	0	13,050	15,000	0	15,000
FEDERAL STIMULUS-MDA FUND						
ARRA Grants	0	0	0	2,104,326	1,870,181	234,145
ARRA Grants Personal Service	0	0	0	137,452	130,805	6,647
ARRA Grants Expense and Equipment	0	0	0	6,898	4,718	2,180
Director's Office Personal Service	37,000	36,261	739	0	0	0
Director's Office Expense and Equipment	2,000	182	1,818	0	0	0
Total Federal Stimulus-MDA Fund	39,000	36,443	2,557	2,248,676	2,005,704	242,972
Total All Funds	$ 34,678,750	27,180,851	7,497,899	39,661,847	32,877,173	6,784,674

The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,	
	2014	2013
General Revenue Func		
Personal Service	$ 113,725	112,856
Expense and Equipmen	32,937	29,535
Leasing	4,720	7,393
Total General Revenue Func	$ 151,380	149,786

Appendix C

Department of Agriculture
Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2014	2013	2012	2011	2010
Salaries and wages	$ 12,000,655	12,000,576	11,565,365	11,197,019	11,122,787
Travel, in-state	462,281	406,537	438,383	407,288	446,062
Travel, out-of-state	154,262	194,973	116,627	84,779	117,999
Fuel and utilities	39,149	36,129	35,886	39,397	56,103
Supplies	1,836,733	1,775,089	1,770,584	1,442,284	1,284,337
Professional development	280,581	229,047	260,895	169,953	132,190
Communication service and supplies	231,681	234,992	218,859	179,299	178,749
Services:					
Professional	2,911,947	2,454,538	2,223,116	2,493,835	2,195,230
Housekeeping and janitorial	9,558	10,983	8,566	9,152	35,049
Maintenance and repair	386,623	260,070	373,913	254,321	308,457
Equipment:					
Computer	42,325	76,556	32,451	23,614	166,631
Motorized	683,013	912,070	495,035	296,239	107,373
Office	22,600	26,894	32,347	17,343	19,498
Other	238,028	367,706	317,144	277,969	228,382
Property and improvements	66,600	990	0	0	0
Building lease payments	707,354	638,541	1,172,093	1,223,248	1,215,962
Equipment rental and leases	3,560	7,346	9,453	2,986	6,651
Miscellaneous expenses	157,889	34,778	150,356	30,728	174,535
Rebillable expenses	27,147	0	0	0	0
Refunds	9,038	6,944	15,042	3,382	6,968
Program distributions	6,909,827	13,202,414	22,728,998	22,746,782	32,799,264
Total Expenditures	$ 27,180,851	32,877,173	41,965,113	40,899,618	50,602,227

Appendix D

Department of Agriculture
Comparative Statement of General Capital Assets

Asset Type:		June 30, 2014	June 30, 2013
Buildings	$	1,315,379	1,315,379
Equipment		5,916,565	5,667,556
Improvements Other Than Buildings		45,294	45,294
Intangible Assets		17,000	17,000
Tools		34,860	40,935
Vehicles		5,154,472	4,651,495
Total	$	12,483,570	11,737,659

Fund of Acquisition:		June 30, 2014
General Revenue	$	3,782,312
Agriculture - Federal and Other		1,847,036
Animal Health Laboratory Fees		304,551
Animal Care Reserve		221,604
Livestock Brands		46,356
Third State Building Trust		1,054,974
Single Purpose Animal Facility Loan Program		42,653
State Fair Fees		1,963
Agriculture Land Survey Revolving Services		241,376
Livestock Sales and Markets Fees		5,698
Milk Inspection Fees		132,630
Grain Inspection Fees		250,680
Petroleum Inspection Fund		2,911,728
Missouri Land Survey		246,975
Agriculture Business Development		32,274
Missouri Wine and Grape Fund		8,890
Boll Weevil Suppression and Eradication		7,486
Agriculture Development		1,403
Agriculture Protection		1,342,981
Total	$	12,483,570

Thomas A. Schweich

Missouri State Auditor

Lee's Summit Missouri New Longview Transportation Development District

December 2014

Report No. 2014-132

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Lee's Summit Missouri New Longview Transportation Development District

Accounting Controls	The Transportation Development District (TDD) Board does not provide oversight or review the financial records provided by its banking institution and an accountant hired to prepare its year-end financial statements. Instead, the Board Chairman approved disbursements which were then made by the bank. During the 2 years ended December 31, 2013, the bank made only $5,930 in debt payments for the Board, even though the TDD had over $70,000 in its bank account at December 31, 2013. The board was not aware debt payments had not been made because it did not obtain or review bank statements, disbursement documentation, or financial statements. The district's financial statements were not accurate or submitted to the State Auditor's Office timely.
Board of Directors	The TDD property owners have not elected successor directors and the Board has not met regularly. As a result, the Board has not adopted annual budgets in accordance with state law. In addition, budgets which have been adopted do not contain some required elements.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Lee's Summit Missouri New Longview Transportation Development District
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THOMAS A. SCHWEICH
Missouri State Auditor

G. David Gale, Chairman
and
Board of Directors
Lee's Summit Missouri New Longview Transportation Development District
Lee's Summit, Missouri

We have audited certain operations of the Lee's Summit Missouri New Longview Transportation Development District in fulfillment of our duties under Section 238.272, RSMo. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the district's internal controls over significant management and financial functions.

2. Evaluate the district's compliance with certain legal provisions.

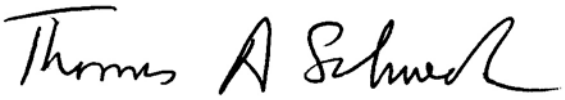
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, procedures, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in our audit of the district.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Lee's Summit Missouri New Longview Transportation Development District.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Rex Murdock, M.S.Acct.

Lee's Summit Missouri New Longview Transportation Development District
Management Advisory Report - State Auditor's Findings

1. Accounting Controls

The board lacks supervision of financial transactions, and financial statements were inaccurate and not submitted to the State Auditor's Office (SAO) in a timely manner.

1.1 Supervision

The Transportation Development District (TDD) Board does not provide oversight or review the financial records provided by its banking institution and an accountant hired to prepare its year-end financial statements. The Board relies on its bank to prepare reports of summarized transactions of the district and to remit those reports to an accountant that prepares financial statements. In addition, the Board did not review and approve disbursements. Instead, the Board Chairman approved and the bank made disbursements for the TDD. The bank is required to make a debt payment to the developer equal to the district's cash balance after paying other expenses. However, during the 2 years ended December 31, 2013, the bank made only $5,930 in debt payments even though the TDD bank account balance was over $70,000 at December 31, 2013. The Board was not aware debt payments had not been made because it does not obtain or review bank statements, disbursement documentation, or financial statements.

Without adequate reviews of financial records, the TDD Board has less assurance the financial reports and transactions are proper and debt service payments are made.

1.2 Financial statements

The district's financial statements were not accurate or submitted to the SAO in a timely manner. The financial statements prepared for the years ended December 31, 2013 and 2012, (1) overstated revenues of the district by $37,619, (2) understated disbursements by $11,000, (3) did not include beginning or ending cash balances, and (4) were not submitted to the SAO until October 1, 2014, which is not in compliance with the filing deadlines established by state law.

Complete and accurate accounting records and financial statements are necessary to keep district officials and citizens informed of the financial activity and condition of the district. Section 105.145.2, RSMo, requires TDDs to file annual financial statements with the SAO. Section 105.145.8, RSMo, states any district that fails to timely submit a copy of the annual financial statement to the SAO shall be subject to a fine not to exceed $500 per day. 15 CSR 40-3.030 provides if a political subdivision is audited by an independent auditor, a copy of the audit report can be filed in lieu of a separate financial report. An unaudited financial report is to be filed within 4 months of the entity's fiscal year end, while an audit report is to be filed within 6 months of the entity's fiscal year end.

Recommendations

The TDD Board:

1.1 Review and approve financial reports and transactions prepared by the bank and its accountant.

1.2 Ensure financial statements accurately reflect the financial activity of the district and are filed with the SAO timely.

Auditee's Response

The Chairman of the Board provided the following written responses:

1.1 I agree. In the future, bank statements and financial reports will be reviewed monthly.

1.2 I agree. We will ensure in the future there is no confusion between Tax Increment Financing Economic Activity Tax reimbursements and the TDD revenue. We will ensure the financial statements are filed timely in the future.

2. Board of Directors

The TDD property owners have not elected successor directors and the board has not met regularly in past years, and as a result, has not adopted annual budgets in accordance with state law. In addition, budgets which have been adopted do not contain some required elements.

2.1 Successor directors

The property owners have not met to elect successors for directors whose terms on the TDD Board have expired. When director terms expire, the remaining board members, instead of current property owners, vote to reappoint individual directors.

Section 238.220.2(3), RSMo, requires successor directors to be elected by the property owners and Section 238.202.2(2)(b), RSMo, allows votes of other qualified voters to be included with the property owners' votes.

2.2 Board meetings/budgets

The Board Chairman indicated the board did not meet in 2011 or 2012, and a 2014 meeting had not been held as of October 31, 2014. The Board Chairman indicated the board approved resolutions to adopt budgets for 2011 and 2012, even though meetings of the Board were not held. At the annual meeting in June 2013, a budget for the year ended December 31, 2013 was adopted per the board minutes. The district provided a summary of budgets for our review which included budget information for fiscal years 2009 through 2013 on one spreadsheet. It is unclear when this summary was prepared, as the budgeted revenue amounts shown for each year agreed to actual revenues reported in the district's financial statements. The Board Chairman could not provide the actual budgets approved by the board. In addition, the summary of budgets did not contain some elements required by state law. The budgets did not include a comparative statement of actual or

estimated revenues and expenditures for the preceding 2 years, or beginning and ending cash balances.

Sections 67.010 to 67.040, RSMo, include provisions regarding annual budgets. Board meetings, conducted at least annually, to review and approve the budget appear necessary for the Board to properly fulfill their duties as prescribed by state law.

Recommendations

2.1 The TDD property owners elect directors to serve on the board in accordance with state law.

2.2 The TDD Board conduct a meeting at least annually to properly fulfill their duties, including adopting annual budgets containing all elements required by state law.

Auditee's Response

The Chairman of the Board provided the following written responses:

2.1 I agree. Minutes will reflect the correct vote procedure for Board membership in the future.

2.2 I agree. The 2014 Property Owners meeting is scheduled for December 29th; the TDD Board meeting will immediately follow the Property Owners meeting. I have invited the City of Lee's Summit Finance Director to attend and he has confirmed he will be there. We will ensure the 2015 budget is adopted timely and contains the information required by state law.

Lee's Summit Missouri New Longview Transportation Development District Organization and Statistical Information

The Lee's Summit Missouri New Longview Transportation Development District (TDD) is located in the City of Lee's Summit. The TDD was organized in July 2003 by petition of the property owner/developer within the proposed TDD. The Board of Directors of the district are elected by the property owners and currently include two property owners and three members representing the property owners.

The qualified voters of the TDD, in this case the property owners, approved the imposition of a sales tax of up to 1-cent (1 percent) on all taxable transactions within the boundaries of the district. The Board of Directors subsequently passed a resolution in January 2006 that set the sales tax rate at 1-cent (1 percent), and the TDD started collecting sales tax in January 2006. The TDD expects the sales tax to remain in effect for 20 years, unless terminated sooner after all obligations have been paid.

The TDD was formed for the purpose of acquiring property (right-of-way and/or easements) and constructing transportation projects, with a total cost of approximately $10.7 million. The City of Lee's Summit was the public entity with jurisdiction over these projects and accepted dedication of the completed projects.

Prior to January 1, 2012, the property owner/developer sold several portions of property within the TDD and as of October 31, 2014 there are five property owners.

The TDD has a fiscal year end of December 31, and did not have an independent audit performed of its financial statement during the two years ended December 31, 2013.

As of December 31, 2013 the district owed the developer approximately $4.1 million for project costs advanced by the developer.

District Board

An elected board acts as the policy-making body for the district's operations. The board's five members serve 3-year terms without compensation. Members of the board at December 31, 2013, were:

G. David Gale, Chairman (1)
Jeanne Marshall, Member (2)
Jeffrey Smith, Member (1)
Hunter S. Gale, Member (2)
Matt Faulkner, Member (2)

(1) Property owner
(2) Property owner representative

Financial Activity

A summary of the district's financial activity for the 2 years ended December 31, 2013, follows:

	Year Ended December 31,	
	2013	2012
RECEIPTS		
Sales taxes	$ 40,756	41,870
Total Receipts	40,756	41,870
DISBURSEMENTS		
Professional fees	1,102	0
Debt service	0	5,930
Accounting and auditing	0	4,673
Total Disbursements	1,102	10,603
RECEIPTS OVER (UNDER) DISBURSEMENTS	39,654	31,267
BEGINNING CASH	31,271	4
ENDING CASH	$ 70,925	31,271

Thomas A. Schweich

Missouri State Auditor

Reynolds County

December 2014

Report No. 2014-133

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Reynolds County

County Disbursements	The county does not always solicit competitive proposals or bids for purchases of goods and services. The County Commission did not solicit bids for a multi-phase courthouse interior renovation project that began in 2010. The County Commission did not obtain proposals for legal and property appraisal services and neither the County Commission nor the Sheriff solicited bids for prisoner meals. The county did not enter into written agreements for professional services related to protested property taxes and the prorating of these costs among taxing authorities.
Employee Classification and Salaries	The county did not document the reasons for different classifications of 2 individuals hired to perform courthouse renovations. The county classified one individual as an employee and the other as an independent contractor, although the county required both individuals to furnish their own tools and paid each a fixed hourly rate as established by the County Commission. The Reynolds County Salary Commission has not met since 2009, yet the county increased the salaries of some elected officials starting in 2013 due to an increase in the county's assessed valuation.
Public Administrator Undeposited Checks	The Public Administrator holds checks received on behalf of some wards for extended periods of time before depositing to help wards retain Medicaid eligibility. Additionally, the Public Administrator does not restrictively endorse checks until the deposit is prepared. Our cash count performed on August 25, 2014, noted the Public Administrator held 4 checks totaling $2,577 for approximately 5 months based upon the check issue dates.
County Collector Controls and Procedures	The County Collector made several errors in the annual settlements filed for the 2 years ended February 28, 2014. The annual settlements did not accurately present current collections and protested property taxes. The County Clerk and County Commission's review of annual settlements is not adequate to detect errors. In September 2014, the County Collector overpaid taxing authorities approximately $124,000 when distributing protested taxes resolved because she did not deduct amounts previously distributed. Additionally, as of November 2014, the County Collector had not refunded the portion of the resolved protested taxes and interest due to the mining corporation that had protested its taxes. The County Collector does not accurately allocate interest earned on the protested tax account to the individual parcels and, as a result, cannot determine the proper amount of interest to disburse or refund when a protested parcel is settled.
Property Tax Controls	The County Commission does not approve changes to the property tax system for additions, abatements, and outlawed personal property taxes. During the year ended February 28, 2014, additions totaling over $69,000 and abatements and outlawed taxes totaling over $21,000 were recorded in the property tax system.

Sheriff Controls and Procedures	The Sheriff does not have proper controls to follow up and ensure the timely collection of amounts billed for civil paper service fees. The Sheriff and Circuit Clerk do not communicate regarding collections of civil paper service fees received. As a result, the Sheriff cannot ensure his office's accounts receivable balances are correct. Controls and procedures over receipting and depositing monies are not sufficient and the Sheriff maintains some monies in the Sheriff's fee account outside the county treasury without statutory authority allowing the Sheriff to do so. The Sheriff's office has not disbursed approximately $900 held in the fee account to the County Treasurer as of August 31, 2014, and made several purchases from these monies. Additionally, the Sheriff's office has not turned over commissary profits to the county treasury timely.
Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney has not established adequate segregation of accounting duties or review and approval procedures. Additionally, the Prosecuting Attorney has not assessed statutorily required fees from defendants who owe court-ordered restitution and bad check fees collected are not deposited in the correct fund.
County Assessor Controls and Procedures	The County Assessor does not ensure independent or supervisory reviews of the accounting records are performed. In addition, the County Assessor does not reconcile receipts per the manual receipt slips to the manual ledger to ensure all monies are transmitted to the County Treasurer. Additionally, receipt slips are issued from separate receipt slip books and receipt slips are recorded in the manual ledger by date issued instead of numerical sequence, making it difficult to account for the numerical sequence of receipt slips issued.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Reynolds County
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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Reynolds County

We have audited certain operations of Reynolds County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones and Associates, Certified Public Accountants, was engaged to audit the financial statements of Reynolds County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Reynolds County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Travis Owens, MBA, CPA, CFE
In-Charge Auditor:	Erica Schroer, MBA
Audit Staff:	Sara Lewis, CPA
	Joshua Shope, M.Acct.
	Connor Dougan

1. County Disbursements

County procedures related to disbursements including bidding and written agreements need improvement.

1.1 Bidding

The county does not always solicit competitive proposals or bids for purchases of goods and services. As a result, the County Commission could not demonstrate that reasonable steps were taken to ensure the county received the lowest and best price for some purchases.

Courthouse renovation

The County Commission did not solicit bids for a multi-phase courthouse interior renovation project that began in 2010 and is still ongoing. The county spent about $118,000 for this project during 2010, 2011, 2012, and 2013, and budgeted $15,000 for the project during 2014.

The County Commission determined there were a limited number of local contractors qualified to perform the work due to the age of the courthouse built in 1871. As a result, the County Commission selected a local individual with expertise in renovating historic structures and hired him as a temporary, hourly employee. The County Commission established the hourly wage and purchased materials as needed through local suppliers. The project was performed in 4 phases with each phase designed to target a different portion of the building. The County Commission only advertised to hire an individual for the temporary position once, prior to the second phase of the project, after a citizen voiced concerns about the lack of competition. The only applicant that responded was the individual that performed phase one of the renovation project. As a result, the same individual was rehired for the second phase. After this individual left employment, the County Commission selected a different individual with the necessary expertise to complete the third and fourth phases though the county did not solicit applicants.

Legal and professional services

The County Commission did not obtain proposals for legal and property appraisal services. The services primarily related to representing the county and local taxing authorities in the resolution of protested property taxes. The property appraisal consultants also provided services related to property reassessments. The county paid the attorney approximately $48,000 and paid the property appraisal consultants approximately $91,000 during the year ended December 31, 2013.

The County Clerk indicated county officials considered these firms sole source vendors because of their expertise and qualifications with the mining industry; however, the county did not document this reasoning for not soliciting competitive proposals.

Prisoner meals

Neither the County Commission nor the Sheriff solicited bids for prisoner meals. The county spent over $41,000 for prisoner meals during the year

ended December 31, 2013. The Sheriff indicated he contacted the only two local diners in 2012 for price quotes but did not document these contacts and has not advertised for these services or contacted other vendors outside the immediate area.

Section 50.660, RSMo, provides bidding requirements. Routine use of a competitive procurement process for major purchases ensures the county has made every effort to obtain the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, the selection process, and criteria should be retained to demonstrate compliance with applicable laws or regulations and support decisions made.

A similar condition was noted in our prior audit report.

1.2 Professional services agreements

The county did not enter into written agreements for professional services related to protested property taxes and the prorating of these costs among various taxing authorities.

As discussed in section 1.1, the county obtained legal and appraisal services to assist with resolving property taxes protested by a mining corporation. The county did not enter into written agreements with these vendors. According to the County Clerk, the county and various political subdivisions verbally agreed to share all expenses incurred. The portion of fees owed is based on the portion of taxes the various taxing authorities would receive if the real estate taxes due are not abated. The county periodically bills the various taxing authorities for their share of the expenses; however, there are no written agreements in place describing the terms and conditions of this arrangement.

Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

Recommendations

The County Commission:

1.1 Ensure bids are solicited for all applicable purchases of goods or services in accordance with state law.

1.2 Enter into written agreements with vendors and taxing authorities as required by state law.

Auditee's Response

The County Commission provided the following responses:

1.1 We believe each of the goods or services listed in this audit finding are sole source procurements. Two of the current commissioners were not in office at the time the renovation project was started.

Prior to the start of the renovation project, an engineering firm provided a cost estimate that was significantly more than the amount we spent by hiring an individual to perform the work. We were unable to locate a copy of this estimate to provide the auditors. For prisoner meals, we are unable to order from outside the immediate area because there are no vendors who offer delivery and it would not be cost effective to require Sheriff's office staff to make 3 daily trips to pick up food needed.

We believe we are acting in the best interest of the county by attempting to purchase most good or services within the county, which supports the local economy and returns money back to the county indirectly when individuals employed by local businesses spend their wages locally. In the future we will ensure more detail is included in the minutes to provide our reasoning for exempting some types of purchases from competitive procurement.

1.2 We will consider implementing a written agreement between the county and parties responsible for sharing the cost of these professional services. The County has not had any difficulties collecting amounts billed to the various taxing authorities and there are no amounts currently due. The cost sharing arrangement relates to a single taxpayer who began protesting taxes over 10 years ago. At that time the various taxing authorities were notified of the cost sharing requirements and verbally agreed to the terms and the terms have not significantly changed since that time.

Auditor's Comment

1.1 The County Commission's desire to purchase goods and services locally does not relieve them of their obligation to comply with statutory bidding requirements. If the county has determined a good or service to be sole source then sufficient documentation should be retained which includes an explanation of why there are no other qualified vendors who can supply the good or service. Unless the good or service is deemed to be a sole source the county should follow relevant statutory requirements for competitive bidding.

1.2 The county indicated there have been no billing disputes; however, the county's failure to enter into written agreements could lead to future billing disputes. As a result, it is necessary to implement written agreements outlining the method of prorating costs so that all parties understand their duties and responsibilities and provide a legal recourse in the event of a dispute.

2. Employee Classification and Salaries

The county assigned 2 individuals hired to perform courthouse renovations different employment classifications though both performed similar work. Additionally, the Salary Commission did not meet as required, yet the county increased salaries for some officials.

2.1 Employee classification

The county did not document the reasons for different classifications of 2 individuals hired to perform courthouse renovations.

The county hired the first individual in December 2010, classified him as an employee, and reported his compensation to the Internal Revenue Service (IRS) on a W-2 form. After he left employment, the county hired another individual in January 2012, classified him as an independent contractor, and reported his compensation to the IRS on a 1099-MISC form. For both individuals, a County Commissioner reviewed and approved their timesheets or invoices. The county required both individuals to furnish their own tools and paid them a fixed hourly rate.

Section 105.300, RSMo, defines an elected or appointed officer or employee of a political subdivision as an employee for Social Security and Medicare tax purposes. For employees, the IRS requires employers to report employee compensation on W-2 forms and withhold and remit income and payroll taxes. Similarly, Chapter 143, RSMo, includes requirements for reporting wages and withholding state income taxes. State and federal laws require employers to pay the employer's share of Social Security and Medicare on the compensation paid to employees. Proper classification of employees is necessary to ensure compliance with various state and federal laws and regulations. The failure to withhold and properly report payroll and income taxes for county employees makes the county potentially subject to additional tax liabilities along with penalties and interest.

2.2 Salary Commission

The Reynolds County Salary Commission has not met since 2009, yet the salaries of some elected officials increased starting in 2013. The Salary Commission last met in August 2009 and established salaries for elected officials with terms beginning in 2011. For officials with terms beginning in 2013, the county increased salaries due to an increase in the county's assessed valuation.

Section 50.333.7, RSMo, states the Salary Commission shall meet as many times as it deems necessary on or before November 30th of each odd numbered year for the purpose of determining the amount of compensation to be paid for the next term of office for each county officer to be elected in the next general election. Section 50.333.9, RSMo, states the current compensation of each affected office or officer shall continue to be paid if the Salary Commission fails to meet or reach agreement. Salaries represent a significant disbursement for the county and, as a result, it is essential the Salary Commission meet regularly as required and document decisions.

Recommendations

The County Commission:

2.1 Ensure all persons hired by the county are properly classified as employees or independent contractors in compliance with state and federal laws and regulations, and all compensation paid is subject to applicable income and payroll taxes and properly reported.

2.2 Ensure the Salary Commission meets at least once prior to November 30th of each odd numbered year as required by state law. In addition, the Salary Commission should review the current salary schedule and consult with legal counsel as appropriate to ensure the schedule complies with state law.

Auditee's Response

The County Commission provided the following responses:

2.1 We will take this under advisement for future hiring. We made the decision to classify the first individual as a county employee because the individual did not have secondary employment and worked on a continuous daily schedule. The second individual was classified as an independent contractor because the individual had secondary employment and was not working on the courthouse renovation on a continuous basis.

2.2 We were unware the Salary Commission was required to meet every odd year and believed the 2009 decision applied to all future years. We will seek legal advice to determine whether the current schedule is in compliance with state law and whether the Salary Commission can still meet in 2014 to adjust salaries for terms starting in 2015. We will ensure the Salary Commission meets every odd numbered year in the future.

3. Public Administrator Undeposited Checks

The Public Administrator holds checks received on behalf of some wards for extended periods of time before depositing them to help wards retain Medicaid eligibility, and checks are not restrictively endorsed until the deposit is prepared. The Public Administrator is the court appointed personal representative for wards or decedent estates of the Associate Circuit Court, Probate Division, and is responsible for the financial activity of 17 individuals.

On August 25, 2014, our cash count noted 4 checks (for 4 different wards), totaling $2,577, had been held by the Public Administrator for approximately 5 months based upon the check issue dates. These 4 checks were also counted during our cash count performed on July 8, 2014. In addition, these checks were not restrictively endorsed. According to the Public Administrator, checks are often held for future expenses so a ward's assets remain below Medicaid eligibility limits. We reviewed Medicaid eligibility forms and identified some differences between reported cash

balances and actual cash available. For example, a Medicaid eligibility form filed for one ward during May 2014 indicated a bank account balance of $242; however, this balance did not include a tax refund check of $750 received in March 2014 held by the Public Administrator and not deposited.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, monies should be deposited timely and checks should be restrictively endorsed immediately upon receipt. When initially applying for or re-determining eligibility for Medicaid through the Department of Social Services (DSS), the Public Administrator is required to report all assets for each ward that may be in the form of cash, property, or other assets on the program application or eligibility review form. In addition, Section 208.210.1, RSMo, requires recipients to notify county welfare offices if they possess property that affects their right to receive benefits. Further, Section 208.210.2, RSMo, provides that if it is found that a recipient or spouse possessed income in excess of the amount reported that would affect his/her right to receive benefits, the amount of benefits may be recovered as a debt due to the state.

Recommendation

The Public Administrator discontinue the practice of holding checks and report accurate asset information for wards to the DSS, Family Support Division. Additionally, the Public Administrator should contact the DSS, Family Support Division to determine whether any monies are due to the state. Also, monies should be deposited timely and checks restrictively endorsed immediately upon receipt.

Auditee's Response

The Public Administrator provided the following written response:

Prior to the audit, I had already spoken with employees of the DSS and Social Security Administration, and a representative of the Missouri Association of Public Administrators and each of these agencies or organizations informed me it was acceptable to hold checks to ensure continued eligibility of assistance such as Medicaid. The 4 checks have since been deposited. These checks were all tax refunds received only once per year and never for more than $750. The wards assigned to me have very little income or resources, with these refunds being the only monies available for them to spend on things that they need and want other than their room and board. I believe it is my duty to make sure they have as many available resources as possible. In the future I will continue to safeguard checks prior to deposit and will restrictively endorse the checks. There were no monies from wards missing and the wards receive all of the monies owed to them from these checks at the time they need it. As a Public Administrator, I must do what is in the best interest of my wards and with the permission of DSS, the Social Security Administration, and the Missouri Association of Public Administrators, I have been able to do that in the manner it was currently done at the time of the audit.

Auditor's Comment

For 2 of the 4 wards, the Public Administrator submitted the Medicaid eligibility forms after receiving the tax refund checks, but did not report these monies as assets as required by state law and DSS procedures. DSS procedures and state law require reporting of all assets including monies available to the ward, not just monies held in a bank account. When a Public Administrator does not provide a complete and accurate listing of a ward's income and assets, the DSS does not have all of the information needed to make the proper eligibility determination.

4. County Collector Controls and Procedures

Improvement is needed in accounting controls and procedures of the County Collector's office. The County Collector's office processed tax collections and other revenues of approximately $7.4 million during the year ended February 28, 2014.

4.1 Annual settlements

The County Collector made several errors in the annual settlements filed for the 2 years ended February 28, 2014. The annual settlements did not accurately present current collections and protested property taxes. A mining corporation protested property taxes for 2011, 2012, and 2013. The County Collector included all or a portion of protested taxes still being held in escrow and pending resolution in the current collections and distributions amounts rather than separately reporting these amounts as protested taxes. As a result, the annual settlements overstated collections and distributions amounts reported by approximately $2.2 million for the year ended February 28, 2014, and approximately $839,000 for the year ended February 28, 2013. After we discussed the errors with her, the County Collector revised the annual settlements and plans to refile the amended settlements.

The County Clerk and County Commission's review of annual settlements is not adequate to detect errors. The County Commission approved the annual settlement for the year ended February 28, 2014, containing the $2.2 million overstatement of collections and distributions (22 percent of charges totaling about $10 million). Without adequate review procedures, there is an increased risk of loss, theft, and misuse of property tax monies going undetected, and less assurance the annual settlements are complete and accurate.

4.2 Distributions and refunds

In September 2014, the County Collector overpaid taxing authorities approximately $124,000 when distributing protested taxes resolved because she did not deduct amounts previously distributed.

A mining corporation protested 6 parcels annually for tax years 2011, 2012, and 2013. For each parcel the taxpayer originally paid the full amount owed and submitted a proposed assessed valuation and notice of the company's intent to protest a portion of the assessed valuation. The County Collector used the taxpayer's proposed assessed valuation amount to determine what

portion of the monies to distribute immediately to taxing authorities and what portion of the monies to place in escrow as the amount protested. The County Collector marked the parcels as paid in the tax system and manually adjusted the amounts distributed to taxing authorities to account for monies that were protested and required to be held until resolution.

In August 2014, the State Tax Commission reached resolution on the valuation of 1 parcel that was protested for tax years 2011 and 2012. The taxpayer's bill was reduced and the adjusted assessed valuation for the resolved parcel is approximately 47 percent of the original assessed valuation determined by the County Assessor. Using the adjusted valuation, the County Collector manually calculated the taxes and interest amounts to distribute to taxing authorities and disbursed these amounts in September 2014. However, the County Collector did not account for the property taxes from this parcel already distributed in December 2011 and December 2012. The County Collector discovered this discrepancy when we requested documentation of her calculations to support the distribution of taxes and interest, and the County Collector plans to request refunds from the various taxing authorities. Additionally, as of November 2014, the County Collector had not refunded the portion of the resolved protested taxes and interest due to the mining corporation. Future distributions will be needed but the State Tax Commission has not yet reached resolution on the valuation of this parcel for tax year 2013 or the valuation of the remaining 5 parcels for tax years 2011, 2012, or 2013.

To ensure future distributions are accurate, the County Collector should maintain appropriate accounting records of prior distributions, amounts escrowed, interest earned, and adjustments to assessed valuations for all parcels with protested taxes. Additionally, the County Collector should process refunds to taxpayers timely if protested taxes have been resolved and result in a reduction of taxes owed.

4.3 Protested interest

The County Collector does not accurately allocate interest earned on the protested tax account to the individual parcels and, as a result, cannot determine the proper amount of interest to disburse or refund when a protested parcel is settled.

Protested property taxes for a mining corporation totaled approximately $2.2 million on 6 parcels for 2011, 2012, and 2013. The County Collector deposited the protested taxes in a separate bank account that earns interest monthly. As of February 28, 2014, the protested bank account had earned interest of approximately $24,000. While all interest earned relates to the mining corporation's protested taxes, the mining corporation has protested multiple parcels during multiple tax years.

Interest earned on the protested account is only applied to the most recent year's total of protested taxes rather than to all tax years or parcels protested and held in escrow. As a result, the County Collector does not have accurate

records to determine how much interest to distribute or refund when the value of individual parcels is settled.

Since the County Collector had not properly allocated the monthly interest earned, the County Collector did not disburse the correct amount of interest to the taxing authorities in September 2014. The County Collector should ensure the appropriate amount of interest is disbursed or refunded as the value of each parcel is resolved.

Section 139.031.7, RSMo, requires the County Collector to disburse the proportional amount of interest earned either to the taxpayer, taxing authority, or both. To ensure interest earned on the protested account is properly distributed, controls should be in place to ensure interest is properly allocated and proper records are maintained.

Recommendations

4.1 The County Collector ensure future annual settlements are accurately prepared. In addition, the County Clerk and County Commission should establish procedures to adequately review and approve the annual settlement.

4.2 The County Collector recalculate the amount of distributions to the taxing authorities and the refund due to the mining corporation. The County Collector should obtain refunds from the taxing authorities for amounts overpaid, issue a refund to the mining corporation, and ensure future distributions and refunds are calculated correctly and processed timely.

4.3 The County Collector recalculate accumulated interest earned on each protested property tax parcel held in the protested account and consider these amounts when correcting errors made in distributions and refunds for the parcel recently resolved. Additionally, the County Collector should adopt procedures to ensure future interest allocations are accurate.

Auditee's Response

The County Collector provided the following responses:

4.1 After discussing with the auditors during the audit process I have revised both annual settlements and submitted them to the County Clerk in September 2014. There are no published instructions or guidance on how to prepare the annual settlement and I made my best attempt to present amounts that were true and accurate. While the protested amounts were shown in distributions in the original settlements, they were clearly identified as amounts transferred to escrow and not distributed to taxing authorities.

4.2 I discovered the error in distributions and immediately took action to correct the error. This was an unusual situation where I had

multiple assessed valuations including the county's original assessed valuation, proposed valuation from the taxpayer, and final valuation from the State Tax Commission. I am in the process of obtaining refunds from the various taxing authorities, and a refund has already been received from the school district. A refund will be issued to the taxpayer as soon as possible. As future parcels are resolved I will account for amounts previously distributed to each taxing authority.

4.3 This situation was complex due to the number of parcels and tax years involved. I previously sought assistance from others including a bank but did not receive adequate assistance. I have already performed calculations to weight monthly interest by the tax year the escrowed funds relate to. I used these corrected interest amounts when determining the amounts taxing authorities should repay (related to section 4.2) and amount to refund to the taxpayer. I will continue to use this method of tracking and allocating interest going forward.

The County Clerk provided the following response:

4.1 I have established various checks and balances to ensure the accuracy of the annual settlement before I certify and file the settlement. When reviewing these two annual settlements, I found them to be complete and accurate because the protested amount held in escrow was reported in the distributions section and properly labeled as amounts escrowed. The charges, credits, and distributions balanced on the settlement. In the future I will compare the presentation of protested property taxes on the current settlement to the prior year to ensure the county is consistent in our presentation and, if protested taxes are still being held in escrow, I will verify that amounts are reported in the protested line of the credits. After I have reviewed the annual settlement each year I will continue to notify the County Commissioners of the results and provide them access to the documents for review.

5. Property Tax System

The County Commission does not approve changes to the property tax system for additions, abatements, and outlawed personal property taxes. During the year ended February 28, 2014, county officials recorded additions totaling over $69,000 and abatements and outlawed taxes totaling over $21,000 in the property tax system.

The County Assessor prints a court order of each change to the property tax system and provides the court orders to the County Clerk and County Collector. On a monthly basis the Deputy County Clerk calculates the total changes based on the court orders received from the County Assessor and

compares to the changes processed in the tax system. The County Clerk and County Commission do not document their approval of the changes to the tax system. Additionally, the minutes of the County Commission do not include any discussion of additions, abatements, or outlawed taxes.

Section 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making corrections to tax books with the approval of the County Commission. In addition, if changes to the amount of the taxes the County Collector is charged with collecting are not properly monitored, errors or irregularities could go undetected.

Recommendation

The County Commission and County Clerk ensure all changes made to the property tax system are supported by court orders approved by the County Commission.

Auditee's Response

The County Commission and County Clerk provided the following response:

The County Commission believes the County Clerk has always adequately reviewed all orders for additions and abatements. In response to this recommendation, the County Clerk will begin preparing a monthly summary of additions and abatements which the County Commission will review and approve. We will include this information in the meeting minutes.

6. Sheriff Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The Sheriff's office collected monies related to civil service fees, mileage, concealed carry weapon fees, all-terrain vehicle permits, bonds, prisoner board, and other miscellaneous receipts totaling approximately $50,500 for the year ended December 31, 2013. Deposits into the Sheriff's inmate account for inmate receipts totaled approximately $11,400 for the year ended December 31, 2013.

6.1 Civil service papers

The Sheriff does not have proper controls to follow up and ensure the timely collection of amounts billed for civil paper service fees. The Sheriff's office collected approximately $5,900 in civil paper service fees and mileage for the year ended December 31, 2013.

The Sheriff's office typically collects a fee prior to performing the civil paper service, and sends a bill for mileage and any remaining fees once the papers have been served. Records of civil papers requested and served, fees assessed, and amounts collected are maintained on receipt ledgers and in the Sheriff's computer system. After the papers have been served, the Sheriff sends the documents to the Circuit Clerk and notifies the Circuit Clerk of any remaining balance due.

The Sheriff and Circuit Clerk do not communicate regarding collections received. As a result, the Sheriff cannot ensure his office's accounts receivable balances are correct. We reviewed the collection status on 10

civil paper services occurring in 2013 and for 4 services the Sheriff's records indicated a balance due while the Circuit Clerk's records indicated the balance had been paid in full.

To ensure amounts owed are collected timely, the Sheriff's office should maintain accurate and complete records of civil paper service fees and properly follow up on all unpaid amounts. Additionally, the Sheriff's office should work with the Circuit Clerk's office to ensure the accuracy of account receivables records.

6.2 Receipts and deposits

Controls and procedures over receipting and depositing monies are not sufficient.

- The Sheriff's secretary does not record civil paper service fees immediately and does not deposit these fees timely and intact.

- The Sheriff's secretary does not issue receipt slips for some monies received and does not reconcile receipt records, including composition of receipts, to deposits. We noted the Sheriff's secretary did not issue receipt slips for 3 transactions totaling $403 deposited in August 2013 and 2 of these 3 receipts were not included in the manual ledger.

- The Sheriff's secretary did not always indicate the method of payment on receipt slips issued.

Failure to implement adequate receipting and depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected.

6.3 Sheriff account disbursements

The Sheriff maintains some monies in the Sheriff's fee account outside the county treasury.

The Sheriff's office has not disbursed approximately $900 held in the fee account to the County Treasurer as of August 31, 2014. These monies consisted of commissions from calendar sales, donations for purchase of flowers, donations for chaplain services, and drug testing fees. Additionally, the Sheriff made several purchases totaling approximately $700 from these monies in 2014 for advertising and supplies for educational activities at local schools. Expending monies outside the county's normal budgeting and disbursement process increases the risk of misuse or unnecessary purchases being made.

There is no statutory authority allowing the Sheriff to maintain fees or donations outside the county treasury. Section 50.370, RSMo, requires all county officials who receive fees or any other remuneration for official services to pay such monies to the County Treasurer.

6.4 Commissary profits

The Sheriff's office has not turned over commissary profits to the county treasury since March 2014. As of August 31, 2014, the Sheriff's office held profits of approximately $2,900 in the commissary account. While some monies may be needed to purchase inventory or process pending orders, the Sheriff has not determined the amount needed for these purposes.

Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund.

Recommendations

The Sheriff:

6.1 Develop procedures to track, monitor, and pursue collection of civil paper service fees and periodically reconcile the balance of civil service paper fees owed with the Circuit Clerk.

6.2 Ensure receipts are recorded immediately and deposited intact and timely, receipt slips are issued for all monies received, and receipt records and the composition of receipts are reconciled to the composition of deposits. Also, the Sheriff should ensure the method of payment is recorded on all receipt slips.

6.3 Establish procedures to ensure all monies are disbursed to the County Treasurer timely.

6.4 Ensure existing and future commissary profits not necessary to meet cash flow needs are turned over to the County Treasurer for deposit to the Inmate Prisoner Detainee Security Fund.

Auditee's Response

The Sheriff provided the following responses:

6.1 The Circuit Clerk routinely receives payments for civil service papers, but I do not have access to the Circuit Clerk's records. In response to the recommendation we have implemented new procedures and are now performing a monthly reconciliation with the Circuit Clerk to ensure our accounts receivable balance reconciles with the Circuit Clerk's balance. Any differences between the two offices will be investigated and corrected. Additionally, I will continue to attempt collection of unpaid amounts.

6.2 I do not plan to change our procedures of holding monies received for civil paper service. The receipts identified by the auditors as either not receipted or where the receipt slip did not indicate the method of payment are isolated instances where normal procedures

were not followed. In some cases monies are received at night or on weekends when the secretary is unavailable and monies are properly secured until normal business hours. My office already has procedures in place to ensure all receipts are accounted for on the ledger and included in each deposit. The auditors did not locate any monies missing from my office.

6.3 I plan to transmit the drug testing fees to the County Treasurer. I do not plan to transmit the other monies including calendar sales and donations because these monies may be needed for immediate use. I will work with the County Commission to determine if a separate county fund can be established to deposit these monies while still providing me access to expend monies if necessary. These monies are currently held and accounted for in a separate Sheriff's office checking account which is reconciled monthly.

6.4 After auditors brought this issue to our attention, we immediately began transmitting monies not needed to meet cash flow needs to the County Treasurer. Monies were transmitted in September, October, and November 2014 and we will continue to do this monthly.

Auditor's Comment

6.2 The transactions without receipt slips or without method of payment pertained to 4 separate deposits of the 16 deposits we reviewed, indicating these weaknesses are not isolated instances. Due to the numerous problems identified during our review, it is clear improvement is needed. The failure to implement recommended procedures increases the risk that the theft, loss, or misuse of monies will go undetected.

7. Prosecuting Attorney Controls and Procedures

Controls and procedures in the Prosecuting Attorney's office need improvement. During the year ended December 31, 2013, the Prosecuting Attorney's office collected approximately $15,400 in bad check fees, and bad check and court-ordered restitution.

7.1 Segregation of duties

The Prosecuting Attorney has not established adequate segregation of accounting duties or review and approval procedures. Two secretaries are responsible for receipting, recording, depositing, and transmitting monies received for bad checks and court-ordered restitution. Neither the Prosecuting Attorney nor other clerks perform documented supervisory or independent reviews of accounting records or comparisons of monies received to those transmitted.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of

duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential.

7.2 Administrative fees

The Prosecuting Attorney has not assessed statutorily required fees from defendants who owe court-ordered restitution and does not deposit bad check fees in the correct fund.

Based on the statutorily authorized fee amounts, the Prosecuting Attorney's office should have collected $500 in fees on 8 restitution cases (approximately $8,700 in restitution ordered) assigned to the office after the statutory changes occurred. Additionally, the bad check fees collected by the Prosecuting Attorney are not deposited into the Administrative Handling Cost Fund and are instead deposited into the Prosecuting Attorney Bad Check Fund. The Prosecuting Attorney indicated he was unaware of these new statutory provisions.

Section 559.100.3, RSMo (effective August 28, 2013), requires the Prosecuting Attorney to collect an administrative handling cost fee on cases of court-ordered restitution. Section 570.120.5, RSMo (effective August 28, 2013), requires the Prosecuting Attorney to collect an administrative handling cost fee on bad checks. The County Treasurer is required to deposit these fees in the Administrative Handling Cost Fund.

Recommendations

The Prosecuting Attorney:

7.1 Adequately segregate accounting duties or ensure an independent or supervisory review of accounting and bank records is performed and documented.

7.2 Assess and collect fees on all restitution cases as required by state law. Additionally, the Prosecuting Attorney should work with the County Commissioners to establish an Administrative Handling Cost Fund.

Auditee's Response

The Prosecuting Attorney provided the following responses:

7.1 I have implemented additional procedures to ensure proper segregation of duties. A clerk who is not responsible for receipting and recording the transactions will independently review and approve each deposit to ensure all monies received are transmitted.

7.2 I will immediately begin assessing this fee on cases of court-ordered restitution as required by statute. In many cases, the defendant is incarcerated and there is less likelihood that I will be able to collect the fees owed; however, I will attempt to collect. Additionally, I will

work with the County Treasurer and County Commission to establish the Administrative Handling Cost Fund.

8. County Assessor Controls and Procedures

Controls and procedures of the County Assessor's office need improvement. The County Assessor's office collected approximately $7,700 during the year ended December 31, 2013.

The County Assessor does not ensure independent or supervisory reviews of the accounting records are performed. Two employees are primarily responsible for collecting, receipting, and transmitting monies received to the County Treasurer. The County Assessor does not reconcile receipts per the manual receipt slips to the manual ledger to ensure all monies are transmitted to the County Treasurer. In addition, the County Assessor's office issues receipt slips from separate receipt slip books and receipt slips are recorded in the manual ledger by date issued instead of numerical order, making it difficult to account for the numerical sequence of receipt slips issued.

If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential. To adequately account for receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be recorded in the ledger when received and the numerical sequence of receipt slips issued should be accounted for and compared to amounts transmitted.

Recommendation

The County Assessor ensure an independent or supervisory review of accounting records is performed and documented. In addition, the County Assessor should record all receipt slips on the ledger when received, account for the numerical sequence of receipt slips, and reconcile the receipt slips to the ledger and amounts transmitted.

Auditee's Response

The County Assessor provided the following response:

My employees are now using only one receipt slip book to record transactions. On a monthly basis, I will start reviewing selected transmittals to ensure all receipt slips have been recorded on the ledger and are accounted for and reconcile the receipt slips to the amount transmitted to the County Treasurer.

Reynolds County
Organization and Statistical Information

Reynolds County is a county-organized, third-class county. The county seat is Centerville.

Reynolds County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 44 full-time employees and 10 part-time employees on December 31, 2013.

In addition, county operations include the Senate Bill 40 Board and the Senior Services Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Joe Loyd, Presiding Commissioner	$	28,400
Doug Warren, Associate Commissioner		27,390
Eddie Williams, Associate Commissioner		27,390
Myra Turner, Recorder of Deeds		40,000
Mike Harper, County Clerk		40,000
Robert A. Johnson, Prosecuting Attorney		47,000
Tom Volner, Sheriff		46,000
Wanda Corder, County Treasurer		40,000
Jeffrey N. McSpadden, County Coroner		14,000
Mallory N. Fox, Public Administrator		20,000
Cindy Jenkins, County Collector, year ended February 28,	40,000	
Rick Parker, County Assessor, year ended August 31,		41,500

Thomas A. Schweich

Missouri State Auditor

Laclede County

December 2014

Report No. 2014-134

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Laclede County

Sheriff Commissary Records and Procedures	The Sheriff's office bookkeeper does not prepare monthly lists of liabilities to reconcile to the available cash balances for the inmate trust bank account or prepare bank reconciliations for the account timely or accurately. Additionally, the Sheriff has not established adequate segregation of accounting duties or review and approval procedures. The bookkeeper also does not deposit inmate monies timely, resulting in the accumulation of substantial amounts of cash. In addition, the Sheriff's office has not established procedures to ensure inmate's personal monies are refunded, and monies refunded are properly documented. The bookkeeper did not always timely or accurately disburse to the County Treasurer monies collected from commissary purchases, kiosk fees, telephone cards, and medical services. In addition, the bookkeeper did not consistently charge medical service costs to inmate accounts. The bookkeeper also does not maintain records to account for telephone cards and electronic cigarettes purchased and sold to inmates, and inventory remaining on hand, and does not maintain records to account for debit card stock received, issued, and on hand. The Sheriff contracted with a vendor to provide inmate telephone services, circumventing the county's budgetary and disbursement procedures, and violating state law.
Sheriff Controls and Procedures	The Sheriff has not adequately segregated the duties of collecting, recording, transmitting, depositing, and disbursing bond monies. The Sheriff's office bookkeeper performs all of these duties. Controls and procedures over receipting, recording, transmitting, and depositing bond monies also need improvement. The Sheriff's office terminated two jailers in February 2013 after a total of $1,100 in cash bonds were taken. Despite these incidents, the Sheriff has not sufficiently corrected weaknesses related to the handling of bond monies. A civil processing clerk in the Sheriff's office does not receipt civil process fees received or endorse the related checks and money orders immediately upon receipt. In addition, the Sheriff's office does not track civil process papers served or reconcile papers served to monies received. In addition, the Sheriff's office manager does not prepare accurate bank reconciliations for the civil account, and does not identify liabilities. The Sheriff has not established adequate controls over seized property; 312 items on the computerized inventory listing did not contain location information, and 189 items had incomplete location information. The Sheriff's office also has not established procedures to dispose of seized property items held for years, and a physical inventory of seized property items has not been performed in at least 2 years.
Assessment Fund Withholdings	The County Collector did not adequately reduce the percentage used to calculate amounts withheld from tax collections for the Assessment Fund, resulting in $43,888 more withheld from tax collections and disbursed to the Assessment Fund than was allowed by state law during the 5 years ended December 31, 2013.

Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney's office does not generate a monthly list of unpaid bad checks and restitution, and maintains a delinquent tax bank account outside the county treasurey. There is no statutory authority allowing the Prosecuting Attorney to maintain this account.
County Meeting Minutes and Procedures	The county needs to improve its procedures over open and closed meetings of the County Commission. For 3 of the 7 closed meetings held during the year ended December 31, 2013, open meeting minutes did not document the specific reasons or section of law allowing the County Commission to close the meeting. In addition, some issues discussed in closed sessions were not allowable by law. The County Commission did not properly review and approve authorizing resolutions of tax abatement arrangements established by the Enhanced Enterprise Zone (EEZ) Board. Our review of the EEZ Board and County Commission minutes identified several real estate tax abatements approved by the EEZ Board where no subsequent public hearings occurred and no resolutions were passed authorizing the tax abatement. In addition, the county did not report the amount of city commissions paid to the County Collector or subject the payments to payroll tax withholdings, in violation of a strict interpretation of the payroll tax regulations. The county maintains fuel and usage logs for all county-owned vehicles and equipment, but does not reconcile this information to fuel purchases. The county also has not updated the listing of county assets for several years, and has not completed a physical inventory since 2011. In addition, the county does not have adequate procedures in place to identify capital asset purchases and dispositions throughout the year.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.* However, the audit revealed serious shortcomings with the Sheriff's office.

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Laclede County
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Laclede County

We have audited certain operations of Laclede County in fulfillment of our duties under Section 29.230, RSMo. In addition, KPM, Certified Public Accountants, P.C. was engaged to audit the financial statements of Laclede County for the year ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

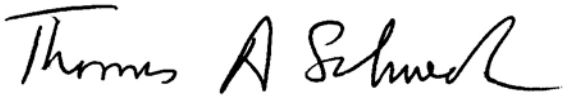
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Laclede County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Natalie B. McNish, CGAP
Audit Staff:	Connie James
	Amber Carlile
	Katelyn Crosson
	Tracy Allen Schnakenberg

1. Sheriff Commissary Records and Procedures

The Sheriff operates a 100 bed jail, housing Laclede County inmates and inmates from cities and neighboring counties. The Sheriff maintains a separate checking account to handle personal inmate monies and provides a commissary through an outside vendor. The Sheriff also sells telephone cards and began selling electronic cigarettes to inmates in 2014.

The county purchased and installed a new computerized accounting and kiosk receipting system in July 2013. The jail has 2 kiosks (one in the lobby and one in the booking area) allowing individuals to apply cash or credit card deposits to inmate accounts. The Sheriff's bookkeeper removes the cash from the kiosks and deposits it into the inmate trust bank account. The monies received, commissary purchases made, and available cash for each inmate are recorded in a computerized accounting system maintained by the bookkeeper. Remaining personal inmate monies are paid to inmates upon their release through use of a debit card or a check issued by the bookkeeper.

The bookkeeper deposited approximately $205,000 of personal inmate monies into the Sheriff's inmate trust bank account during the year ended December 31, 2013.

1.1 Inmate bank account

The bookkeeper does not prepare monthly lists of liabilities to reconcile to the available cash balances for the inmate trust bank account. In addition, the bookkeeper does not prepare bank reconciliations for the inmate trust bank account timely or accurately.

The bookkeeper only prepared bank reconciliations about once every 2 months during 2013, and as of July 15, 2014, the May 2014 bank reconciliation had not been completed. Additionally, the bookkeeper recorded 2 deposits totaling $1,811 and 2 debit card transactions (used to distribute inmate monies upon their release) totaling $389 twice in the computerized accounting system during December 2013. Instead of correcting the accounting system, the bookkeeper made reconciling adjustments on the bank reconciliations. The bookkeeper also has not prepared lists of liabilities.

We identified inmate trust bank account liabilities as of December 31, 2013, totaling $20,659. A comparison to the reconciled bank account balance of $13,269 shows an apparent shortage of $7,390. The liabilities included amounts that need to be turned over to the County Treasurer for commissary commissions and costs, telephone card sales, kiosk fees, reimbursements for medical charges initially paid by the county, and inmate balances on hand at December 31, 2013. Considering the problems with the December 2013 bank reconciliation, errors in posting transactions into the accounting system, and no periodic identification of liabilities, the accuracy of the book balance is uncertain.

Liabilities should be identified monthly and reconciled to cash balances to ensure sufficient cash is available for the payment of all amounts due and all monies in the bank account can be identified. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed. The preparation of timely and accurate monthly bank reconciliations and an adequate review of the reconciliations is necessary to ensure accounting records are in balance and to identify errors timely.

1.2 Segregation of duties

The Sheriff has not established adequate segregation of accounting duties or review and approval procedures. The bookkeeper performs the duties of receiving, recording, depositing, and disbursing all inmate and commissary monies. The bookkeeper also maintains telephone cards and electronic cigarettes sold to inmates and debit cards in her office. She records sales in the computerized accounting system and distributes items sold to the jailers. Neither the Sheriff nor other office personnel perform a documented review of accounting or inventory records or complete a comparison of monies received to those deposited.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential.

1.3 Depositing and refunding inmate monies

The Sheriff's office has not established adequate procedures for the deposit and refunding of inmate monies.

The bookkeeper does not deposit inmate monies timely. The bookkeeper removes monies from 2 kiosks for deposit approximately once a month. This results in substantial cash amounts accumulating in the kiosks prior to deposit. For example, the bookkeeper deposited cash from the lobby kiosk totaling $5,045 for transactions occurring between November 20, 2013, and December 30, 2013, on January 2, 2014.

In addition, the Sheriff's office has not established procedures to ensure inmate's personal monies are refunded and those refunds are properly documented. Refunds made in person to inmates are by debit card, and the inmates are not required to sign for the receipt of the debit card. The bookkeeper relies on jailers to convey inmate requests for refunds when the bookkeeper is not available. If inmates do not request a refund upon release, no effort is made to refund their monies. At December 31, 2013, the computerized accounting system indicated the county held $1,821 for released inmates.

Ensuring all monies are deposited timely will help safeguard receipts and reduce the risk of loss and theft. In addition, establishing procedures to

ensure refunds of inmates personal monies are made and are documented will help ensure inmate monies are not misappropriated.

1.4 Monthly disbursements

The bookkeeper did not always disburse monies collected for commissary purchases, kiosk fees, telephone cards, and medical services to the County Treasurer timely, some disbursements did not agree to the related accounting records, and some disbursements did not include all monies collected. The bookkeeper also did not consistently charge medical service costs to inmate accounts.

- The bookkeeper did not disburse to the County Treasurer monies collected from commissary purchases during January through April 2014, totaling $31,266, until May 22, 2014. In addition, the amount of monies turned over to the County Treasurer for commissary purchases did not always agree with supporting documentation. Accounting records indicated the Sheriff's office received only $26,756 from inmates for commissary purchases during January through April 2014, for turnover to the County Treasurer; however, the bookkeeper turned over an additional $4,510.

- The bookkeeper did not disburse to the County Treasurer kiosk fees collected from July 2013 through March 2014, totaling $4,245, until July 2014. The commissary vendor charges a $3 transaction fee on each kiosk transaction.

- The bookkeeper did not disburse to the County Treasurer monies collected for telephone cards sold during May through October 2013, totaling $12,450, until November 27, 2013.

- The bookkeeper did not disburse to the County Treasurer $3,698 of $6,740 for the cost of medical services collected from inmates from January 2014 to May 2014.

  Additionally, the bookkeeper did not consistently charge inmate accounts for medical services provided. The bookkeeper failed to charge inmate accounts for medical services for July, August, September, and December 2013, and February through May 2014. The Sheriff provides medical services to inmates held in the jail, and if inmate funds are available, the inmate is to be charged for these services. Untimely assessment of medical charges to inmate balances may result in unreimbursed costs to the county.

Timely disbursement of inmate monies collected for commissary items, kiosk fees, telephone cards, and medical services is necessary to provide adequate controls over account balances and reduces the risk of loss, theft, or misuse of funds going undetected. A comparison of medical costs

incurred to inmate accounts should be performed to ensure all amounts owed are collected.

1.5 Inventory records and procedures

The bookkeeper does not maintain records to account for telephone cards and electronic cigarettes purchased and sold to inmates, and inventory remaining on hand. Batches of telephone cards and cases of electronic cigarettes are periodically purchased for $5.50 per card and $2.97 per cigarette and held by the bookkeeper until sold to inmates for $10 per card and cigarette. The telephone card vendor provided the Sheriff's office with 500 complimentary cards valued at $5,000 (500 cards to be sold for $10 each), and the Sheriff's office purchased additional cards valued at $26,000 (2,600 cards to be sold for $10 each) during 2013. The Sheriff's office began selling electronic cigarettes in March 2014, and purchased cigarettes valued at $3,000 (300 cigarettes to be sold for $10 each) in February 2014. Significant revenues are generated from the sale of these items, therefore, proper accounting controls and procedures are needed.

Additionally, the bookkeeper does not maintain records to account for debit card stock received, issued, and on hand. The Sheriff's office received 1,250 debit cards during the year ended December 31, 2013, for use in refunding personal inmate monies upon release.

Loss, theft, or misuse of the inventory and related monies may go undetected without adequate inventory records and procedures.

Detailed inventory records are necessary to account for telephone cards, electronic cigarettes, and debit card stock. Comparisons of purchases and sales of telephone cards and cigarettes and the receipt and issuance of debit card stock to inventory records are necessary to ensure these items and associated monies are properly recorded and handled.

1.6 Accountable fees

The Sheriff violated state law by contracting with a vendor to pay operating expenses of his office. In March 2013, the Sheriff contracted with a vendor to provide inmate telephone service. One of the provisions of the contract provided for the vendor to set aside $20,000 in a technology fund to be used at the direction of the Sheriff. In July 2014, the Sheriff requested the vendor purchase and pay for installation of a video monitoring system costing $9,394 using these funds. As of September 2014, the vendor held the $10,606 remaining balance of these funds. As a result of these arrangements, the county's budgetary and disbursement procedures have been circumvented, and transactions have occurred that are not reflected in the county's records.

There is no statutory authority for the Sheriff to retain monies outside the county treasury. Section 50.370, RSMo, requires every county official who receives any fees or renumeration for official services to file a monthly

report with the county and pay such monies to the County Treasurer. Operating expenses of the Sheriff's office should be paid from county funds and handled through the county's normal budgeting and disbursement practices.

Similar conditions previously reported

Similar conditions to sections 1.1 and 1.2 were noted in our 3 prior audit reports and similar conditions to section 1.4 was noted in our 2 prior audit reports.

Recommendations

The Sheriff:

1.1 Review receipt and disbursement records to determine the reason for the shortage, prepare accurate bank reconciliations and a list of liabilities monthly, and reconcile the cash balances to the list of liabilities. Any differences should be investigated and promptly resolved.

1.2 Segregate accounting and inventory duties to the extent possible or ensure documented independent or supervisory reviews of accounting and bank records are performed.

1.3 Deposit inmate monies timely, establish procedures to ensure inmate monies are refunded upon release, and require a signature from the inmate and applicable Sheriff's office employee for all refunds.

1.4 Ensure all commissary monies collected are turned over to the County Treasurer on a monthly basis, and a comparison of medical costs incurred to inmate accounts should be performed to ensure all amounts owed are collected.

1.5 Maintain inventory records of telephone cards, electronic cigarettes, and debit card stock and reconcile these records to telephone cards and cigarettes purchased and sold, debit card stock received and issued, and perform periodic physical inventory counts.

1.6 Turn over all accountable fees to the County Treasurer as required by state law. Payment of expenses should only be made through the normal county disbursement process as provided for in the county budgets.

Auditee's Response

The Sheriff provided the following written responses:

1.1 We will review receipt and disbursement records to determine the reason for the shortage, and ensure accurate bank reconciliations

and lists of liabilities are prepared and reconciled to available cash balances, and investigate any discrepancies noted.

1.2 We have hired additional help and will ensure accounting and inventory duties are more segregated. In addition, supervisory reviews of accounting and bank records will be performed each month.

1.3 Monies are being deposited in a more timely fashion now and we have established procedures to ensure inmate monies are refunded upon release. Signatures showing payment of these monies are obtained from both the inmate and the Sheriff's employee refunding the monies, and this documentation will be retained.

1.4 We have implemented procedures to ensure monies payable to the County Treasurer are disbursed each month. The collection of medical costs will now be the responsibility of the court.

1.5 We have established inventory records for needed items and complete a monthly reconciliation of items sold/used to items on hand. The reconciliation is then reviewed by the Office Administrator.

1.6 The commissary vendor does inmate phone contracts all over Missouri and other states. I thought this was the way the vendor did business and it was approved and signed by all three County Commissioners. I will check with the vendor and the County Treasurer to see if the remaining money can be placed in the Inmate Security Fund. I will work with the vendor to revise the contract.

2. Sheriff Controls and Procedures

Significant weaknesses exist in accounting controls and record-keeping procedures in the Sheriff's office. According to the county's 2014 budget, the Sheriff's office collected approximately $39,000 in civil fees and approximately $49,000 in concealed carry weapon permit fees during the year ended December 31, 2013. The Sheriff's office also collected approximately $128,000 in bonds during the year ended December 31, 2013.

2.1 Segregation of duties

The Sheriff has not adequately segregated the duties of collecting, recording, transmitting, depositing, and disbursing bond monies. The Sheriff's office bookkeeper performs all of these duties. Bond monies are initially received by jailers, and the bookkeeper collects all bond monies from the booking area of the jail. Laclede County bond receipts are transmitted by the bookkeeper to the Circuit Court. Bond monies collected for other political subdivisions are recorded by the bookkeeper on a log and deposited into the Sheriff's bond bank account for disbursement. The office

manager prepares the bank reconciliation, but neither the Sheriff nor the office manager performs a comparison of monies received to those transmitted or deposited.

Proper segregation of duties is necessary to ensure bond transactions are accounted for properly and assets are adequately safeguarded. If a proper segregation of duties cannot be achieved, a documented comparison of monies received to those transmitted, or deposited and disbursed should be performed.

2.2 Bond monies

Controls and procedures over receipting, recording, transmitting, and depositing bond monies need improvement. The Sheriff's office terminated a jailer in February 2013, after a Missouri State Highway Patrol investigation concluded a $1,000 cash bond was taken in May 2012, and terminated another jailer in February 2013, related to a $100 cash bond taken in January 2013. Despite these incidents, our review of procedures shows the Sheriff has not sufficiently corrected weaknesses related to the handling of bond monies.

- Jailers did not always retain voided bond receipt slips, and did not always accurately document the method of payment on bond receipt slips.

- The bookkeeper did not record bonds received in the bond log timely and inaccurately recorded some information. We reviewed the bond log on March 25, 2014, and found the log had not been updated since sometime in December 2013. Additionally, the bond log listed inaccurate information, including wrong bond receipt slip dates and wrong dates of court issued receipts. In one instance, the log listed the wrong court for a disbursed bond.

- The bookkeeper did not timely transmit bonds to the Laclede County Circuit Court. We reviewed 209 bonds received by the Sheriff's office for the court and determined 55 bonds (26 percent) totaling $15,379 were not transmitted within 5 days, with some being held up to 18 days before transmittal.

- The bookkeeper did not timely deposit and disburse bonds to other courts. We reviewed 142 bonds received by the Sheriff's office for other courts and determined 71 bonds (50 percent) totaling $22,560 were not deposited and disbursed within 5 days, with some being held up to 20 days before deposit and 19 days before disbursement.

Properly receipting, recording, depositing, disbursing, and transmitting bonds is necessary to ensure receipts are adequately safeguarded and to reduce the risk of loss, theft, or misuse of funds going undetected.

2.3 Civil process fees

A civil processing clerk in the Sheriff's office does not receipt civil process fees received or endorse the related checks and money orders immediately upon receipt. The Sheriff's office also does not track civil process papers served or reconcile papers served to monies received to ensure all paper service fees due have been collected and accounted for properly. The Sheriff's office typically collects civil process fees prior to performing the civil process; however, if monies are not received or an insufficient amount is received, the clerk indicated she contacts the party by phone requesting an additional payment. However, unpaid civil process fees are not tracked, and no other effort is made to collect unpaid amounts. The Sheriff's office collected approximately $39,000 in civil process fees for the year ended December 31, 2013.

To adequately account for civil process fees and reduce the risk of loss, theft, or misuse of funds, receipt slips should be issued, checks or money orders received should be endorsed immediately upon receipt, and civil process papers served should be tracked and reconciled to the related monies received and deposited. A list of unpaid civil process fees would allow the Sheriff's office to more easily review current amounts due and to take appropriate steps to ensure collection of unpaid amounts.

A similar condition was noted in our prior audit report.

2.4 Civil account bank reconciliations and liabilities

The Sheriff's office manager does not prepare accurate bank reconciliations for the civil account. The office manager has been carrying a $4,500 deposit in transit reconciling item on the civil account bank reconciliations since May 2012. We reviewed supporting documentation and determined this reconciling item was incorrectly shown as a deposit in transit and actually represents an adjustment needed because of a duplicated $4,500 deposit entry in the accounting system made on May 14, 2012. By continuing to carry such an item on the bank reconciliation the office manager is inflating the reconciled balance of the civil account.

The office manager does not identify liabilities. At our request, a list of liabilities was prepared for the civil account as of December 31, 2013. The list of liabilities prepared totaled $5,698, while the reconciled bank balance (adjusted for the $4,500 error noted above) was $8,184, resulting in an overage of $2,486 in the account.

The preparation of accurate monthly bank reconciliations and an adequate review of the reconciliations is necessary to ensure accounting records are in balance and to identify errors timely. Additionally, a list of liabilities should be prepared monthly and reconciled to cash balances to ensure sufficient cash is available for the payment of all amounts due and all monies in the bank account can be identified. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed.

2.5 Seized property

Adequate controls over seized property have not been established. The computerized inventory listing indicated the Sheriff's office held 2,497 items as of February 2014; however, the listing recorded no location information (building, room, shelf or bin, and box where items are stored) for 312 of these items and had incomplete location information for another 189 items. In addition, the Sheriff's office has not established procedures to dispose of seized property items held for long time periods, and a physical inventory of seized property items has not been performed in at least 2 years. According to the inventory listing, several items had been held for years with some dating back to 2005.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or misuse of the stored items. Complete and accurate inventory records should be maintained, and periodic physical inventories should be performed and the results compared to inventory records to ensure seized property is accounted for properly. Section 542.301, RSMo, provides guidance for the disposition of unclaimed seized property.

Recommendations

The Sheriff:

2.1 Segregate accounting duties to the extent possible or perform a comparison of bond monies received to those transmitted, or deposited and disbursed.

2.2 Retain voided receipt slips, ensure the method of payment is accurately recorded, record all bond transactions accurately and timely, and timely transmit or deposit and disburse bonds.

2.3 Ensure civil process fees are receipted, endorse checks and money orders immediately upon receipt, track civil process papers served, and perform a comparison of papers served to the related fees collected and deposited.

2.4 Prepare accurate bank reconciliations and a list of liabilities monthly, and reconcile the cash balances to the list of liabilities. Any differences should be investigated and promptly resolved.

2.5 Ensure a complete and accurate seized property inventory record is maintained, and a periodic inventory is conducted and reconciled to the records, and investigate any differences. The Sheriff should also make timely and appropriate dispositions of seized property.

Auditee's Response

The Sheriff provided the following written responses:

2.1 We have established additional supervisory review of bond records, including a comparison of bond monies received to those transmitted or deposited and disbursed.

2.2 We are retaining all copies of voided bond receipt slips, ensuring method of payment is adequately recorded, requiring all bond transactions to be recorded timely and accurately on the bond log, and transmitting or depositing and disbursing bonds more timely. A supervisory review of these processes is completed monthly.

2.3 We now receipt and endorse all monies received immediately upon receipt and have developed a method to track civil process papers served. A monthly comparison of papers served to the related fees collected and deposited is completed and reviewed by a supervisor.

2.4 We will ensure accurate reconciliations including a list of liabilities is prepared and will reconcile the total liabilities to the available cash balance each month. We have started to review the differences in the account.

2.5 A physical inventory of evidence is now in progress, and we will ensure an accurate and complete list of seized property is maintained. Evidence maintained for 2008 and older cases has been properly disposed. Evidence from 2009 cases has been reviewed and paperwork has been filed with the Prosecuting Attorney for appropriate disposition. Once the 2009 evidence dispositions are approved by both the Prosecuting Attorney and the Associate Circuit Judge, we will send 2010 and 2011 cases to these officials for disposition approval.

3. Assessment Fund Withholdings

The County Collector did not adequately reduce the percentage used to calculate amounts withheld from tax collections for the Assessment Fund, and as a result, $43,888 more was withheld from tax collections and disbursed to the Assessment Fund than allowed by state law during the 5 years ended December 31, 2013.

The County Collector monitored total collections monthly to determine when the limit had been reached, but did not adjust the Assessment Fund withholding percentage at that time. In March 2014, the County Collector submitted documentation to the County Treasurer requesting the disbursement of these excess withholdings to various taxing authorities within the county, and the County Treasurer indicated she plans to distribute these monies in January 2015.

Sections 137.720.1 and 137.720.3, RSMo, each provide a percentage to be deducted from property tax collections and deposited into the Assessment Fund (1 percent and 0.5 percent, respectively, for a total of 1.5 percent). However, Section 137.720.3, RSMo, limits the 0.5 percent deduction to $75,000. After this limit is reached, the percentage reduces to 1 percent. Adequate monitoring and proper calculation of Assessment Fund withholdings is necessary to ensure compliance with statutory provisions.

Recommendation

The County Collector should ensure amounts withheld from property taxes for the Assessment Fund is properly reduced in future years once the $75,000 limit is reached. The County Treasurer should also disburse amounts owed to the taxing authorities from the Assessment Fund.

Auditee's Response

The County Collector provided the following written response:

The County Collector's office strives to do everything in a timely manner and also do it correctly. This office has been in contact with the State Auditor's office, State Tax Commission, and local legislators to find proper procedures in the collection and distribution of the assessment funds in regards with statutes concerning the $75,000 cap. All agencies and commissions agree that there are not clear guidelines on how to properly calculate the overage. Also, there are possible assessment funds from municipalities that are not collected by the County Collector's office and are therefore not included in the calculation. We will continue to monitor amounts withheld from property taxes for the Assessment Fund each year and either reduce the percentage of withholding once the $75,000 limit is reached or timely refund any amount over withheld.

The County Treasurer provided the following written response:

These monies will be distributed in January 2015. Any future amounts will be timely disbursed.

4. Prosecuting Attorney Controls and Procedures

Controls and procedures over the Prosecuting Attorney's operations need improvement. Bad check restitution and fees, criminal restitution, and delinquent taxes collected by the Prosecuting Attorney's office totaled approximately $238,000 during the year ended December 31, 2013.

4.1 Accounts receivable

The Prosecuting Attorney's office does not generate a monthly list of unpaid bad checks and restitution. A complete and accurate list of unpaid bad checks and restitution would allow the Prosecuting Attorney's office to more easily review current amounts due and to take appropriate steps to ensure collection of current amounts owed.

4.2 Delinquent tax bank account

The Prosecuting Attorney maintains a delinquent tax bank account outside the county treasury. At December 31, 2013, the bank account held a reconciled cash balance of $19,952. There is no statutory authority allowing the Prosecuting Attorney to maintain this account outside the county treasury. Section 56.312.1, RSMo, requires deposit of these monies by the county treasurer into a separate interest-bearing fund to be expended at the direction of the Prosecuting Attorney.

Recommendations

The Prosecuting Attorney:

4.1 Generate a monthly list of unpaid bad checks and restitution and review the list for accuracy.

4.2 Transfer the balances of the delinquent tax account to the County Treasurer and close the account.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

4.1 The Prosecuting Attorney's office is in the process of changing software for bad check cases and collecting restitution. That software will be incorporated into our case management system. The software provider is still trying to solve some issues with the software, but the Prosecuting Attorney's office is hopeful that the conversion will be made in 2015. At that time, the Prosecuting Attorney's office will strive to keep any lists or reports that are generated complete and accurate.

4.2 Years ago, I pointed out during the budget process, that Missouri statutes specifically state that money paid to the Prosecuting Attorney for collecting delinquent taxes is not to be budgeted by the governing body of the county. I was told at that time, the Prosecuting Attorney's office would have to be responsible for those funds and the funds would not go through the county accounts. Therefore, the Prosecuting Attorney's office has maintained that account separately from other county accounts. However, upon your recommendation, the funds in the delinquent tax account have been transferred to the County Treasurer and the account has been closed.

5. County Meeting Minutes and Procedures

Improvement is needed in the county's controls and procedures over minutes, Enhanced Enterprise Zone (EEZ) tax abatements, the County Collector's city commissions and contract, fuel, and capital assets.

5.1 Meeting minutes

Procedures over open and closed meetings of the County Commission need improvement. The County Commission held 7 closed meetings during the year ended December 31, 2013.

For 3 of the 7 closed meetings, open meeting minutes did not document the specific reasons or section of law allowing the meetings to be closed. In addition, some issues discussed in closed sessions were not allowable by law, such as salary increases for County Assessor's office employees.

The Sunshine Law, Chapter 610, RSMo, indicates the specific reasons for the closed meetings shall be voted on at an open meeting and limits discussion topics and actions in closed meetings to only those specifically allowed by law.

5.2 EEZ tax abatements

The County Commission did not properly review and approve authorizing resolutions for tax abatements approved by the EEZ Board. The County Commission established the EEZ Board in 2005. The purpose of the EEZ Board is to advise the County Commission regarding real estate tax abatements and other economic development incentives for businesses within a designated area who meet specific criteria for economic growth. After the EEZ Board approves an abatement agreement, the County Commission is required by Section 135.963, RSMo, to hold a public hearing prior to authorizing the tax abatement through a formal resolution. Our review of the EEZ Board and County Commission minutes identified several real estate tax abatements approved by the EEZ Board where no subsequent public hearings occurred and no resolutions were passed authorizing the tax abatements. The County Commission indicated the EEZ Board did not provide notification of these abatement agreements and therefore no authorization actions took place.

5.3 County Collector's city commissions and contracts

The county did not report the amount of city commissions paid to the County Collector or subject the payments to payroll tax withholdings as required. During the year ended December 31, 2013, the county paid the County Collector $16,398 in city property tax commissions without reporting this amount on his W-2 form or withholding payroll taxes.

The county's current practice of handling city commissions in this manner is in violation of a strict interpretation of payroll tax regulations. The county is at risk of incurring additional payroll liabilities plus interest and penalties by utilizing the current practice. IRS regulations require all compensation paid to employees be subject to payroll tax and reported on W-2 forms. In addition, the County Commission and County Collector should consider these additional costs to the county and reevaluate the existing city tax collection contracts.

In addition, Section 52.290, RSMo, allows for the collection of the 7 percent penalty on delinquent taxes and provides for the penalty to be distributed as follows: two-sevenths to the County General Revenue Fund, two-sevenths to the Tax Maintenance Fund, and three-sevenths to the County Employee Retirement Fund (CERF). However, for the City of Lebanon and City of Phillipsburg, the County Collector personally retains five-sevenths of the 7 percent penalty collected instead of distributing the 2 percent penalty to the Tax Maintenance Fund and the 3 percent penalty to the CERF. While the 7 percent penalty collected on delinquent city taxes is assessed, it is not distributed as provided by state law. Of the $4,931 in penalties collected on city taxes, $3,522 was retained by the County Collector rather than distributing the monies to the Tax Maintenance Fund ($1,409), and CERF ($2,113) as specified by law. Any penalty charged to taxpayers should be based on state law.

5.4 Fuel use

The county does not have procedures in place to reconcile fuel logs with fuel purchases. Fuel and usage logs are maintained for all county-owned vehicles and equipment. However, this usage information is not reconciled to fuel purchases. Accounting records indicate fuel purchases totaled approximately $370,000 during the year ended December 31, 2013.

Procedures for reviewing fuel use and reconciling use to fuel purchased are necessary to ensure the reasonableness and propriety of fuel use and disbursements. Failure to account for fuel purchases could result in loss, theft, and misuse going undetected.

5.5 Capital assets

Procedures and records to account for county property are not adequate. The listing of assets maintained has not been updated in many years, and the last physical inventory completed was in 2011. In addition, the county does not have adequate procedures in place to identify capital asset purchases and dispositions throughout the year. As a result, the county's capital asset records are not complete and up to date. Records valued the county's buildings and contents at approximately $25 million at January 2014.

Adequate capital asset records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Procedures to track capital asset purchases and dispositions throughout the year and compare to physical inventory results would enhance the county's ability to account for capital assets and potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets. Section 49.093, RSMo, provides that the officer or designee of each county department is responsible for performing annual inspections and inventories of county property used by that department and for submitting an inventory report to the County Clerk.

Similar conditions previously reported

Similar conditions to sections 5.1 and 5.4 were noted in our prior audit report.

Recommendations

5.1 The County Commission ensure specific reasons for closing a meeting are documented, and discuss only allowable topics in closed meetings.

5.2 The County Commission should hold public hearings to review tax abatement proposals made by the EEZ Board. If the County Commission approves the abatements, the County Commission should authorize them through formal resolutions.

5.3 The County Commission ensure commissions paid to the County Collector are subject to payroll taxes and properly reported on W-2 forms. The County Commission and County Collector should consider these additional costs and reevaluate the existing city tax collection contracts, and ensure fees and penalties charged on delinquent city taxes are based upon applicable state laws or city ordinances.

5.4 The County Commission ensure fuel use is reconciled to fuel purchases, and promptly investigate any significant discrepancies.

5.5 The County Commission and the County Clerk work with other county officials to ensure complete and accurate inventory records are maintained and annual physical inventories are conducted, and implement procedures for tracking capital asset purchases and dispositions throughout the year.

Auditee's Response

The County Commission provided the following written responses:

5.1 We feel we have used the closed session policy as per the Sunshine Law for our intended purposes. We are sure the procedures need to be improved upon and we will continue to strive to do so.

5.2 The County Commission will work with the EEZ Board to ensure public hearings to review tax abatement proposals are held, and if the County Commission approves the abatements, we will authorize them through formal resolutions.

5.3 As per the agreements with the city and village, the city and village covenant and agree to compensate the Laclede County Collector; the County Collector is contracted for the city's and village's purposes and is not collecting taxes for the county under these agreements. We will work with the County Collector and the city and village to update the agreements, ensure compliance with

payroll tax regulations, and ensure penalties charged on delinquent city and village taxes are distributed in compliance with state law.

5.4 We have implemented fuel logs on all county-owned pieces of equipment. We promptly check out any discrepancies significant or not.

5.5 We need to update our inventory records. We need to and are working with our inventory person, as well as officeholders, to create a better and more accurate, complete inventory system. The person assigned to inventory now is new at inventory responsibility.

The County Clerk provided the following written responses:

5.1 I do not know what we are going to talk about in detail most of the time. I have asked the County Commission to cite statutes, and they are going to work on making sure the specific statutes are identified in their motions. I will encourage them to and help provide information related to this process.

5.5 Inventory tracking responsibilities were given to an employee in the County Treasurer's office by the County Commission.

The County Collector provided the following written response:

5.3 The County Collector would consider renegotiating with the County Commission the percentage of total collections in place of the delinquent penalty phrase of the cooperative agreement.

Laclede County
Organization and Statistical Information

Laclede County is a county-organized, third-class county. The county seat is Lebanon.

Laclede County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 145 full-time employees and 15 part-time employees on December 31, 2013.

In addition, county operations include the Senate Bill 40 Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Danny Rhoades, Presiding Commissioner	$	32,334
Joe Pickering, Associate Commissioner		29,700
Jack Glendenning, Associate Commissioner		29,700
Lynn Stowe, Recorder of Deeds		45,900
Glenda Mott, County Clerk		45,900
Jon Morris, Prosecuting Attorney		56,100
Wayne Merritt, Sheriff		50,000
Jean Cook, County Treasurer		45,900
Steve Murrell, County Coroner		16,000
Sherry Shamel, Public Administrator		45,000
Steve Pickering, County Collector (1), year ended February 28,	63,104	
Johnny North, County Assessor, year ended August 31,		45,000
Robert Shotts, County Surveyor (2)		8,000

(1) Includes $17,204 of commissions earned for collecting city property taxes.
(2) Compensation on a fee basis.

Financing Arrangements

In 1997, the county issued $78,000 in Limited General Obligation Bonds. The bonds bear interest at the rate of 6.5 percent. Principal and interest payments are due on March 1 of each year. The remaining principal outstanding at December 31, 2013, was $24,000. Interest remaining to be paid over the life of the agreement totals $4,095.

In 2011, the county entered into a loan agreement with the Missouri Department of Natural Resources through the Energy Efficiency Leveraged Loan Program in the amount of $133,010, with zero interest. Semi-annual principal payments are due in February and August each year. The remaining principal outstanding at December 31, 2013, was $96,725. Final payment is due in August 2016.

In 2011, the county entered into a promissory note agreement in the amount of $33,180 for the purpose of constructing certain road improvements within the Neighborhood Improvement District of Harrill Lane. The note bears an interest rate of 6.75 percent. Principal and interest payments are due annually on March 20. The remaining principal outstanding at December 31, 2013, was $19,908. Interest remaining to be paid over the life of the agreement totals $2,688.

In 2009, the county entered into a cancelable lease-purchase agreement to finance the purchase of a grader at a total cost of $202,866. The agreement requires annual payments of $10,113 through 2013 with a balloon payment of $157,833 due in 2014. The lease bears interest at the rate of 3.15 percent. The remaining principal outstanding at December 31, 2013, was $152,570. Interest remaining to be paid over the life of the agreement totals $5,263.

In 2009, the county entered into a cancelable lease-purchase agreement to finance the purchase of a grader at a total cost of $202,866. The agreement requires annual payments of $13,859 through 2013 with a balloon payment of $161,579 due in 2014. The lease bears interest at the rate of 3.15 percent. The remaining principal outstanding at December 31, 2013, was $156,200. Interest remaining to be paid over the life of the agreement totals $5,379.

In 2010, the county entered into a cancelable lease-purchase agreement to finance the purchase of two graders at a total cost of $412,000. The agreement requires annual payments of $29,190 through 2014 with a balloon payment of $318,000 due in 2015. The lease bears interest at the rate of 3 percent. The remaining principal outstanding at December 31, 2013, was $328,085. Interest remaining to be paid over the life of the agreement totals $19,105.

In 2011, the county entered into a cancelable lease-purchase agreement to finance the purchase of a grader at a total cost of $226,850. The agreement requires annual payments of $13,970 through 2015 with a balloon payment of $157,000 due in 2016. The lease bears interest at the rate of 3.38 percent. The remaining principal outstanding at December 31, 2013, was $168,683. Interest remaining to be paid over the life of the agreement totals $16,257.

In 2012, the county entered into a cancelable lease-purchase agreement to finance the purchase of a backhoe at a total cost of $196,227. The agreement

requires annual payments of $28,742, with a balloon payment of $110,000 in 2015. The lease bears interest at the rate of 2.65 percent. The remaining principal outstanding at December 31, 2013, was $132,394. Interest remaining to be paid over the life of the agreement totals $6,348.

In 2012, the county entered into a cancelable lease-purchase agreement to finance energy upgrades in the amount of $3,100,000. The agreement requires semi-annual payments of $133,881 through 2026. The lease bears interest at the rate of 3.01 percent. The remaining principal outstanding at December 31, 2013, was $2,859,699. Interest remaining to be paid over the life of the agreement totals $621,207.

In 2013, the county entered into a cancelable lease-purchase agreement to finance the purchase of a motor grader in the amount of $181,821. The agreement requires annual payments of $17,745 through 2016 with a balloon payment of $119,645 due in 2016. The lease bears interest at the rate of 1.56 percent. The remaining principal outstanding at December 31, 2013, was $164,076. Interest remaining to be paid over the life of the agreement totals $8,804.

In 2013, the county entered into a cancelable lease-purchase agreement to finance the purchase of a motor grader in the amount of $155,321. The agreement requires annual payments of $12,279 through 2016 with a balloon payment of $114,179 due in 2017. The lease bears interest at the rate of 1.5 percent. The remaining principal outstanding at December 31, 2013, was $143,042. Interest remaining to be paid over the life of the agreement totals $7,974.

Thomas A. Schweich

Missouri State Auditor

Perry County

December 2014

Report No. 2014-135

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Perry County

Financial Condition	As noted in our prior audit report, the financial condition of the General Revenue Fund is weak. The balance of the fund at December 31, 2013, was $77,885 and is not expected to significantly improve during 2014. In 1997, the county authorized the sale of $10.4 million in general obligation bonds to pay for the cost of constructing a multi-purpose center. Voters approved a one-half cent sales tax to fund annual principal and interest payments; however, the sales tax is set to expire on March 31, 2017, and revenues are expected to fall short in paying off the bonds. As a result, projected shortfalls of at least $202,000 in the Local Park Sales Tax Fund may further weaken the General Revenue Fund. Further, the county has reduced property tax rates more than required during a time when the financial condition of the General Revenue Fund is weak.
Property Tax System	Neither the County Commission nor the County Clerk adequately reviews the financial activities of the County Collector. The County Clerk updates the tax books based on changes made to the property tax system, but does not use this record to review the County Collector's annual settlements, and this record does not include all information needed to verify annual settlements. The County Commission does not review and approve the County Collector's annual settlements.
Sheriff Controls and Procedures	The Sheriff has not adequately segregated accounting duties and does not perform an adequate supervisory review of the accounting records. The Sheriff holds profits generated by the jail commissary for future use by his office, and does not deposit them into the county Inmate Prisoner Detainee Security Fund as required by state law. The Sheriff uses the profits to purchase supplies and equipment, circumventing the normal budget and procurement process. The Sheriff's office does not track commissary profits and it is unclear whether the Sheriff's office can account for all profits. The Sheriff also does not reconcile fuel purchases to fuel usage for the Sheriff's bulk fuel tank, and does not document his review of fuel usage reports.
County Procedures	The county does not have adequate procedures to monitor rock usage by the road and bridge department from the county-owned rock quarry. As noted in our prior audit, the county does not properly monitor fuel use from the department's 2 bulk fuel tanks or reconcile fuel billings to fuel use records for the road and bridge department. The County Clerk, County Collector, Prosecuting Attorney, Sheriff, Public Administrator, and County Assessor do not require employees to change passwords on a periodic basis, and security controls are not in place for most county offices to lock a computer after a certain period of inactivity. The County Clerk did not maintain documentation of calculations used to support sales tax and voluntary reductions, and the County Clerk did not properly consider prior year levy reduction results when performing his annual calculations.

Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney does not have controls and procedures in place to ensure court-ordered restitution received is timely remitted to victims. For 4 of 10 cases reviewed, restitution received, totaling $6,185, had not been disbursed as of December 31, 2013. The Prosecuting Attorney's office received payments for restitution on these cases between January 2006 and December 2013 and balances available for disbursement ranged from $933 to $2,381 for each case.
Public Administrator Controls and Procedures	The Public Administrator's office does not issue receipt slips for or maintain a log of monies received, endorse checks upon receipt, or deposit receipts timely. The Public Administrator does not reconcile prepayments made for burial plans to actual funeral expenses subsequently incurred, and as a result, the Public Administrator has paid more than actual cost for funeral expenses for at least one ward.
Recorder of Deeds Segregation of Duties	The Recorder of Deeds has not adequately segregated accounting duties. The deputy clerk receipts monies and prepares the deposit; however, the Recorder of Deeds performs all remaining functions. An independent review of detailed accounting records or a comparison of monies received and deposited to the bank statements is not performed.
Senate Bill 40 Board Closed Minutes	The Senate Bill 40 Board held 3 closed meetings from January 2013 to January 2014, but did not always follow Sunshine Law requirements. The Board did not cite a specific section of the law as the reason for entering into closed session or document the vote of each member approving to enter into closed session. Additionally, the Board did not make public the results of the votes taken and the final disposition of matters discussed in closed meetings, when required.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Perry County
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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Perry County

We have audited certain operations of Perry County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, was engaged to audit the financial statements of Perry County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

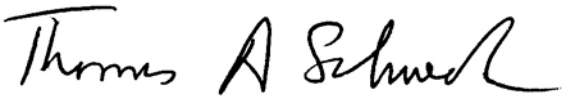
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Perry County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Keriann Wright, MBA, CPA
In-Charge Auditor:	Steven Re', CPA
Audit Staff:	Erica Schroer, MBA
	Sara Lewis, CPA
	Christopher A. McClain

Perry County
Management Advisory Report
State Auditor's Findings

1. Financial Condition

As noted in our prior audit report, the financial condition of the General Revenue Fund is weak. Additionally, future liabilities may further weaken the fund's financial condition. The following table reflects actual receipts, disbursements, and ending cash balances of the General Revenue Fund for the last 3 years and anticipated amounts for 2014.

General Revenue Fund		2014 Budgeted *	2013 Actual **	2012 Actual **	2011 Actual *
Beginning Balance, January 1	$	77,885	75,101	190,422	80,428
Receipts		3,421,199	3,187,570	3,212,852	3,145,617
Disbursements		3,374,651	3,184,786	3,328,173	3,035,623
Ending Balance, December 31	$	124,433	77,885	75,101	190,422

* Amounts were obtained from county budget documents.
** Amounts were obtained from audited financial statements.

The General Revenue Fund balance at December 31, 2013, was $77,885 and is not expected to significantly improve during 2014. Overall receipts and disbursements have remained fairly similar in prior years, resulting in little growth, if any, in the fund balance. The financial condition of the fund may be further weakened by projected shortfalls of at least $202,000 in the Local Park Sales Tax Fund anticipated to occur between 2015 and 2017.

In 1997, the county authorized the sale of $10.4 million in general obligation bonds to pay for the cost of constructing a multi-purpose center consisting of a library, swimming pool, gym, movie theatre, and other amenities. Voters approved a one-half cent sales tax, effective April 1, 1997, for 20 years, to provide revenues to make annual principal and interest payments on the bonds. The sales tax is set to expire on March 31, 2017, and according to projections from the county's bond underwriter, sales tax revenues are expected to fall short in paying off the bonds. As a result, additional monies from the General Revenue Fund may be needed to offset revenue shortages in the Local Park Sales Tax Fund.

Since 2012 the county has borrowed monies to make the bond payments due until sales tax revenues were sufficient to cover the payments. For example, in 2012 the county transferred $85,000 from the General Revenue Fund to the Local Park Sales Tax Fund to cover cash flow shortages, and in 2013 the County Commission issued $300,000 in tax anticipation notes to have sufficient funds to pay the principal and interest payment due. The county repaid the General Revenue Fund and the tax anticipation notes in full when sales tax revenues were sufficient. Bond principal payments average approximately $886,000 each year for the next 4 years.

In April 2014, the county refinanced the bonds in an effort to reduce the interest owed. The bond underwriter assisting in the refinancing arrangement provided a projection that estimated an annual cash flow

shortage ranging from $66,000 to $69,000 each year in the Local Park Sales Tax Fund (approximately $202,000 in total) from 2015 to 2017, when the final bond payment is due. If these shortages occur and receipts and disbursements of the county's General Revenue Fund remain steady, it is unlikely the fund will be able to cover the total shortage.

Further, the county has reduced property tax rates more than required during a time when the financial condition of the General Revenue Fund is weak. As described in MAR finding number 4.5, Perry County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. For many years, the county has chosen to reduce the property tax rate to .18 for the General Revenue Fund, which exceeds the required reduction of 50 percent of general revenue sales taxes collected. The County Commission should evaluate the financial needs of the General Revenue Fund when calculating the voluntary reduction (additional reduction beyond the required sales tax reduction), if any, to the property tax rate.

The County Commissioners are aware of the projected sales tax revenue shortfalls in the Local Park Sales Tax Fund and are considering alternatives to resolve the issue. At the September 4, 2014, public tax rate hearing, the County Commission proposed and approved an increase in the General Revenue tax levy from 0.18 to 0.22 (a 22 percent increase). The county estimates this increase will generate approximately $120,000 in additional revenue for the General Revenue Fund in 2015. Additionally, the county passed a local use sales tax in April 2013 that is expected to generate an additional $80,000 in annual revenues for the General Revenue Fund. The County Commission is also exploring other alternatives to increase revenues and is continually monitoring and searching for areas to reduce disbursements.

Recommendation

The County Commission should make changes necessary to ensure adequate funds are available to cover all liabilities. Possible options to improving the county's financial condition include reducing spending where possible, evaluating controls and management practices to ensure efficient use of county resources, maximizing all sources of revenue, and closely monitoring county budgets.

Auditee's Response

The County Commission provided the following response:

The County Commission agrees with the recommendation and has made changes to increase revenues. The county has increased the property tax levy from .18 to .22 which will generate an additional $120,000. In addition, the county passed a local use sales tax in April 2013 and are expecting a decrease in some personnel benefit disbursements in 2015.

2. Property Tax System

Neither the County Commission nor the County Clerk adequately reviews the financial activities of the County Collector. The County Clerk updates the tax books based on any changes made to the property tax system, such as additions and abatements; however, the County Clerk does not use the updated tax books to review the County Collector's annual settlements and does not include all information, such as collections and protested taxes, needed to verify annual settlements. The County Clerk uses the County Collector's property tax system to verify the amounts reported in the annual settlements. Further, the County Commission does not review and approve the County Collector's annual settlements. The County Clerk discusses the annual settlements with the County Commission; however, the County Commission does not review and approve the annual settlements.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An accurate account book or other records summarizing all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records should be used by the County Clerk and County Commission to verify the County Collector's annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

Recommendation

The County Clerk maintain a complete and accurate account book or other records summarizing the financial activity of the County Collector. In addition, the County Clerk and County Commission should use the account book or other records to review the accuracy and completeness of annual settlements.

Auditee's Response

The County Clerk provided the following written response:

The County Clerk receives the tax books from the County Assessor's office in June and once received all additions and abatements are entered by the County Clerk and staff. Addition and abatement reports, although being in the same system that the County Collector uses, are reviewed monthly. The County Clerk receives each monthly report from the County Collector and it is also reviewed. The annual settlement from the County Collector is presented to the County Commission by the County Collector and accepted by the County Commission. The county's taxing and collection program is in the process of being updated to separate the addition and abatement reports and we expect this update to satisfy the Auditor's concerns with these procedures. In addition, records summarizing the activities in the County Collector's office will be maintained. System changes will also help with this record.

The County Commission provided the following response:

The County Commission agrees with the recommendation and will review the County Collector's annual settlement for accuracy using the County Clerk's account book.

3. Sheriff Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The Sheriff's office deposited approximately $249,000 into the general bank account and approximately $36,000 into the commissary bank account during the year ended December 31, 2013.

3.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties and does not perform an adequate supervisory review of the accounting records. One office clerk is primarily responsible for receipting; recording; depositing/transmitting to the County Treasurer; and disbursing monies for the general, commissary, and uniform bank accounts. The Sheriff's review of bank reconciliations is not documented and a detailed review of accounting records is not performed.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, and disbursing monies. If proper segregation of duties cannot be achieved, documented independent supervisory reviews of accounting and bank records are essential and should include comparing daily receipt activity to deposits.

3.2 Commissary profits

Procedures over commissary profits need improvement. The Sheriff's office operates a commissary to provide various goods to inmates, paid for from personal inmate commissary accounts. The Sheriff's office indicated approximately $38,700 in commissary profits and accumulated interest was in the Sheriff's commissary bank account as of December 31, 2013.

The Sheriff does not deposit commissary profits into the county Inmate Prisoner Detainee Security Fund as required by state law. Instead, the Sheriff accounts for commissary sales, purchases, and resulting profits in the commissary bank account and holds profits for future use by his office. The Sheriff uses the profits to purchase various supplies and equipment; however, these purchases do not go through the normal budget and procurement process and are not approved by the County Commission. The Sheriff stated he approves all purchases. During 2013, the Sheriff's office made purchases for computer equipment, software, and office equipment using commissary profits totaling $3,626.

In addition, the Sheriff's office does not track commissary profits and it is unclear whether all profits can be accounted for. The Sheriff's clerk determines profits when comparing liabilities to the available cash balance

when preparing the bank reconciliations. Any monies remaining in the bank account after accounting for inmates' commissary balances are assumed to be commissary profits. However, without adequate tracking procedures, profits cannot be fully accounted for and the Sheriff's office cannot support that the amount in the commissary bank account is accurate. Further, without adequate tracking there is less assurance the Sheriff's office complies with state laws regarding the accounting and use of commissary profits.

Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund held by the County Treasurer. In addition, Section 488.5026.3, RSMo, provides guidance concerning the usage of those funds.

3.3 Fuel reconciliation

The Sheriff does not have procedures in place to reconcile fuel purchases to fuel usage for the Sheriff's bulk fuel tank, and does not document his review of fuel usage reports. Deputies fuel patrol cars using the bulk fuel tank. The fuel tank is monitored by video camera; however, the tank is easily accessible, unlocked, and the pump is always turned on. During the year ended December 31, 2013, the Sheriff's office spent approximately $58,400 on fuel for 19 vehicles.

Each time patrol cars are fueled, deputies contact the dispatcher to report the car number, fuel tank reading, and odometer reading for office records. This information is compiled, miles per gallon (mpg) is calculated for each vehicle, and the Sheriff reviews a monthly summary report of this information for reasonableness. The Sheriff does not document his review and the information is not used to reconcile fuel used to fuel purchased. During 2013, gallons used per month ranged from 1,200 to 1,900 and mpg for each vehicle ranged from 11 to 23. Gallons used and mpg per month can vary depending on the primary focus of each deputy during the month and the varied time spent driving versus idling.

Procedures for reviewing fuel use and reconciling use to fuel purchased are necessary to ensure the reasonableness and propriety of fuel use and disbursements. Failure to account for fuel purchases could result in loss, theft, and misuse going undetected.

Recommendations

The Sheriff:

3.1 Adequately segregate accounting duties or ensure supervisory reviews of detailed accounting records are performed and documented.

3.2 Ensure existing and future commissary profits are adequately tracked, turned over to the County Treasurer to be deposited in the Inmate Prisoner Detainee Security Fund, and used in accordance with state law.

3.3 Establish procedures to reconcile fuel purchased to fuel used and document reviews of fuel use for completeness and reasonableness.

Auditee's Response

The Sheriff provided the following written responses:

3.1 I trust the personnel here completely. I agree that review by another person would assure accountability; however, I only have one person available for these duties. My remedy for this situation will be to ask the County Commission for additional secretarial staff in the next budget year. We did have a part-time secretary that served this role, but she was needed full-time at the 911 office.

3.2 I will confer with my secretary to determine what cash will need to be kept on hand in the bank account, and forward the balance to the County Treasurer. In addition, we will start tracking commissary profits.

3.3 I concur with your recommendation. We plan to take steps to implement additional controls over fuel use.

4. County Procedures

Controls and procedures over rock and road and bridge fuel usage, county computer controls, and county sales tax reduction calculations need improvement.

4.1 Rock usage

The county does not have adequate procedures to monitor rock usage by the road and bridge department. The county owns and operates a rock quarry for the purpose of maintaining and paving county roads. The county contracts with a local vendor to drill, blast, and stockpile rock, and paid approximately $280,000 for this service during the year ended December 31, 2013.

Road and bridge employees maintain a daily usage log in their work truck detailing the location of work completed and the number of loads of rock used. The road and bridge supervisor and the County Commission review individual logs weekly; however, there are no quarry records to compare the logs against and there are no other controls in place to ensure rock usage is appropriate and accounted for properly. Further, there are no county employees at the quarry to monitor or account for rock removed.

Without adequate controls over rock usage, there is less assurance theft, waste, or misuse of county assets would be detected timely.

4.2 Fuel reconciliation

As noted in our prior audit, the county does not properly monitor fuel use or reconcile fuel billings to fuel use records for the road and bridge department. The road and bridge department maintains 26 vehicles and 22 equipment items and spent approximately $149,000 on fuel for the year ended December 31, 2013. The road and bridge department purchases fuel from local vendors for 2 bulk fuel tanks (one diesel and one unleaded) located at the road and bridge facilities.

The bulk fuel tanks are electronically metered and fuel usage reports are generated showing required information entered by employees when fueling vehicles/equipment. In addition, employees are required to enter an individualized pin number prior to pumping fuel and maintain mileage logs in each vehicle. County officials review the logs for reasonableness of fuel use, but do not reconcile usage per the logs to fuel purchased.

Procedures for reconciling fuel use to fuel purchased are necessary to ensure vehicles and equipment are properly utilized, prevent paying vendors for improper billing amounts, and decrease the risk of loss, theft, or misuse of fuel occurring without detection.

4.3 User passwords

The County Clerk, County Collector, Prosecuting Attorney, Sheriff, Public Administrator, and County Assessor have not established adequate password controls to reduce the risk of unauthorized access to office computers and data. Passwords are required to authenticate access to computer systems for most offices; however, county employees are not required to change passwords periodically to help ensure passwords remain known only to the assigned user and to reduce the risk of a compromised password. In addition, the County Treasurer does not require passwords to log on to that office's computer. Without requiring passwords to access the County Treasurer's computer, there is no assurance that the county's financial information is protected from unauthorized access and use.

The security of a computer is dependent upon requiring passwords and keeping passwords confidential. However, since employees in several offices are not required to change passwords periodically, there is less assurance passwords are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential and changed periodically to reduce the risk of unauthorized access to and use of computers and data.

4.4 Security controls

Security controls are not in place for most county offices to lock a computer after a certain period of inactivity. Inactivity controls are necessary to reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to programs and data files. Without effective security controls, there is an increased risk of

unauthorized access to computers and the improper use, modification, or destruction of data.

4.5 County sales tax

Procedures for calculating property tax levy reductions need improvement. The County Clerk did not maintain documentation of calculations to support levy reductions, and did not properly consider prior year results in his calculations.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. As described in MAR finding number 1, Perry County voters enacted a one-half cent sales tax with a provision to reduce property taxes collected. The county is required to estimate the annual property tax levy to meet the 50 percent reduction requirement and provides for an adjustment for actual sales tax collections of the preceding year that are more or less than the estimate for the preceding year.

The county is required to certify to the State Auditor's office the annual property tax levy including the amount the levy is reduced for sales tax collections, as well as any voluntary reductions, if any. For many years, the county has chosen to set the general revenue property tax levy at .18, which involves a voluntary reduction beyond the required sales tax reduction. The County Clerk calculates the sales tax reduction based on an estimate of sales taxes collected, and the remainder of the reduction needed to reach an .18 property tax levy is reported as a voluntary reduction. The County Clerk did not maintain documentation of calculations used to support the sales tax and voluntary reductions, and did not properly consider prior year levy reduction results when performing his annual calculations

To ensure property tax levies are properly set and property tax rate ceilings are maintained, the County Commission and County Clerk should ensure property tax levy reductions are accurately calculated, reported, and certified. Documentation of calculations and tax rate setting decisions is important to demonstrate compliance with statutory provisions and serve as a reference tool should questions arise.

Recommendations

4.1 The County Commission establish procedures to monitor and account for rock use.

4.2 The County Commission establish procedures to reconcile fuel purchased to fuel used, and promptly investigate any significant discrepancies.

4.3 The County Commission work with county officials to require a unique password for each employee that is confidential and periodically changed to prevent unauthorized access to computer systems and data.

4.4 The County Commission work with county officials to require each employee's computer to have security controls in place to lock the computer after a certain period of inactivity.

4.5 The County Clerk should properly consider prior year levy reduction results when performing annual calculations for property tax reductions (sales tax or voluntary), and maintain documentation of the calculations to support the property tax reductions made.

Auditee's Response

The County Commission provided the following responses:

4.1 The County Commission has implemented procedures and is tracking and accounting for rock usage. In addition, the road and bridge supervisor is reviewing the log of rock usage to the rock spread on county roads.

4.2 The County Commission continuously monitors fuel usage and will develop procedures to track and account for fuel purchases and perform a reconciliation of fuel purchases to fuel usage.

4.3 The County Commission will work with other officials to establish adequate password controls, including establishing and changing passwords periodically.

4.4 The County Commission will work with other officials to adequately lock computer access after a period of inactivity.

The County Clerk provided the following written response:

4.5 The County Clerk maintains that adequate rollbacks were taken each year but not properly classified as to sales tax reduction or voluntary reduction, per this finding. Changes will be made to maintain documentation of the calculations to support all property tax reductions and I will make the incoming County Clerk aware of this issue.

5. Prosecuting Attorney Controls and Procedures

The Prosecuting Attorney does not have controls and procedures in place to ensure court ordered restitution received is timely remitted to victims. The deputy clerk receipts and deposits restitution payments received into the restitution bank account for future disbursement to victims; however, some restitution received has been held for extended time periods. For 4 of 10 cases reviewed, restitution received, totaling $6,185, had not been disbursed as of December 31, 2013. The Prosecuting Attorney's office received payments for restitution on these cases between January 2006 and December 2013 and balances available for disbursement ranged from $933 to $2,381 for each case. The deputy clerk stated the timing of restitution

disbursements is made on a case-by-case basis and disbursements are typically made when either all or a substantial portion of restitution owed has been collected. Further, the Prosecuting Attorney indicated many cases have multiple victims and a substantial portion of restitution must be received before they can make disbursements to each of the victims. As of December 31, 2013, the Prosecuting Attorney held restitution totaling $14,156 relating to 45 cases.

To adequately account for collections and reduce the risk of loss, theft, or misuse of funds, restitution received should be disbursed timely.

Recommendation

The Prosecuting Attorney develop procedures to ensure restitution monies collected are disbursed timely.

Auditee's Response

The Prosecuting Attorney provided the following written response:

Cases are reviewed monthly for payment of restitution; however, a policy for more specific procedures to ensure that restitution monies collected are disbursed in a timely manner will be instituted.

6. Public Administrator Controls and Procedures

Procedures for receipting and depositing monies and reconciling burial plan costs for some wards need improvement. As of December 31, 2013, the Public Administrator had 91 wards with assets totaling $913,000, of which 23 wards' assets included prepaid burial plans totaling $125,500.

6.1 Receipts and deposits

The Public Administrator's office does not issue receipt slips for or maintain a log of monies received, endorse checks upon receipt, or deposit receipts timely. As a result, there is less assurance all monies received are properly accounted for and deposited. The deputy clerk places checks received in the ward's folder until the deposit is prepared, at which time the deputy clerk endorses the checks and enters the amounts into the ward's checkbook register. A cash count performed on June 4, 2014, identified 7 checks totaling $1,238 with dates ranging from May 28 to May 30, 2014. None of the checks had been recorded in the receipt records or restrictively endorsed. In addition, the checks were deposited on June 11, 2014, and June 12, 2014, approximately 2 weeks after issuance. Because the Public Administrator does not maintain adequate receipt records, it is not clear when her office received these checks.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, issue receipt slips for all monies received, enter receipts into the accounting records, and endorse checks upon receipt. In addition, deposit monies timely.

6.2 Burial plan costs

The Public Administrator does not reconcile prepayments made for burial plans to actual funeral expenses subsequently incurred. As a result, the Public Administrator has paid more than actual cost for funeral expenses for at least one ward. The Public Administrator periodically prepays funeral homes for future funeral expenses for some wards and adds to burial plans as funds allow. During a review of a ward's final annual settlement, we noted the amount prepaid for burial expenses exceeded actual costs by $475. At the time of our review in July 2014, the Public Administrator had not requested a statement from the funeral home to compare actual costs to the amount prepaid although the funeral took place in February 2014.

To ensure payments are valid and proper, the Public Administrator should maintain adequate supporting documentation for disbursements paid and ensure amounts prepaid on burial plans do not exceed actual cost.

Recommendations

The Public Administrator:

6.1 Issue prenumbered receipt slips or maintain a log for all monies received, endorse checks upon receipt, and deposit timely.

6.2 Reconcile prepaid burial plans to actual cost and seek reimbursement when appropriate. In addition, the Public Administrator should maintain adequate supporting documentation for disbursements.

Auditee's Response

The Public Administrator provided the following written responses:

6.1 All incoming checks are now logged on the day they arrive and stamped with our deposit stamp. The date they are deposited is also logged on the same sheet. Additionally, checks will be deposited at least weekly.

6.2 Receipts will be kept for each payment made on prepaid burial plans. A final statement for all charges will be obtained from the funeral home after burial and will be reconciled with receipts and payments made.

7. Recorder of Deeds Segregation of Duties

The Recorder of Deeds has not adequately segregated accounting duties and independent reviews of detailed accounting records are not performed. The Recorder of Deeds collects various fees for recording documents such as deeds and marriage licenses. During the year ended December 31, 2013, receipts totaled approximately $179,000.

The deputy clerk receipts monies and prepares the deposit; however, the Recorder of Deeds performs all remaining functions including taking the deposit to the bank, disbursing monies at month-end, preparing bank reconciliations, and comparing the bank balance to end of month reports. An

independent review of detailed accounting records or a comparison of monies received and deposited to the bank statements is not performed.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, and disbursing monies. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of detailed accounting and bank records are essential and should include comparing daily receipt activity to deposits.

Recommendation

The Recorder of Deeds segregate accounting duties or ensure adequate independent or supervisory reviews of detailed accounting and bank records are performed and documented.

Auditee's Response

The Recorder of Deeds provided the following response:

Additional segregation of duties was implemented as of September 2014.

8. Senate Bill 40 Board Closed Meetings

The Senate Bill 40 Board (Board) does not always follow Sunshine Law requirements relating to closed meetings. The Board is responsible for development and operation of services for individuals with developmental disabilities. The Board held 3 closed meetings from January 2013 to January 2014.

- The Board did not cite a specific section of the law as the reason for entering into closed session or document the vote of each member approving to enter into closed session.

- The Board did not make public the results of the votes taken and the final disposition of matters discussed in closed meetings, when required. For example, during the February 15, 2013, closed meeting, the Board approved the renewal of a lease agreement and in the January 17, 2014, closed meeting, a salary increase was approved. These results were not made public in the open meeting minutes or by other means.

Section 610.022, RSMo, provides that the question of holding a closed meeting and the reason for the closed meeting be voted on during open meeting. In addition, Chapter 610.021, RSMo, provides that after a closed meeting, the governmental body must make any votes or decisions public or available to the public, depending on the reason for the meeting.

Recommendation

The Senate Bill 40 Board ensure a roll call vote is taken during open meetings to close any meeting and minutes document the vote of each member and cite the specific reasons for holding the closed meeting. The Senate Bill 40 Board should also ensure votes taken and decisions made in closed meetings are properly made public when required.

Auditee's Response

The Senate Bill 40 Board provided the following written response:

A review of the documentation provided that all votes to enter, decide, or exit closed session were unanimous, so we were fortunate that no information was lost with our former recordkeeping. While not documented on the agendas, the Board always verbally announced the reason for entering closed session. Thank you for bringing to our attention the fact that a roll call vote was not taken when entering, deciding, or exiting closed session meetings. The Board will make it a practice of ensuring this protocol is implemented per the statute.

The Board has understood that after 72 hours the decision was discoverable under the Sunshine Law, should a proper request be made regarding the substance of the closed session meeting. The Board would have complied and provided the requested information. The Board understood the statute section to allow a 3 day time elapse to properly inform the affected employees, but not as a requirement to make public disclosure. The Board has every intention of abiding by Section 610, RSMo, as required. Thank you for your observations; we will implement your suggestions.

Perry County
Organization and Statistical Information

Perry County is a county-organized, third-class county. The county seat is Perryville.

Perry County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 90 full-time employees and 26 part-time employees on December 31, 2013.

In addition, county operations include the Senate Bill 40 Board, Mental Health Board, Youth Board, Senior Citizen Board, Recycling Board, and 911 services. In addition, in conjunction with the City of Perryville, the county operations include maintenance of a community multi-purpose facility.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Carl Lueckel Jr., Presiding Commissioner	$	34,843
Patrick Heaps, Associate Commissioner		32,843
Jim Sutterer, Associate Commissioner		32,843
Sue Oster, Recorder of Deeds		49,763
Randy Taylor, County Clerk		49,763
Thomas L. Hoeh, Prosecuting Attorney		61,154
Gary J. Schaaf, Sheriff		49,570
Veronica J. Hershey, County Treasurer		49,763
Herbert E. Miller, County Coroner		15,176
Tamara M. Tarrillion, Public Administrator		45,000
Rodney J. Richardet, County Collector (1), year ended February 28,	54,901	
Charles Triller, County Assessor, year ended August 31,		49,763
Tim Baer, County Surveyor (2)		

(1) Includes $5,138 of commissions earned for collecting taxes for drainage districts and a levee district.
(2) Compensation on a fee basis.

Financing Arrangements

In November 1996, the county passed a half-cent sales tax effective April 1, 1997, for the purpose of constructing a multi-purpose center. The county entered into a lease agreement on December 1, 1997, with Perry County Multi-Purpose Center Commission, Inc., a not-for-profit corporation. The terms of the agreement provide for the not-for-profit corporation to issue revenue bonds for the purpose of constructing the multi-purpose center and lease the multi-purpose center back to the county for payments totaling the principal and interest due on the outstanding bonds. The bonds in the amount of $8,785,000 were refinanced in June 2005. Bond principal is due annually on May 1 and interest is due semi-annually on May 1 and November 1. The remaining principal outstanding at December 31, 2013, was $3,840,000. Interest remaining to be paid over the life of the agreement totaled $316,854.

A lease-purchase agreement was entered into with the Perry County Multi-Purpose Center Commission, Inc., to lease the road and bridge building and property on April 1, 2006. The terms of the agreement are for the Perry County Multi-Purpose Center Commission to purchase the property and lease it back to the county for payments on the promissory note. Payments are made from the Road and Bridge Fund. The promissory note is scheduled to be paid off in 2026. The remaining principal outstanding at December 31, 2013, was $487,078. Interest remaining to be paid over the life of the agreement totals $215,705.

Thomas A. Schweich

Missouri State Auditor

Shannon County

December 2014

Report No. 2014-136

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Shannon County

Financial Condition and County Sales Tax	The county's Special Road and Bridge (SRB) Fund financial condition has continued to decline over the past several years, and the county's General Revenue (GR) Fund has significant liabilities not reflected in the cash balances. SRB Fund disbursements have generally exceeded receipts and are projected to again exceed receipts in 2014. The county's 2014 GR Fund budget estimated revenues would decrease by about $91,000 while expenditures would increase by about $214,000. As of December 31, 2013, the GR Fund owes the SRB Fund $139,898 for excess administrative transfers and incorrect payment of payroll taxes from the SRB Fund for non-road and bridge employees. In 2013, the county inappropriately transferred $15,797 from the Sheriff's Revolving Fund to the GR Fund. Property tax reductions were not sufficient to offset 50 percent of sales tax monies received by approximately $260,000. The county did not perform sales tax reduction calculations, and therefore, did not have documentation to support property tax levy reductions reported to the State Auditor's office or demonstrate compliance with state law.
County Collector's Controls and Procedures	The County Collector had not prepared annual settlements since taking office March 1, 2007. The County Collector did not routinely prepare monthly lists of liabilities and compare the balance to the reconciled bank balance and, she did not investigate any differences for months for which a comparison was performed. In addition, the County Collector does not maintain a running check register balance. Further, the County Collector did not use the correct withholding rates for current personal property tax collections for the Assessment Fund in November and December 2013, and she found similar errors on the November and December settlements in 2011 and 2012. The County Collector also failed to withhold mailing commissions on current delinquent real estate and personal property taxes, and has not withheld mailing commissions on current delinquent real estate and personal property taxes since she took office in 2007. The total not withheld likely exceeds $5,000.
Property Tax System Controls and Procedures	Access to the property tax system is not adequately restricted. The County Collector and her deputies have access rights in the property tax system, which allows changes to be made to individual tax records throughout the tax year. In addition, the County Clerk does not prepare or verify the accuracy of the current and delinquent tax books prepared by the county's computer programmer.
Sheriff's Controls and Procedures	The office manager's receipting and transmitting procedures are not adequate. Receipts are not always transmitted intact, the numerical sequence of receipt slips is not accounted for properly, and the composition of receipts is not reconciled to the composition of transmittals. Checks and money orders are not restrictively endorsed immediately upon receipt, and transmittals are not made timely. The office manager did not adequately identify Deputy Sheriff Salary Supplementation Fund (DSSSF) fees collected on civil process papers on transmittal reports. Additionally, the

	Sheriff does not deposit inmates' monies, but instead keeps the cash in separate envelopes for each inmate along with his/her personal effects.
County Procedures	The Sheriff authorized $18,285 of unallowable disbursements from the Sheriff's Revolving Fund during 2013. The County Clerk does not maintain overall county property records and none of the county officials or departments perform and submit an annual inventory list. The Sheriff does not require mileage logs to be maintained for some Sheriff's office vehicles. Full-time employees of the Sheriff's office do not prepare timesheets, and the value of personal commuting mileage for using a county-owned vehicle to commute between home and work is not reported on road and bridge employees' W-2 forms as required by Internal Revenue Service guidelines.
Prosecuting Attorney's Controls and Procedures	The Prosecuting Attorney does not provide adequate oversight to ensure all monies received are properly transmitted to victims or fees deposited and disbursed to the County Treasurer. The Prosecuting Attorney's secretary does not prepare monthly bank reconciliations and listings of liabilities, maintain a running check register balance, compare total deposits for the month with the amounts of fees disbursed to the County Treasurer, and has allowed unidentified amounts to accumulate in the bank account. Receipts are not deposited timely, and receipt slips are not issued for court-ordered restitution monies received. The Prosecuting Attorney defers prosecution on certain non-traffic tickets by requiring defendants to make a donation to the county's Law Enforcement Restitution Fund. There is no authority for the Prosecuting Attorney to require a donation to dismiss charges filed on these tickets.
Public Administrator's Annual Settlements	The Public Administrator does not always timely file annual settlements in compliance with state law. In addition, the Probate Divisions does not timely notify the Public Administrator prior to the deadline for the annual settlement or follow up on annual settlements not filed by the required date.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Shannon County
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Management Advisory Report - State Auditor's Findings

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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Shannon County

We have audited certain operations of Shannon County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones and Associates, Certified Public Accountants, was engaged to audit the financial statements of Shannon County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal control, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Shannon County.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Dennis Lockwood, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Shannon Spicer
	Sheila Hohenstreet
	David E. White
	Waleed Atout

1. Financial Condition and County Sales Tax

The county's Special Road and Bridge (SRB) Fund financial condition has continued to decline over the past several years and the county's General Revenue (GR) Fund has significant liabilities not reflected in the cash balances. The county did not prepare sale tax reductions and property tax levy reductions have not been sufficient.

1.1 Financial condition

As indicated in the chart below, the SRB Fund has had declining balances (with the exception of 2012) for the past several years, and the projected balance at December 31, 2014, is estimated to be approximately $12,000. The declining SRB Fund balance was noted in our prior audit of 2009.

While the chart below indicates increasing balances for the GR Fund for the years 2010 through 2013, we project a serious decline by the end of 2014, and we have noted the GR Fund has been in poor financial condition in several prior audits dating back to 1999. The GR Fund balances noted below do not reflect various liabilities totaling over $415,000 at December 31, 2013, as discussed in the following paragraphs and in section 1.2. The following chart reflects ending cash balances of these funds for the last 4 years and the anticipated ending cash balances for 2014, according to the approved county budgets.

Cash Balance, December 31	2014 Budgeted	2013 Actual*	2012 Actual*	2011 Actual	2010 Actual
Special Road and Bridge Fund	$ 12,027	24,525	171,356	153,666	359,698
General Revenue Fund	16,677	250,792	179,604	129,701	47,862

* Amounts agreed to audited financial statements.

SRB Fund disbursements have generally exceeded receipts and are projected to again exceed receipts in 2014. As noted in our prior audit, the county had purchased 12 acres of undeveloped land for $31,657 to be used as a county quarry. The county was unable to obtain a permit to use this land for a quarry. The county still owns the land and there is no current plan for selling it.

Total receipts and disbursements of the GR Fund have remained fairly consistent during the past 4 years. The county's 2014 GR Fund budget estimated revenues would decrease by about $91,000 while expenditures would increase by about $214,000. We noted increased expenditures for elected officials salaries (due to the increase in the county's total assessed valuation), employee salaries, health insurance costs, and for buildings and grounds improvements. The GR Fund cash balances noted above do not reflect the various liabilities discussed in the following paragraphs.

As discussed in our prior audit, the GR Fund owed $202,598 to the SRB Fund for excess administrative transfers and incorrect payment of payroll taxes from the SRB Fund for non-road and bridge employees. As documented in the June 16, 2014, meeting minutes, the County Commission has resolved a portion of this liability by not making the budgeted administrative transfers to the GR Fund from the SRB Fund of $31,350 in both 2009 and 2013. The GR Fund still owes the SRB Fund $139,898 at December 31, 2013.

In 2013, the county inappropriately transferred $15,797 from the Sheriff's Revolving Fund to the GR Fund to cover the budget overruns in the Sheriff's office (see MAR finding number 5.1). The GR Fund should repay $15,797 to the Sheriff's Revolving Fund.

As noted in section 1.2, the county failed to adequately reduce the GR property tax levy and must develop a plan to correct for the $260,000 over collection of property taxes in prior years.

It is essential the County Commission address the situation both in the immediate and long-term future. To improve the financial condition of the county, the County Commission should review disbursements and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of county resources, and attempt to maximize all sources of revenue.

1.2 County sales tax

Property tax reductions were not sufficient to offset 50 percent of sales tax monies received by approximately $260,000 at December 31, 2013. The county did not perform sales tax reduction calculations, and therefore, did not have documentation to support property tax levy reductions reported to the State Auditor's office or demonstrate compliance with state law.

Additional or increased property tax levy reductions will be required in future years to offset this liability. The county has not adopted adequate procedures to monitor or assess the results of the actual property tax reductions. The following table presents the cumulative liability resulting from insufficient reductions.

	Year Ended December 31,			
	2013	2012	2011	2010
Required property tax revenue reduction	$ 112,348	111,978	113,770	117,179
Actual property tax revenue reduction	47,251	44,513	48,710	58,483
Amount not sufficiently reduced	65,097	67,465	65,060	58,696
Prior years under/(over) reduction	194,562	127,097	62,037	3,341
Total insufficient property tax revenue reduction	$ 259,659	194,562	127,097	62,037

The county voters have approved two sales tax ballot proposals (2001 and 1987). The August 1987 sales tax proposal includes a provision to reduce property taxes by 50 percent of sales taxes collected. The county did not perform a sales tax rollback calculation to support the sales tax rollback reported to the State Auditor's office when certifying property tax rates. In addition, county officials were not aware the rollback was insufficient, which of the county's general sales taxes had a statutory rollback requirement, or how to properly calculate the rollback. The County Clerk said the General Revenue tax rate was set at the rate needed to meet the county's financial needs and the difference between the tax rate ceiling and the necessary General Revenue tax rate was reported as the sales tax rollback.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. In August 1987, Shannon County voters approved a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales tax collected. Therefore, the county is required to estimate the annual property tax levy to meet the 50 percent reduction requirement and in the following year calculate any excess property tax collected based upon actual sales tax collection.

Recommendations

The County Commission:

1.1 Closely monitor the county's financial condition and take the necessary steps to improve the financial condition of the General Revenue Fund and the Special Road and Bridge Fund. In addition, the County Commission should repay $15,797 to the Sheriff's Revolving Fund and $139,898 to the Special Road and Bridge Fund from the General Revenue Fund.

1.2 Work with the County Clerk to properly calculate and adequately reduce property tax levies for 50 percent of sales tax revenue, and develop a plan to correct for the accumulation of prior years' insufficient property tax levy reductions.

Auditee's Response

The County Commission provided the following response:

1.1 The County Commission will work on developing a plan to repay those funds and to improve the financial condition of the General Revenue Fund and the Special Road and Bridge Fund.

The County Commission and the County Clerk provided the following response.

1.2 The County Clerk has properly calculated the 2014 sales tax rollback. The County Commission will work on developing a plan to correct for past over collections.

2. County Collector's Controls and Procedures

Weaknesses exist in the County Collector's accounting controls and procedures. The County Collector's office processed transactions totaling approximately $3.1 million for the year ended February 28, 2014.

2.1 Annual settlements

The County Collector had not prepared annual settlements since taking office in March 2007. The County Collector indicated she did not understand how to prepare the annual settlement. Our audit staff provided her guidance on compiling the necessary information and preparing an annual settlement. Subsequently, the County Collector filed an annual settlement for the year ended February 28, 2014, with the County Clerk on July 28, 2014.

Because the County Collector did not file annual settlements, the County Clerk was unable to ensure taxes charged and credited to the County Collector each year were accounted for properly and the County Clerk and County Commission were unable to verify the County Collector's annual settlements. For related comments, see MAR finding number 3.

Section 139.160, RSMo, requires the County Collector to annually settle with the County Commission the accounts of all monies received from taxes and other sources. To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is imperative the County Collector file annual settlements timely. Section 139.190, RSMo, requires the County Commission to carefully and fully examine the annual settlement of the County Collector and for the County Clerk to certify the amounts to the state.

2.2 Liabilities

The County Collector did not routinely prepare monthly lists of liabilities and compare the balance to the reconciled bank balance. In addition, when the County Collector did prepare lists of liabilities, she made no attempt to investigate differences between total liabilities and the reconciled bank balance.

For the year ended February 28, 2014, there were reconciliations documented for December, January, and February only. In addition, a

running check register balance is not maintained for the bank account. The County Collector prepared a list of liabilities as of February 28, 2014, totaling $138,039, which included February taxes to be distributed and surtax distributed annually. At this date, the reconciled bank balance totaled $142,022, exceeding identified liabilities by $3,983. However, the County Collector understated the surtax amount included in her list of liabilities by $1,039 due to an error when recording the April 2013 surtax amount on her surtax worksheet. This amount remains in the bank account as the annual surtax distribution was based on the surtax worksheet. After adjusting for this error, the County Collector held unidentified monies totaling $2,944 as of February 28, 2014.

Maintaining running check register balances and performing monthly bank reconciliations helps ensure records are accurate and increases the likelihood errors will be identified. Regular identification and comparison of liabilities to the reconciled bank balance, is necessary to ensure records are in balance and monies are available to satisfy all liabilities. Differences must be adequately investigated and explained. Applicable state laws address the disposition of unidentified monies.

2.3 Assessment withholdings

The County Collector did not use the correct withholding rates for current personal property tax collections for the Assessment Fund, and as a result, $1,867 is due to the Assessment Fund for the period November and December 2013. The County Collector reviewed the monthly settlements for prior years and found similar errors totaling $3,202 on the November and December settlements in 2011 and 2012.

Withholdings on tax collections for the Assessment Fund should have been at the rate of 1.7 percent; however, the County Collector used a rate of 1.45 percent. In addition, the County Collector made no withholdings from collections for the hospital district.

Section 137.720.1, RSMo, requires a one percent commission on ad valorem property tax collections allocable to each taxing authority be deducted from the collections of taxes each year and deposited into the assessment fund of the county. Section 137.720.3, RSMo, requires an additional one-half percent commission, but limits the amount deducted to $75,000. An additional one-fifth of one percent is allowed per Section 137.082, RSMo.

Adequate monitoring and proper calculation of Assessment Fund withholdings is necessary to ensure compliance with statutory provisions.

2.4 Commissions

The County Collector failed to withhold mailing commissions of approximately $810 on current delinquent real estate and personal property taxes for the period January 1, 2014, through February 28, 2014. The

County Collector indicated she has not withheld mailing commissions on current delinquent real estate and personal property taxes since she took office in 2007. Given this date and amount not withheld for the year ended February 28, 2014, the total mailing commissions not withheld likely exceeds $5,000.

Section 52.250, RSMo, provides for a one-half of one percent mailing commission on all current taxes collected, except railroad and utility tax collections, to be paid to the county's General Revenue Fund.

Similar conditions previously reported

Similar conditions to sections 2.1 and 2.2 were noted in our prior audit report.

Recommendations

The County Collector:

2.1 Prepare and file annual settlements timely. In addition, the County Commission should ensure the annual settlements are filed timely and are carefully and fully examined to ensure the tax book charges and credits are accurately reported.

2.2 Maintain a running book balance, prepare monthly lists of liabilities, reconcile the lists to the reconciled bank balance, and promptly investigate any differences. In addition, the County Collector should disburse the undistributed $1,039 surtax to the taxing districts and unidentified monies in accordance with state laws.

2.3 Review Assessment Fund withholdings for past years, calculate the amount owed by each taxing district, withhold amounts from future tax collections and disburse amounts under withheld to the Assessment Fund.

2.4 Ensure commissions calculations comply with statutory provisions. The County Collector should review commissions on current delinquent real estate and personal property tax collections for past years, and calculate the amount owed by each taxing district.

Auditee's Response

The County Collector provided the following responses:

2.1 The County Collector will continue to prepare and file annual settlements and will do so in a timely manner.

2.2 This recommendation has been implemented. The $1,039 of surtax was disbursed on the July 2014 monthly settlement. The County Collector intends to go back and investigate the remaining unidentified differences as time permits.

2.3 The County Collector has reviewed the Assessment Fund withholdings and identified the amounts to be withheld from each taxing district. The amounts will be withheld from the November 2014 monthly settlement and turned over to the Assessment Fund in December.

2.4 For the current delinquent taxes collected in 2015 and future years, the correct commissions will be withheld. The County Collector will go back and review prior years commissions and calculate the amounts owed by each taxing district.

The County Commission and the County Clerk provided the following response:

2.1 The County Commission will work with the County Clerk and the County Collector to ensure annual settlements are filed timely. In addition, the County Clerk will ensure tax book charges and credits are accurately reported as she did for the annual settlement in July 2014.

3. Property Tax System Controls and Procedures

Controls and procedures over the property tax system need improvement. As a result of the significant control weaknesses identified, there is less assurance property tax monies have been accounted for properly.

3.1 Computer access

Access to the property tax system is not adequately restricted. The County Collector and her deputies have access rights in the property tax system, which allows changes to be made to individual tax records throughout the tax year. Because the County Collector and her deputies are responsible for collecting tax monies, good internal controls require they not have system access rights allowing the alteration or deletion of tax rates, assessed values, and property tax information.

Without adequate computer access restrictions, there is an increased risk of loss, theft, misuse, and errors occurring and going undetected. In addition, due to the lack of oversight of the County Collector's office activities (as explained in the following section), any erroneous or improper changes made in the system by the County Collector could go undetected.

3.2 Tax books

The County Clerk does not prepare or verify the accuracy of the current and delinquent tax books prepared by the county's computer programmer. The County Clerk verifies some individual entries in the current tax book, but does not recalculate the tax book totals and charges. A review of the tax books should include verification of individual entries in the tax books and recalculating tax book totals and charges.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and delinquent tax books and charge the County Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, she should implement procedures to verify the accuracy of the tax books and document approval of the tax book amount to be charged to the County Collector. Failure to prepare and review the tax books may result in errors, irregularities, or misuse going undetected. In addition as discussed in MAR finding number 2, accurate tax books are necessary to verify the County Collector's annual settlements.

Recommendations

3.1 The County Commission ensure property tax system access rights are limited to only what is needed for users to perform their job duties and responsibilities.

3.2 The County Clerk prepare the current and delinquent tax books, or at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts to be collected. Procedures performed should be adequately documented.

Auditee's Response

The County Commission provided the following response:

3.1 The County has implemented a new software system that appropriately limits computer access.

The County Clerk provided the following response:

3.2 The County Clerk will verify the accuracy of the tax books and will maintain documentation of the procedures performed.

4. Sheriff's Controls and Procedures

Accounting controls and procedures need improvement. Sheriff's office records indicate the office processed receipts of approximately $63,000 during the year ended December 31, 2013.

4.1 Receipts

The office manager's receipting and transmitting procedures are not adequate. The office manager issues receipt slips, accumulates monies for transmittal, and prepares transmittal reports. Monies are transmitted to the Crime Victim Advocate who makes deposits, prepares checks, reconciles the bank account and prepares the report of fees for the County Treasurer.

- Receipts are not always transmitted intact. Civil paper services fees are receipted immediately, but maintained on hand in the Sheriff's office until papers are served.

- The numerical sequence of receipt slips is not accounted for properly on the transmittal reports and the composition of receipts (cash, check, or money order) is not reconciled to the composition of transmittals.

- Checks and money orders are not restrictively endorsed immediately upon receipt, but are endorsed when transmittals are prepared.

- Transmittals are not made timely. Transmittals are made on average twice a month. For monies received during August 2013, office personnel made transmittals on August 14 for $1,199, August 19 for $480, and September 6, 2013, for $645 and deposited monies on the day transmitted.

Proper receipting and timely transmitting procedures are necessary to reduce the risk of loss, theft, or misuse of monies received.

4.2 Deputy Sheriff Salary Supplementation Fund fees

The office manager did not adequately identify Deputy Sheriff Salary Supplementation Fund (DSSSF) fees collected on civil process papers on transmittal reports. As a result, the fees were not properly reported to the County Treasurer and monies were not disbursed as required by state law.

During our review of civil paper service fees collected during the year ended December 31, 2013, we identified approximately 161 civil paper fees received and deposited, for which $1,610 ($10 for each service) should have been disbursed to the County Treasurer as DSSSF fees. However, because the office manager did not identify the breakdown of the fees on transmittal reports to the Crime Victim Advocate, the Crime Victim Advocate identified all amounts received for civil paper service as civil fees on the report she prepared for the County Treasurer. As a result, the County Treasurer deposited these fees into the Sheriff Civil Fees Fund and did not disburse them to the State Treasurer in compliance with state law. The Sheriff indicated all DSSSF fees collected since implementation of the fee in 2008 were deposited into the Sheriff Civil Fees Fund.

Effective August 28, 2008, Section 57.280.4, RSMo, provides the sheriff shall receive $10 for service of any civil summons, writ, subpoena, or other order of the court. These monies shall be paid into the county treasury and the county treasurer shall make such monies payable to the state treasurer who shall deposit them into the DSSSF created under Section 57.278, RSMo. The Sheriff's office increased the fee for civil process paper service in compliance with this law.

4.3 Inmate monies

The Sheriff does not deposit inmates' monies, but rather keeps the cash in separate envelopes for each inmate along with his/her personal effects. The monies an inmate has at the time he/she arrives at the jail are recorded on an arrest and booking property receipt form. Any additional monies received on behalf of the inmate are recorded on the outside of the envelope but no receipt slip is issued. Prisoner monies can only be used for phone card purchases and a receipt slip is issued for these purchases. The cash remaining in the envelope is returned to the inmate upon release and the

inmate and officer both sign in the property returned section at the bottom of the arrest and booking property receipt form. The envelopes are given to inmates when they are released and a copy is not retained.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, the Sheriff should establish alternative procedures for maintaining inmate monies and ensure receipt slips are issued for all monies received and a record documenting each inmate's balance, receipts, and disbursements is maintained.

Recommendations

The Sheriff:

4.1 Ensure receipts are transmitted intact and timely, the numerical sequence of receipt slips is accounted for properly, the composition of receipts is reconciled to the composition of transmittals and deposits, and checks and money orders are restrictively endorsed immediately upon receipt.

4.2 Work with the County Treasurer to identify DSSSF fees deposited into the Sheriff Civil Fees Fund and distribute funds in compliance with state law.

4.3 Deposit all inmate monies in an official bank account and maintain records indicating balances, receipts, and disbursements by inmate. These records should be reconciled monthly to the bank account balance. In addition, issue prenumbered receipt slips for all monies received from or on behalf of inmates.

Auditee's Response

The Sheriff provided the following responses:

4.1 The Sheriff will make sure these things are done.

4.2 The Sheriff is currently working with the County Treasurer to identify the DSSSF fees collected and plans on distributing the monies to the state in compliance with state law.

4.3 The Sheriff will implement this recommendation.

5. County Procedures

Disbursements from the Sheriff's Revolving Fund were not always appropriate. Procedures related to capital assets, fuel usage, and payroll need improvement.

5.1 Sheriff's Revolving Fund

The Sheriff authorized $18,285 of unallowable disbursements from the Sheriff's Revolving Fund during 2013 out of disbursements totaling $19,127. None of these purchases and/or transfers were related to the issuance of concealed carry weapon permits as required by state law. The

unallowable disbursements were for computers and computer accessories totaling $1,488, a desk phone for $127, labor arbitration training costing $364, shirts for $92, supplies for $77, a meal for $13, a $15,797 transfer to the General Revenue Fund, and a $327 transfer to the Crime Victim Advocate Fund.

Per Section 50.535, RSMo, Sheriff's Revolving Fund monies are to be used for the purchase of equipment, to provide training, and to make necessary expenditures to process applications for concealed carry endorsements or renewals, including but not limited to the purchase of equipment, training, fingerprinting, background checks, and employment of additional personnel.

5.2 Capital assets

The County Clerk does not maintain overall county property records. The county only maintains records of road and bridge and Sheriff department vehicles and equipment and some Local Emergency Planning Committee equipment. None of the county officials or departments perform and submit an annual inventory list. Neither the County Clerk nor other county officials track property purchases and dispositions of assets throughout the year or performed annual physical inventories. In addition, property is not tagged, identifying it as county property.

Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Procedures to track property purchases and dispositions throughout the year, along with periodic physical inventories and comparisons of the results to overall county property records are necessary to evaluate the accuracy of the records, and deter and detect theft. Proper tagging of county property items is necessary to facilitate the record-keeping process. Section 49.093, RSMo, requires third and fourth class counties to account for personal property costing $1,000 or more, assigns responsibilities to the officer or applicable designee of each county department, and describes details to be provided in the inventory records.

5.3 Fuel use and purchases

The Sheriff does not require mileage logs to be maintained for some Sheriff's office vehicles. Logs maintained were not submitted for review and reconciliation of fuel usage to fuel purchases. Fuel is purchased for vehicles with fuel cards from a local vendor. Accounting records indicate office personnel purchased approximately $19,600 of fuel during the year ended December 31, 2013.

Procedures for reviewing fuel use and reconciling use to fuel purchased are necessary to ensure the reasonableness and propriety of fuel use and disbursements. Also, mileage and fuel logs are necessary to document the appropriate use of vehicles and to support fuel charges. Failure to account for fuel purchases could result in loss, theft, and misuse going undetected.

5.4 Timesheets

Full-time employees of the Sheriff's office do not prepare timesheets. As a result, the county cannot substantiate compliance with Fair Labor Standards Act of 1938 (FLSA) requirements for these employees.

Detailed timesheets would document hours actually worked, provide information necessary to monitor tasks performed, and are beneficial in demonstrating compliance with the county personnel policy and FLSA requirements.

5.5 Commuting mileage

The value of personal commuting mileage for using a county-owned vehicle to commute between home and work is not reported on road and bridge employees' W-2 forms as required by Internal Revenue Service (IRS) guidelines. According to county officials, because of the large geographic area of the county, road and bridge worksites in many instances are closer to employees' homes than to the two county road sheds. The road and bridge employees are not required to maintain mileage logs showing business and personal use.

IRS reporting guidelines indicate personal and commuting mileage are a reportable fringe benefit and require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs that distinguish between business and personal use. Additionally, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

Similar conditions previously reported

Similar conditions to sections 5.2, and 5.4 were noted in our 3 prior audit reports and similar conditions to sections 5.3 and 5.5 were noted in our 2 prior audit reports.

Recommendations

The County Commission:

5.1 And the Sheriff use Sheriff's Revolving Fund monies in accordance with state law. In addition, the County Commission should authorize the transfer of $327 from the Crime Victim Advocate Fund to the Sheriff's Revolving Fund.

5.2 And the County Clerk work with other county officials to ensure complete and accurate inventory records are maintained, purchases and dispositions of assets are tracked, annual physical inventories are conducted, and assets are tagged as county property.

5.3 Require fuel use logs be maintained for all county-owned vehicles, and ensure these logs are reviewed for accuracy and reconciled to fuel purchases. Any significant discrepancies should be investigated.

5.4 Require all employees to prepare and submit timesheets to the County Clerk's office.

5.5 Comply with IRS guidelines for reporting fringe benefits related to commuting miles and require mileage logs that distinguish between business and commuting use.

Auditee's Response

The County Commission provided the following responses:

5.1 The County Commission will discuss with the Sheriff how to implement this recommendation. We will authorize the transfer from the Crime Victim Advocate Fund to the Sheriff's Revolving Fund.

5.2 The County Commission will implement this recommendation.

5.3 The County Commission will work with the Sheriff to implement this recommendation.

5.4 The County Commission will implement this recommendation.

5.5 The County Commission will require each employee who drives a county vehicle to sign a memo acknowledging the vehicle is to be used for official county business only.

The Sheriff provided the following response:

5.1 The Sheriff will implement this recommendation.

The County Clerk provided the following response:

5.2 The County Clerk will implement this recommendation.

6. Prosecuting Attorney's Controls and Procedures

Accounting duties are not adequately segregated and supervisory reviews are not performed. Bank reconciliation, and depositing and receipting procedures are not adequate. The Prosecuting Attorney's practices related to deferred prosecution are not authorized under state law. The Prosecuting Attorney's office collected approximately $17,000 in restitution payments and $4,800 in fees during the year ended December 31, 2013. The office only accepts money orders. Restitution payment money orders are generally transmitted directly to the victim. Fees are deposited into the Prosecuting Attorney's bank account.

6.1 Segregation of duties

The Prosecuting Attorney does not provide adequate oversight to ensure all monies received are properly transmitted to victims or fees deposited and disbursed to the County Treasurer. The Prosecuting Attorney's secretary is responsible for the duties of receipting, recording, depositing bad check

fees, preparing checks, and transmitting monies received for bad checks and court-ordered restitution.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, the Prosecuting Attorney should implement and document a supervisory review of accounting records.

6.2 Bank reconciliations

The Prosecuting Attorney's secretary does not prepare monthly bank reconciliations and listings of liabilities and unidentified amounts have accumulated in the bank account. In addition, a running check register balance is not maintained for the bank account. The Prosecuting Attorney's secretary indicated all monies received are disbursed at the end of the month and the bank account should zero out; however, it does not because she does not have procedures in place to ensure this happens. She does not compare total deposits for the month with the amounts of fees being disbursed to the County Treasurer and at December 31, 2013, the bank account had an unidentified balance of $2,799. Our prior report noted an unidentified balance of $1,345 at December 31, 2009. We scanned bank statements and identified $1,575 in restitution had been deposited into the bank account in February 2011 since the money order had been made payable to the office instead of the victim; but, a check had never been issued to disburse the monies to the victim.

Maintaining running check register balances and performing monthly bank reconciliations helps ensure records are accurate and increases the likelihood errors will be identified. Regular identification and comparison of liabilities to the reconciled cash balance, is necessary to ensure records are in balance and monies are available to satisfy all liabilities. Differences must be adequately investigated and explained. Various statutory provisions provide for the disposition of unidentified monies.

6.3 Deposits

Fees are not deposited timely. Deposits are normally made once a month and averaged approximately $400. The office only accepts money orders.

Failure to implement adequate depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected. Proper depositing procedures are necessary to ensure all receipts are handled and accounted for properly.

6.4 Receipting

Receipt slips are not issued for court-ordered restitution monies received. Manual receipt slips are only issued for bad check restitution and fees monies. Failure to implement adequate receipting procedures increases the risk that loss, theft, or misuse of monies received will go undetected.

6.5 Deferred prosecution

The Prosecuting Attorney defers prosecution on certain non-traffic tickets by requiring defendants to make a donation (up to $300) to the county's Law Enforcement Restitution Fund. Once the agreed upon amount has been paid by the defendant to the fund, the Prosecuting Attorney dismisses the case. During the year ended December 31, 2013, the Prosecuting Attorney deferred prosecution on 58 cases and collected $14,350 in donations to the Law Enforcement Restitution Fund for these cases.

There is no authority for the Prosecuting Attorney to require a donation to dismiss charges filed on these tickets. Section 50.565, RSMo, provides for the deposit of certain assessments and payments into the county law enforcement restitution fund, however, this statute relates to a court ordering an assessment after a plea or finding of guilt.

Similar conditions previously reported

Similar conditions to sections 6.1 and 6.2 were noted in our 2 prior audit reports and a similar condition to section 6.3 was noted in our 3 prior audit reports.

Recommendations

The Prosecuting Attorney:

6.1 Ensure periodic supervisory reviews of accounting records are performed and documented.

6.2 Ensure running balances in the check register are maintained, and monthly bank reconciliations are performed and reconciled to lists of liabilities. In addition, the Prosecuting Attorney should disburse $1,575 of restitution monies held in error to the appropriate party. Any differences between accounting records and reconciliations should be investigated and resolved. After sufficient efforts are made to resolve differences, any remaining unidentified monies should be disposed of in accordance with state law.

6.3 Ensure receipts are deposited timely.

6.4 Require issuance of receipt slips for all monies received.

6.5 Reevaluate the practice of requiring donations to the Law Enforcement Restitution Fund to defer prosecution.

Auditee's Response

The Prosecuting Attorney provided the following responses:

6.1 We will attempt to segregate duties but, as a two person office, this is difficult to do. But we will attempt to incorporate your recommendation.

6.2 We will ensure running balances in the check register are maintained, and monthly bank reconciliations are performed and reconciled to lists of liabilities. Our bank account had an excess amount in it when I took office. The large restitution amount ($1,575) is from a victim who had already been compensated by the victim's credit card company. That amount will be distributed to the merchants who were also victims and the remaining amounts will be sent to the office for unclaimed property.

6.3 We will make deposits weekly as long as we have a deposit to make.

6.4 We send letters to people paying restitution and also to the person receiving restitution. We have already began issuing receipts for restitution.

6.5 I disagree with this finding. First, we do not accept "donations" in exchange for dismissals. We use this as a tool for punishment and place defendants basically on unsupervised probation with a contribution to the fund. We require these payments as a condition of the agreement so that defendants receive some type of punishment without losing any financial aid they might be receiving nor losing their license if they have no prior offenses. I do not believe the statute precludes our collection under the circumstances in which we do so.

Auditor's Comment

6.5 Political subdivisions of the state may only do those things specifically authorized by law. This is especially true of counties. Article VI, Section 7, Missouri Constitution requires county business to be managed as prescribed by law. The General Assembly authorized county commissions to establish a county law enforcement restitution fund when it enacted Section 50.565, RSMo. However, as it is with all funds created by the General Assembly, the only monies that can go into that fund are those specifically prescribed by the law. "Donations" to the fund are not authorized.

7. Public Administrator's Annual Settlements

The Public Administrator does not always timely file annual settlements in compliance with state law. In addition, the Associate Circuit Court, Probate Division does not timely notify the Public Administrator prior to the deadline for the annual settlement or follow up on annual settlements not filed by the required date.

We reviewed the 11 cases managed during the year ended December 31, 2013, by the current Public Administrator who took office January 2013. We noted 6 of 11 cases had an annual settlement due during January through April of 2014, but none of these settlements had been filed as of July 31, 2014. The Public Administrator indicated she thought she only had

to prepare annual settlements on cases when notified by the Associate Circuit Court, Probate Division until she learned about the annual statutory requirement at a training session in early 2014.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate. In addition, while Sections 473.557 and 475.280, RSMo, require the clerk of the court to notify the conservator or guardian (Public Administrator) of the deadline for the annual settlement, these sections do not excuse the Public Administrator from making the settlement at the time required by law. Timely settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that errors or misuse of funds will go undetected.

Recommendation

The Public Administrator ensure annual settlements are timely filed. In addition, the Associate Circuit Court, Probate Division should notify the Public Administrator of annual settlement deadlines timely and follow up on those settlements which are not filed by the required date.

Auditee's Response

The Public Administrator provided the following response:

I have implemented procedures to ensure annual settlements are filed timely.

The Associate Circuit Judge provided the following written response:

I will direct the Probate Clerk to send timely notices to the Public Administrator regarding filing annual settlements.

Shannon County
Organization and Statistical Information

Shannon County is a county-organized, third-class county. The county seat is Eminence.

Shannon County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 30 full-time employees and 12 part-time employees on December 31, 2013.

In addition, county operations include the Senate Bill 40 Board and the Senior Citizens' Service Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2014	2013
Jeff Cowen, Presiding Commissioner	$	22,064
Dale Counts, Associate Commissioner		20,064
Herman Kelly, Associate Commissioner		20,064
Melany Williams, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Shelly McAfee, County Clerk		30,400
Jodie R. Brumble, Prosecuting Attorney		37,050
Steven Blunkall, Sheriff		36,100
Michelle Shedd, County Treasurer		30,400
Tim Denton, County Coroner		8,550
Linda Wolff-Brewer, Public Administrator		15,000
Susie Needels, County Collector (2), year ended February 28,	31,489	
Summer J. Crider, County Assessor, year ended August 31,		30,400

(1) Compensation is paid by the state.
(2) Includes $773 of commissions earned for collecting city property taxes.

Financing Arrangements

The county entered into capital leases for 2 pieces of road and bridge equipment and a maintenance shed. Principal and interest payments are made from the Special Road and Bridge Fund. The final payment on the lease purchase agreements is scheduled for October 2017. The total

remaining principal outstanding at December 31, 2013, was $115,407. Interest remaining to be paid over the life of the agreements totals $8,078.

Thomas A. Schweich

Missouri State Auditor

INSURANCE, FINANCIAL INSTITUTIONS, AND PROFESSIONAL REGISTRATION

Division of Professional Registration

State Board of Accountancy

December 2014

Report No. 2014-137

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Division of Professional Registration, State Board of Accountancy

License Fees	The Board did not document the vote and outcome of the vote for its approval of a $10 decrease in initial and renewal fees charged, so there is no assurance the fee change was approved by the majority of the Board.
Closed Meetings	The Board did not motion to close, cite the reasons for closing, or document the vote of each member to close 10 of the 13 closed Board meetings held during the 2 years ended June 30, 2014, and several committee meeting minutes did not cite the specific reasons for closing the meeting. In addition, the Board did not limit discussions in closed meetings to the reasons cited in the open meetings.

In the areas audited, the overall performance of this entity was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Division of Professional Registration
State Board of Accountancy
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
John M. Huff, Director
Department of Insurance, Financial Institutions, and Professional Registration
and
Jane A. Rackers, Director
Division of Professional Registration
and
State Board of Accountancy
Jefferson City, Missouri

We have audited certain operations of the Department of Insurance, Financial Institutions, and Professional Registration, Division of Professional Registration, State Board of Accountancy, in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2014 and 2013. The objectives of our audit were to:

1. Evaluate the board's internal controls over significant management and financial functions.

2. Evaluate the board's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the Board, and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the board's management and was not subjected to the procedures applied in our audit of the board.

For the areas audited, we identified (1) no significant deficiencies in internal control, (2) noncompliance with legal provisions, and (3) no significant deficiencies in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Insurance, Financial Institutions, and Professional Registration, Division of Professional Registration, State Board of Accountancy.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Keriann Wright, MBA, CPA
In-Charge Auditor:	Joyce Thomson
Audit Staff:	Nicholas Schafer, MBA

Division of Professional Registration
State Board of Accountancy
Management Advisory Report - State Auditor's Findings

1. License Fees

The State Board of Accountancy (Board) did not document its approval of a $10 decrease in initial and renewal fees charged for individual licensing of certified public accountants. The Executive Director indicated the Board approved the fee change during the August 17, 2012 Board meeting; however, meeting minutes only indicate a motion was made and the outcome of the vote was not documented. As a result, there is no assurance the fee change was approved by the majority of the Board.

Section 326.286.2, RSMo, requires application and renewal fees be determined by the Board by rule.

Recommendation

The State Board of Accountancy ensure fee changes are approved and documented in the Board meeting minutes.

Auditee's Response

The Missouri State Board of Accountancy agrees with this finding and recommendation.

2. Closed Meetings

The Board did not always comply with the Sunshine Law for closed meetings. The Board held 13 closed meetings and various closed committee meetings during the 2 years ended June 30, 2014.

The Board did not motion to close, cite the reasons for closing, or document the vote of each member to close 10 of the 13 closed Board meetings held, and several committee meeting minutes did not cite the specific reasons for closing the meeting. In addition, the Board did not limit discussion in closed meeting minutes to the reasons cited in the open meeting. For example, the January 22, 2013, open meeting minutes indicate the reason for closing the meeting was to discuss complaints, investigations, and disciplinary action; however, the Board also discussed applications, continuing professional education audits, and an exam issue.

Section 610.022, RSMo, provides that the public governmental body planning to hold a closed meeting should follow the notice procedures for an open meeting and include there will be a closed meeting and cite the specific provision of the law that allows the meeting to be closed. Before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on during open meeting. A record of the vote of each member should be documented. In addition, public governmental bodies shall not discuss any business during a closed meeting that does not directly relate to the specific reasons announced to justify such meeting.

Recommendation

The State Board of Accountancy comply with state law before closing a meeting and limit issues discussed in closed meetings to only those specific reasons cited to justify the closed meeting.

Auditee's Response

The Missouri State Board of Accountancy remains committed to compliance with the Sunshine Law. The Board will continue our ongoing efforts to ensure that its meeting minutes are well documented.

Division of Professional Registration
State Board of Accountancy
Organization and Statistical Information

The State Board of Accountancy was established in 1909 under Senate Bill 112 by an act of the 44th Missouri General Assembly. By Executive Order 06-04, the division moved from the Department of Economic Development to the reorganized Department of Insurance, Financial Institutions, and Professional Registration on August 28, 2006.

The Board is responsible for the examining, licensing, and regulation of certified public accountants, and licensing and regulation of certified public accounting firms. At June 30, 2014, there were approximately 12,855 licensed certified public accountants and firms. An individual license fee was $65 with a biennial renewal fee of $80, and a certified public accounting firm permit fee was $90 annually.

The Board consists of seven members, with six members possessing a license to practice in the state of Missouri and one voting public member. Board members are appointed by the Governor with the advice and consent of the senate and serve a term of 5 years. Members serve no more than 2 consecutive terms, or 11 years, except that members whose terms expire may continue to serve until a replacement is appointed. The Board members at June 30, 2014, were:

Member	Term Expires
Robert Helm, President	July 1, 2016
Ryan Cook, Vice-President	July 1, 2015
James Mintert, Treasurer	July 1, 2016
Jeanne Dee, Secretary	July 1, 2013
John Sheehan, Member	July 1, 2017
Sandra Wedewer, Member	July 1, 2018
Travis Ford, Public Member	July 1, 2017

Board members receive a $70 per diem compensation and expenses while performing their duties. The Board appoints an executive director to perform the administrative duties of the Board. Thomas DeGroodt serves as Executive Director. Seven other employees perform administrative duties and responsibilities.

Appendix A

Division of Professional Registration
State Board of Accountancy
Board of Accountancy Fund
Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments

	Year Ended June 30,	
	2014	2013
RECEIPTS		
Professional license or permit fees	$ 577,040	628,265
Penalties	33,085	41,775
Other fees	16,090	21,580
Overpayments	2,710	3,229
Total Receipts	628,925	694,849
DISBURSEMENTS		
Personal services	263,666	251,075
Employee fringe benefits	113,264	114,342
Expense and equipment	149,658	147,465
Licensure replacement system expense and equipment	47,700	0
State Central Services cost allocation	6,202	7,579
Total Disbursements	580,490	520,461
RECEIPTS OVER (UNDER) DISBURSEMENTS	48,435	174,388
TRANSFERS		
To Professional Registration Fees Fund (1)	141,565	117,472
To General Revenue Fund (2)	2,777	1,664
Total Transfers	144,342	119,136
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	(95,907)	55,252
CASH AND INVESTMENTS, JULY 1	2,336,719	2,281,467
CASH AND INVESTMENTS, JUNE 30	$ 2,240,812	2,336,719

(1) For reimbursement of personal services, employee benefits, and operating expenses paid from the Professional Registration Fees Fund.
(2) For reimbursement of services provided by the Administrative Hearing Commission and the Attorney General's office paid from the General Revenue Fund.

Appendix B

Division of Professional Registration
State Board of Accountancy
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2014			2013		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
BOARD OF ACCOUNTANCY FUND						
Personal service	$ 284,857	263,666	21,191	282,933	251,075	31,858
Expense and equipment	171,991	149,658	22,333	177,972	147,465	30,507
For a Professional Registration licensure system replacement from Professional Registration board funds	47,700	47,700	0	0	0	0
Total Board of Accountancy Fund	$ 504,548	461,024	43,524	460,905	398,540	62,365

Appendix C

Division of Professional Registration
State Board of Accountancy
Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2014	2013	2012	2011	2010
Salaries and wages	$ 263,666	251,075	274,060	273,800	264,217
Travel, in-state	11,788	9,606	13,200	11,864	14,483
Travel, out-of-state	546	2,915	1,719	0	4,592
Supplies	17,438	16,706	17,193	15,721	21,711
Professional development	11,607	8,873	8,886	8,392	8,282
Communication services and supplies	3,037	3,317	3,787	4,227	4,142
Services					
Professional	146,217	95,703	113,756	103,616	104,712
Maintenance and repair	702	1,014	317	2,759	2,743
Office equipment	523	4,553	476	2,718	742
Miscellaneous expenses	5,500	4,778	3,283	5,378	6,276
Total Expenditures	$ 461,024	398,540	436,677	428,475	431,900

Thomas A. Schweich

Missouri State Auditor

Summary of 2014 Follow-Up Reports

December 2014

Report No. 2014-138

http://auditor.mo.gov

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THOMAS A. SCHWEICH
Missouri State Auditor

The Citizens of Missouri

This report was compiled from follow-up reports issued in 2014. The State Auditor's office conducted 21 follow-up reviews pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the auditee about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Auditors conduct follow-up work for any audit receiving an overall "Poor" rating, significant or serious findings in audits receiving a "Fair" rating when determined necessary, and any other audits at the discretion of the State Auditor.

Of 296 recommendations included in the follow-up reports 134 had a status of implemented, 107 had a status of in progress, 28 had a status of partially implemented, and 27 had a status of not implemented.

Thomas A. Schweich
State Auditor

Summary of 2014 Follow-Up Reports
Status of Recommendations

1.	St. Louis Public School District Report number 2014-010	The St. Louis Public School District received a "Fair" overall audit rating. The follow-up report focused on 18 recommendations. Status determined: Implemented 5 In Progress 12 Partially Implemented 1
2.	Cooper County Report number 2014-015	Cooper County received a "Fair" overall audit rating. The follow-up report focused on 1 recommendation. Status determined: Implemented 1
3.	City of Marshfield Report number 2014-016	The City of Marshfield received a "Poor" overall audit rating. The follow-up report focused on 16 recommendations. Status determined: Implemented 6 In Progress 10
4.	Thirteenth Judicial Circuit Callaway County Report number 2014-020	The Thirteenth Judicial Circuit, Callaway County received a "Poor" overall audit rating. The follow-up report focused on 8 recommendations. Status determined: Implemented 4 In Progress 3 Partially Implemented 1
5.	City of Buckner Report number 2014-025	The City of Buckner received a "Poor" overall audit rating. The follow-up report focused on 17 recommendations. Status determined: Implemented 5 In Progress 5 Partially Implemented 2 Not Implemented 5

6. Village of Deerfield

Report number 2014-028

The Village of Deerfield received a "Poor" overall audit rating. The follow-up report focused on 21 recommendations.

Status determined:

Implemented	9
In Progress	1
Partially Implemented	6
Not Implemented	5

7. Stoddard County Sheriff

Report number 2014-036

The Stoddard County Sheriff received a "Poor" overall audit rating. The follow-up report focused on 6 recommendations.

Status determined:

Implemented	5
In Progress	1

8. City of Liberal

Report number 2014-037

The City of Liberal received a "Poor" overall audit rating. The follow-up report focused on 14 recommendations.

Status determined:

Implemented	5
In Progress	4
Partially Implemented	3
Not Implemented	2

9. City of Savannah

Report number 2014-048

The City of Savannah received a "Poor" overall audit rating. The follow-up report focused on 30 recommendations.

Status determined:

Implemented	14
In Progress	13
Partially Implemented	1
Not Implemented	2

10. City of Bolivar

Report number 2014-050

The City of Bolivar received a "Poor" overall audit rating. The follow-up report focused on 37 recommendations.

Status determined:

Implemented	15
In Progress	22

11. New Madrid County Sheriff

Report number 2014-054

The New Madrid County Sheriff received a "Poor" overall audit rating. The follow-up report focused on 7 recommendations.

Status determined:

Implemented	2
In Progress	1
Partially Implemented	4

12. New Madrid County

Report number 2014-066

New Madrid County received a "Poor" overall audit rating. The follow-up report focused on 12 recommendations.

Status determined:

Implemented	6
In Progress	2
Not Implemented	4

13. Brownfield Redemption Tax Credit Program

Report number 2014-099

The Brownfield Redemption Tax Credit Program received a "Poor" overall audit rating. The follow-up report focused on 9 recommendations.

Status determined:

Implemented	3
In Progress	2
Not Implemented	4

14. Eleventh Judicial Circuit City of New Melle Municipal Division

Report number 2014-107

The Eleventh Judicial Circuit, New Melle Municipal Division received a "Poor" overall audit rating. The follow-up report focused on 9 recommendations.

Status determined:

Implemented	5
In Progress	4

15. Ash Grove R-IV School District

Report number 2014-108

The Ash Grove R-IV School District received a "Fair" overall audit rating. The follow-up report focused on 22 recommendations.

Status determined:

Implemented	12
In Progress	9
Partially Implemented	1

16. Forty-Second Judicial Circuit City of Bourbon Municipal Division

Report number 2014-112

The Forty-Second Judicial Circuit, City of Bourbon Municipal Division received a "Poor" overall audit rating. The follow-up report focused on 9 recommendations.

Status determined:

Implemented	5
In Progress	4

17. Hickman Mills C-1 School District

Report number 2014-114

The Hickman Mills C-1 School District received a "Fair" overall audit rating. The follow-up report focused on 18 recommendations.

Status determined:

Implemented	12
In Progress	2
Partially Implemented	4

18. Fifth Judicial Circuit Buchanan County

Report number 2014-116

The Fifth Judicial Circuit, Buchanan County received a "Fair" overall audit rating. The follow-up report focused on 7 recommendations.

Status determined:

Implemented	4
In Progress	2
Not Implemented	1

19. Morgan County

Report number 2014-117

Morgan County received a "Poor" overall audit rating. The follow-up report focused on 15 recommendations.

Status determined:

Implemented	7
In Progress	7
Not Implemented	1

20. Webster County Procurement Procedures and County Clerk

Report number 2014-118

Webster County Procurement Procedures and County Clerk received a "Poor" overall audit rating. The follow-up report focused on 7 recommendations.

Status determined:

Implemented	1
In Progress	2
Partially Implemented	3
Not Implemented	1

21. First Judicial Circuit Clark County

Report number 2014-124

The First Judicial Circuit, Clark County received a "Poor" overall audit rating. The follow-up report focused on 13 recommendations.

Status determined:

Implemented	8
In Progress	1
Partially Implemented	2
Not Implemented	2

Thomas A. Schweich

Missouri State Auditor

City of Kimmswick

December 2014

Report No. 2014-139

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the City of Kimmswick

City Festivals	Each year the city holds the Strawberry Festival and the Apple Butter Festival, but the city does not maintain adequate records of festival monies received, so the city cannot ensure all monies collected are accounted for and properly deposited. The city does not issue pre-numbered receipt slips for booth rentals or sponsor fees received, does not maintain a record of vendors and fees paid, and does not reconcile registration forms to fees deposited. The city does not track city booth sales or reconcile products sold to monies collected, does not deposit monies timely and intact, and does not maintain monies in a secure location until deposit. Various members of the community work at city festivals, but only some are paid for their services, and the city did not maintain documentation to support compensation paid to festival workers, and it was not clear whether the Board approved the amounts. The city did not always comply with its own purchasing policy for festival disbursements, the Board did not review bid documentation prior to approving the recommended vendors, and the city did not enter into written contracts with some service providers. Festival disbursements were not always approved by the Board before payment, and the Festival Committee does not comply with the Sunshine Law.
Accounting Controls and Procedures	The Board has not segregated duties or performed adequate reviews of the work performed by the City Clerk. The City Clerk performs various accounting duties for the city and manages events held at the Anheuser Estate. The city does not issue pre-numbered receipt slips and cannot demonstrate all monies received were deposited. The city does not deposit monies intact or timely, restrictively endorse money orders upon receipt, deposit all monies related to events held at the Anheuser Estate, or keep receipts for estate events in a secure location. The City Clerk does not properly mutilate and retain voided checks.
City Policies and Procedures	The city made several disbursements prior to obtaining Board approval, and it is unclear whether all disbursements were approved. The city paid 4 relatives of the Mayor a total of $2,468 during 2013 and paid a total of $5,762 to 2 city employees who are related to Board members. To reduce the risk and appearance of a conflict of interest, the city should develop policies and procedures concerning related parties. The city did not properly report the mayor's $200 per month stipend as compensation for tax purposes and did not file required 1099-MISC forms for 9 individuals and 2 vendors.
Anheuser Estate	In 2001, the family estate of Fred and Mabel Anheuser was bequeathed to the city, along with a $1.5 million permanent trust fund for the purpose of maintaining the estate as a library and museum. The estate is overseen by a 5 person board of trustees (Trust Board), and the city and Trust Board has approval authority over estate disbursements. The city does not retain

	documentation to support its approval of disbursements made from the trust fund, so it is not clear that all disbursements were approved by the city as required. The city has used an outdated capital assets listing to insure the property and has not conducted an inventory of the estate. The city began renting the estate to the public for special events, but the city does not have a formal agreement with the Trust Board outlining how income from such events will be divided between the city and the Trust Board.
Closed Meetings	Prior to November 2013, the city did not prepare closed meeting minutes. The Board generally uses the same statement in each meeting notice/agenda as the reason for a potential closed meeting, and topics discussed in closed meetings were not limited to the reasons cited and were not always allowable.
Budgets and Financial Statements	The city does not prepare a budget for each of the city's 4 funds, and the budgets prepared do not contain all required elements. The Board does not timely approve budgets and does not adequately monitor budget-to-actual receipts and disbursements. Actual expenditures exceeded budgeted amounts by $98,600 for 2013. The Board does not publish the city's financial statements semiannually, as required by state law, and financial statements do not include adequate detail of the activity for each fund.
Computer Controls	The city has not established adequate password controls to reduce the risk of unauthorized access to the city's computer and data. The city does not store backups of system data at a secure off-site location, so backup data may not be available for restoring systems following a disaster or computer failure.

In the areas audited, the overall performance of this entity was **Fair**.*

***The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

City of Kimmswick
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THOMAS A. SCHWEICH
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Kimmswick, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Kimmswick. We have audited certain operations of the city in fulfillment of our duties. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the city's internal controls over significant management and financial functions.

2. Evaluate the city's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the city, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in our audit of the city.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Kimmswick.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Keriann Wright, MBA, CPA
In-Charge Auditor:	Steven Re', CPA
Audit Staff:	Tessa Rusatsi

1. City Festivals

Significant weaknesses were identified with controls and procedures over city festivals.

The city holds two festivals annually, the Strawberry Festival, held in June, and the Apple Butter Festival, held in October. Revenues for the festivals account for nearly half of the city's annual revenues and totaled approximately $105,000 for the 2013 Apple Butter Festival and approximately $42,000 for the 2013 Strawberry Festival. Festival revenues include fees charged for booth rentals, sponsors, parking, and sales during the festivals, including beer, jam, hay, and raffle tickets.

The city has a Festival Committee tasked with helping to organize and manage city festivals, including managing booth rentals, obtaining sponsors, soliciting bids, and negotiating contracts, when necessary. The committee is comprised of the Mayor, City Clerk, a member of the Board of Aldermen, and a community volunteer. In addition, the city enlists the help of various community members to operate each festival.

1.1 Receipting and depositing procedures

The city's controls and procedures over receipting and depositing festival monies need significant improvement.

Festival receipts

The city does not maintain adequate records of festival monies received, and as a result, the city cannot ensure all monies collected are accounted for and properly deposited.

The city does not issue pre-numbered receipt slips for booth rentals or sponsor fees received, and a record of vendors and fees paid is not maintained. When a vendor wants to rent a booth or sponsor a festival, a registration form is completed and a fee is paid dependent upon the type of rental or sponsorship agreement. The City Clerk records the composition of payment on the registration form and attaches a copy of the cash or check received. The City Clerk forwards a copy of the registration form and payment to the Festival Committee Chairperson to assign a booth space. Booth assignments are not made in any specific order and the only record of vendors is a site map of booth assignments. The site map shows all available/rented booth spaces based on their location in the city. The booth spaces are pre-numbered on the site map and are assigned to vendors based on location request. Additionally, the City Clerk does not reconcile registration forms to fees deposited. City officials deposited approximately $109,000 in rental and sponsor fees from 560 vendors for the 2013 festivals.

In addition, the city does not track city booth sales or reconcile products sold to monies collected. During each festival, the city operates various booths, generally selling beer, jam, hay, and raffle tickets. Each booth has a cash box used by volunteers for any monies collected. Throughout the day, the City Clerk picks up cash from the city booths and maintains the monies in bank bags by receipt type at city hall. The city does not keep a record of

sales made and does not try to reconcile products sold with monies received to ensure all monies collected are accounted for and deposited. During the 2013 festivals, the city deposited approximately $22,200 from city booth sales.

Deposits

The city does not deposit festival monies received intact or timely and the city does not restrictively endorse checks upon receipt. The city allows vendors to post-date checks for future festivals in order to secure their booth location. Approximately 35 percent of checks received for both booth rental and sponsor fees were post-dated and held up to 10 months before deposit. A cash count performed on May 21, 2014, identified 76 checks on hand, totaling $19,235. Most of these checks were post-dated August 1, 2014, for the Apple Butter Festival to be held in October 2014, and none of them were restrictively endorsed. Allowing and retaining post-dated checks for long time periods places monies on hand at risk and increases the possibility that checks may be insufficient by date of deposit.

Security of receipts

The city did not maintain festival monies received in a secure location until deposit. During the June 2014 Strawberry Festival, we observed an unattended bank bag sitting on a table in city hall containing several bundles of cash. We also noted the city left the file cabinet that holds post-dated checks and other receipts unlocked. During this time, city hall was unlocked and various people, including city staff, vendors, and others, had unrestricted access to these areas. The city does not ensure all monies collected from city booths during the festival are accounted for prior to deposit. The City Clerk placed monies collected from the city booths in bank bags, uncounted until deposit the following business day. Based on our questions and weaknesses noted, the city made some changes to better account for monies collected from booth sales during the 2014 Strawberry Festival, such as counting monies collected throughout the festival at the time of collection, and placing cash collected in the bank drop box at night; however, some monies remained uncounted before they were secured.

Conclusion

Failure to implement adequate receipting and depositing procedures increases the risk that loss, theft, or misuse of funds will go undetected. To adequately safeguard receipts, a receipt log and/or pre-numbered receipt slips should be prepared for festival monies received, checks and money orders should be restrictively endorsed upon receipt, city booth sales should be tracked and reconciled with monies collected, monies should be deposited intact and timely, and monies should be kept in a secure location until deposit.

1.2 Festival staff

The city does not designate which festival staff services will be compensated. Various members of the community work at city festivals; however, only some of the workers are paid for their services. For the year ended December 31, 2013, the city paid 21 festival workers approximately $8,900. Compensation paid to workers ranged from approximately $100 to

$400 for each festival. An additional 36 festival volunteers were not compensated. Duties performed by the paid workers during 2013 festivals included event security, clean up, parking, and bus coordination. Duties performed by volunteers included booth sales, setup and tear down, and other tasks as necessary.

In addition, the city did not maintain documentation to support compensation paid to festival workers and it was not clear whether the amounts compensated were approved by the Board of Aldermen (Board). Further, the city paid a security officer a $50 cash advance on the first day of the 2013 Apple Butter Festival, before services were provided.

To ensure compensation for festival services is clearly defined and documented, the city needs to develop a policy and make it available to the public. In addition, to ensure obligations were actually incurred and amounts paid were proper, all disbursements, including compensation to festival workers, should be paid by check, adequately supported, and properly approved and documented in the Board meeting minutes.

1.3 Festival disbursements

Controls and procedures over festival disbursements need improvement.

Bidding

The city did not always comply with its purchasing policy for festival disbursements, resulting in bids not being solicited for all services required. City policy requires solicitation of bids for goods or services costing more than $500 by placing bid requests in public view. For goods or services costing more than $5,000, policy requires the request for bids to be advertised in a newspaper. City officials did not solicit bids for trash services ($2,646), portable toilets ($5,605), or the band solicitor/promoter ($2,600) for the 2013 Apple Butter Festival.

The Festival Committee is responsible for obtaining bids for festival goods or services and making recommendations to the Board; however, the Board does not review bid documentation prior to approving the recommended vendors. Personnel indicated the Board discusses and approves festival bids during Board meetings; however, there is no documentation in the meeting minutes noting the approval. In addition, all bid documentation relating to festival activity is maintained offsite by the committee chairperson.

Competitive bidding not only ensures the Board is complying with city policy, but also helps ensure all parties are given an equal opportunity to participate in city business. Documentation of the selection process and criteria should be reviewed and maintained by the city to support purchasing decisions and Board approval should be clearly documented in meeting minutes.

Contracts

The city did not enter into a contract with the band solicitor/promoter or the beer vendor for the 2013 festivals. The city paid the band solicitor/promoter

approximately $4,800 to find and pay bands for both festivals. The city paid the beer vendor approximately $9,800.

Written agreements, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

1.4 Board approval

The Board did not approve a large portion of the 2013 festival disbursements prior to payments being made, and Board meeting minutes did not document the Board's approval for festival disbursements. As a result, festival disbursements were not always approved prior to payment and it is unclear whether they were ever approved. The Board did not hold meetings during May through July 2013 for various reasons, including the lack of a quorum, flooding within the city, and the Strawberry Festival. During this period, the city disbursed $29,185 relating to the 2013 Strawberry Festival, which accounted for approximately 41 percent of total festival disbursements made in 2013.

According to the City Clerk, anticipated 2013 Strawberry Festival disbursements were presented to and pre-approved by the Board prior to the festival and then subsequently approved by the Board during the August 2013 Board meeting. There is no documentation to support the Board pre-approved or subsequently approved these payments, and Board meeting minutes do not indicate approval.

To safeguard against possible loss or misuse of funds, the Board should approve all festival disbursements prior to payment. Board approval should be documented in the meeting minutes, and by signature or initials on the approved disbursement reports.

1.5 Festival Committee

The Festival Committee does not comply with the Sunshine Law. The committee does not hold open meetings and meeting minutes are not prepared. Further, recommendations made by the committee to the Board are not approved. As a result, decisions and recommendations made by the Festival Committee were not open to the public. According to committee members, committee decisions are made by phone, text, or email between the members; open meetings are not held. Recommendations are made by the committee to the Board; however, committee decisions are not always brought before the Board for approval and recommendations made to the Board were not always voted on and approved. For example, the Festival Committee solicited bids and paid for bus services totaling $4,867 for the 2013 Strawberry Festival without approval by the Board. According to the City Clerk, the Board and the Mayor were informally contacted to obtain approval to pay for the service.

Minutes serve as the only official permanent record of decisions made by the Festival Committee. Section 610.020, RSMo, requires minutes be taken of meetings of all public governmental bodies. Section 610.010, RSMo, defines committees appointed by and reporting to public governmental bodies as subject to Sunshine Law requirements.

Recommendations

The Board of Aldermen:

1.1 Ensure proper receipt records are maintained and reconciled to the composition of the deposits. In addition, the Board should develop procedures to track and reconcile city booth sales to monies collected, ensure deposits are made timely and intact, checks/money orders are restrictively endorsed upon receipt, and monies are properly secured. Further, the Board should discontinue the practice of accepting post-dated checks. Any fees received in advance of upcoming festivals should be promptly deposited and vendor payments and booth assignments should be adequately tracked.

1.2 Establish a policy to address compensating festival workers and ensure disbursements are adequately supported, reviewed, and approved. Board approvals should be documented in meeting minutes.

1.3 Ensure the city solicits and approves bids in accordance with city policy, and maintains documentation at city hall. In addition, the Board should establish written contracts for festival services when needed to properly define services to be received and amounts to be compensated.

1.4 Review and approve all festival disbursements prior to payment and ensure approval of festival disbursements is properly documented in meeting minutes.

1.5 Ensure public meetings are held and meeting minutes prepared, approved, and maintained for the Festival Committee in accordance with the Sunshine Law. Meeting minutes should document all decisions made and be filed with the city.

Auditee's Response

The Board of Aldermen provided the following written responses:

1.1 The city has already implemented better procedures to improve accounting practices, including the use of pre-numbered receipts so that receipts can be reconciled. The city will implement better procedures to track booth sales during the festivals so that sales can be accurately reconciled with the monies collected. Any discrepancies will be promptly investigated and corrected. Deposits

will continue to be made in a timely fashion, and all monies will continue to be secured at all times during and after festivals. The city has created a database for tracking vendors to allow for better accounting practices. The practice of accepting post-dated checks from vendors as a means to secure a spot for the following year's festivals will be discontinued completely by 2016. The city is unable to discontinue this practice any sooner, as post-dated checks have already been received for the 2015 festival season. The city has already begun endorsing checks immediately upon receipt, pursuant to the Auditor's recommendation.

1.2 *The city no longer has paid volunteers working at festivals. Anyone who receives payment over $600 during a single year will be issued a 1099 form. The Board will make all necessary approvals with respect to the approval of any payments.*

1.3 *The city accepts the recommendation of the Auditor, and further will update its policies and procedures with respect to the soliciting and approving of bids. The city will ensure that documentation relative to the soliciting and approval of bids is maintained at City Hall. The city will ensure all written contracts are executed in accordance with Section 432.070, RSMo. To help with the updating of policies and to ensure compliance, the city has recently hired a City Attorney.*

1.4 *The city will continue to ensure that all disbursements are approved by the Board of Aldermen prior to the disbursements being paid, and that such approvals will be documented in meeting minutes. Reports will be given during public meetings with respect to the specific disbursements that are being approved by the Board of Aldermen. The city already provides, and will continue to do so, a financial report each month at its public Board meetings, and has all invoices and checks available for review by the Board members at each meeting. Further, a detailed financial report is, and will continue to be, completed and made public for each of the city's festivals.*

1.5 *The Board of Aldermen will appoint an individual to serve as festival director, and shall adopt a policy detailing the scope of the individual's powers with respect to the task of organizing the festivals. Each month, as applicable, the Festival Director shall report to the Board of Aldermen during the regularly scheduled Board meetings to provide an update and to seek any required approvals from the Board of Aldermen. All documents and communications generated by the Festival Director will be*

maintained and made available to the public in accordance with all applicable laws and regulations.

2. Accounting Controls and Procedures

We identified several weaknesses with the city's accounting controls and procedures. In addition to various festival fees and sales receipts (see MAR finding number 1), the city also receives monies for various taxes, merchant licenses, events, and other miscellaneous receipts and reimbursements. During the year ended December 31, 2013, the city collected approximately $166,000, excluding festival receipts.

2.1 Segregation of duties and supervisory reviews

The Board has not segregated duties or performed adequate reviews of the work performed by the City Clerk. The City Clerk is responsible for receipting and depositing monies, preparing checks, reconciling bank accounts, preparing monthly financial reports, and maintaining accounting records. In addition, the City Clerk manages events held at the Anheuser Estate (see MAR finding number 4) and prepares billings for merchant licenses. Many of these duties would normally be performed by a City Treasurer and City Collector; however, the city does not have individuals serving in these positions. The Board hired the former City Treasurer to prepare the city's annual financial statements. On a monthly basis, as part of this service, this individual performs an independent review of the monthly bank reconciliations, disbursements, and financial statements; however, the former City Treasurer's review is not documented and does not include reconciling receipts to deposits or reviewing detailed transactions. A detailed review of accounting records is also not performed by the Board.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city, the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these offices, by the same person at the same time would be incompatible. If segregation of duties is not possible, a timely supervisory review by the Board should be performed and documented.

2.2 Receipting and depositing procedures

The city's controls and procedures over receipting and depositing monies need improvement. We noted the following issues:

- The city did not issue pre-numbered receipt slips nor maintain an immediate record of receipts. As a result, the city cannot demonstrate all monies received were deposited. For example, fees received for 2 Anheuser Estate events, totaling $675, could not be traced to deposit. The application forms indicated payment had been made; however, receipt documentation was not adequate to ensure deposit of these payments.

- The city does not deposit monies intact or timely, and checks and money orders were not restrictively endorsed upon receipt. For

example, during July 2013, 13 checks totaling $1,200 were deposited. The checks were dated between 4 and 44 days before deposit. Because the city does not maintain adequate receipt records, it is not clear when these checks were physically received by the city.

- The city does not deposit all monies received relating to events held at the Anheuser Estate. The city requires a refundable deposit when booking an event. The city allows individuals to submit a post-dated check as the deposit for renting the Anheuser Estate for events; however, the checks are held until after the event, at which time they are either remitted back to the payee or deposited. A cash count performed on June 17, 2014, identified 17 checks totaling $3,575 with dates ranging from April 30, 2014, to November 2, 2014.

- The City Clerk does not maintain receipts for estate events in a secure location. The City Clerk places checks for deposits and event payments in a binder left out in the open at city hall. The City Clerk said she takes the binder home in the evenings.

Failure to implement adequate receipting and depositing procedures increases the risk that loss, theft, or misuse of funds will go undetected. To adequately safeguard receipts, a receipt log and/or pre-numbered receipt slips should be prepared for all monies received, monies should be deposited intact and timely, and all monies should be kept in a secure location until deposit.

2.3 Voided checks

The City Clerk does not mutilate and retain voided checks. During the year ended December 31, 2013, the City Clerk voided 23 checks. The City Clerk stated she shreds voided checks each month after the bank statements are balanced.

To ensure accounting records are accurate and to reduce the risk of unauthorized transactions, the city should ensure all voided checks are properly mutilated and retained.

Recommendations

The Board of Aldermen:

2.1 Segregate the duties of the City Clerk. At a minimum, there should be a documented review of city records and reconciliations.

2.2 Ensure proper receipt records are maintained and reconciled to the composition of the deposits. In addition, the Board should ensure deposits are made timely and intact, and monies are properly secured. Further, the Board should discontinue the practice of accepting post-dated checks. Any fees received in advance of upcoming events should be promptly deposited.

2.3 Mutilate and retain all voided checks.

Auditee's Response

The Board of Aldermen provided the following written responses:

2.1 The City of Kimmswick currently employs no full-time employees. Current budget constrictions do not allow the city to employ a City Treasurer or other employee to allow the city to segregate the duties of the City Clerk. The city will continually review its staffing needs and budgeting restraints to determine if needs and circumstances change so as to allow for the hiring of additional employees. The city has, and will continue to have, the city's retired City Treasurer (or other qualified individual) review the monthly reports. Such reviews will be documented, and will be more comprehensive owing to the increased accounting procedures put in place as referenced in response to Point 1.1. Further, the Board of Aldermen will consider providing for additional periodic overview of the city's financial records by the Board or a Board subcommittee.

2.2 With the exception of the city's practices regarding post-dated checks, monies received are, and will continue to be, promptly deposited and receipts issued relative to receipt of monies. Again, the city will eliminate its post-dated check system for securing festival spots by 2016. The city will also not accept post-dated checks for other purposes, and will ensure that all monies received, regardless of form, are promptly deposited.

2.3 The city accepts and has already implemented this audit recommendation.

3. City Policies and Procedures

The city's policies and procedures are not adequate to address Board approvals, related parties, and Internal Revenue Service (IRS) reporting.

3.1 Board approval

The city made several disbursements prior to obtaining Board approval, and meeting minutes did not include documentation of disbursements approved by the Board. It is unclear if the Board approved all disbursements. As discussed in MAR finding number 1.4, the Board did not hold meetings during May through July 2013. During this period, the city disbursed approximately $23,000 from the General Revenue, Road, and Event Funds, which accounted for approximately 18 percent of disbursements from those funds during 2013. The City Clerk indicated she spoke with 2 Board members and the Mayor to obtain approval to pay the essential bills during the months the Board did not meet. Disbursements are generally approved during each monthly Board meeting; however, there is no documentation

maintained with the Board meeting minutes to identify which disbursements were approved.

To safeguard against possible loss, theft, or misuse of funds, the Board should approve all disbursements prior to payment. Board approval of disbursements should be documented in the meeting minutes, and by signature or initials on the approved disbursement reports.

3.2 Related parties

The city does not ensure payments made to relatives of city officials are free of conflicts of interest. As a result, $8,230 paid to relatives of city officials during the year ended December 31, 2013, represent a potential conflict of interest.

- The city paid 4 relatives of the Mayor a total of $2,468 during the year ended December 31, 2013, for work performed at the city festivals and events, and for miscellaneous repair work. Payments to these relatives ranged from $245 to $1,248.

- The city paid $5,762 to 2 city employees during the year ended December 31, 2013, who are related to Board members. The employees were hired prior to the Board members taking office; however, the city does not have policies or procedures in place to help prevent conflicts of interest from occurring regarding these positions. For example, the meeting minutes do not indicate if the related Board members abstained on any decisions involving these positions.

To reduce the risk and appearance of a conflict of interest, the city should develop policies and procedures concerning related parties. These policies and procedures should include, at a minimum, Board members abstaining from any decisions made concerning their relatives, and adequate documentation of decisions in Board meeting minutes.

3.3 IRS reporting

The city did not properly report payments to vendors or individuals to the IRS when required.

Expense payments

The city did not properly report the mayor's stipend as compensation for tax purposes. The city pays the Mayor a stipend of $200 per month to cover general expenses; however, there is no documentation supporting the use of these monies.

IRS publication 463 states any reimbursement or other expenses not qualifying under an accountable plan, represents income and should be reported on a W-2 form. The Mayor's stipend does not qualify under an accountable plan and should have been reported as income.

1099-MISC

The city did not always file 1099-MISC forms with the IRS when required.

We identified payments to 9 individuals and 2 vendors totaling $12,723 where city officials did not issue 1099-MISC forms. Payments ranged from $600 to $4,800 and related to festival work, accounting services, and Anheuser Estate event work.

Sections 6041 to 6050 of the Internal Revenue Code require non-wage payments of at least $600 in one year to an individual be reported to the federal government on a 1099-MISC form.

Recommendations

The Board of Aldermen:

3.1 Review and approve all disbursements prior to payment and ensure approval is properly documented.

3.2 Establish policies and procedures concerning related parties and ensure decisions concerning related parties are adequately documented in meeting minutes.

3.3 Ensure W-2 and 1099-MISC forms are issued when required.

Auditee's Response

The Board of Aldermen provided the following written responses:

3.1 The city will ensure that disbursements will be approved prior to payment by the Board of Aldermen, and the approval documented in meeting minutes. During scheduled meetings the Board of Aldermen reviews and approves the financial report and approves the payment of bills. The Board of Aldermen will adopt a procedure for allowing for the payment of essential bills, such as utilities, for months when the city is unable to hold its regularly scheduled meetings. The city will ensure compliance with all applicable laws and policies, and the procedures it prescribes.

3.2 The city will review potential conflicts that may exist, and take necessary remedial measures. Further, the city will adopt policies and procedures to address potential conflicts of interest. Again, the city has hired legal counsel to assist with this process.

3.3 The city will ensure W-2 forms are issued as required. The city will also issue 1099-MISC forms as required.

4. Anheuser Estate

City policies and procedures over disbursements, capital assets, and event profits involving the Anheuser Estate need improvement.

In 2001, the family estate of Fred and Mabel Anheuser was bequeathed to the city, along with a $1.5 million permanent trust fund (trust fund) for the purpose of maintaining the estate as a library and museum in honor of the

Anheuser family. The trust fund is supervised by a 5 person Board of trustees (Anheuser Trust Board) and consists of the Mayor, a city appointed representative, and 3 representatives of the Anheuser family. To ensure the trust fund is spent and the estate is used as intended, monies can only be spent after the approval of both the Anheuser Trust Board and the city's Board of Alderman. The city approves and signs all disbursements from the trust fund; however, the Anheuser Trust Board is the custodian of the trust fund and all of its related records and is a legally separate entity from the city. As a result, our review was limited to the city's involvement with the Anheuser estate and the related trust fund.

4.1 Disbursements

The city does not retain documentation to support its approval of disbursements made from the trust fund. Both the Mayor and the City Clerk are responsible for signing all checks for the trust fund. When disbursements need to be made, the Anheuser Trust Board provides the city with checks and supporting documentation for review and approval at the next city Board meeting. However, meeting minutes do not specify what disbursements were approved and documentation to support what was approved at each meeting is not maintained. The city receives some documentation of trust fund expenditures from the Anheuser Trust Board about every 6 months to keep as city records; however, the documentation does not provide assurance disbursements were properly approved by the city.

Without documentation supporting what expenditures were approved with Board meeting minutes, it is not clear the trust fund disbursements were approved by the city as required.

According to Section 6.6 of the Anheuser Permanent Fund Trust Agreement, dated July 24, 2010, because the City of Kimmswick is the owner of the Anheuser property and the beneficial owner of the Anheuser permanent trust fund, it is understood and agreed by all parties that all acts of the Anheuser Trust Board are contingent upon approval of the Board of Alderman of the City of Kimmswick. Without adequate documentation, the city cannot demonstrate disbursements and other actions of the Anheuser Trust Board were properly approved by the city.

4.2 Capital assets

The city has not conducted an inventory of the Anheuser Estate and has not updated the related capital asset records since 2010. As a result, the city has used an outdated listing to insure the property. Each year, the city insures the Anheuser Estate along with other city property and the Anheuser Trust Board reimburses the city for the estate's portion of the insurance premium. The Anheuser Estate property includes the museum and its contents, including various antiques and heirlooms, land, and other structures. In 2013, insurance records show Anheuser Estate capital assets had a value of approximately $1.3 million.

Adequate capital asset records and procedures are necessary to safeguard assets that are susceptible to loss, theft, or misuse; and to provide a basis for proper insurance coverage.

4.3 Event profits

The city does not have a formal agreement with the Anheuser Trust Board outlining how income derived from events held at the Anheuser Estate will be divided between the city and the Anheuser Trust Board. Beginning in 2013, the city began renting the estate to the public for special events. Any related costs for events at the estate are covered by the city. According to city personnel, an informal agreement was made between the city and the Anheuser Trust Board to equally divide the profits from these events. However, the city's meeting minutes do not document this agreement and a written agreement with the Anheuser Trust Board was not created. In July 2013 the city disbursed $221 to the Anheuser Trust Board as the estate's portion of profits earned from 3 events held between March and July 2013; however, the city did not retain documentation to support how the profits were calculated, and profits from events held after July 2013 have not been divided. Since July 2013, 44 events have been held at the Anheuser Estate and the city has collected $15,630 in rental fees.

According to Section 5.3 of the Anheuser Permanent Fund Trust Agreement, dated June 24, 2010, if in the future, additional sources of income are derived from the Anheuser Estate, including but not limited to, income derived from any improvements constructed after the date of this agreement, the disposition of the income will be determined by agreement between the City of Kimmswick and the Anheuser Trust Board.

Recommendations

The Board of Aldermen:

4.1 Ensure the city maintains documentation of trust fund disbursements approved by the Board. Additionally, meeting minutes should clearly document the Board's approval.

4.2 Ensure an annual inventory of the capital assets is performed and records updated as necessary for the Anheuser Estate.

4.3 Establish a formal agreement with the Anheuser Trust Board documenting the disposition of future income earned.

Auditee's Response

The Board of Aldermen provided the following written responses:

4.1 The city keeps, and will continue to keep, the documentation it has relative to the Anheuser Trust Fund. The city will maintain copies of the invoices and checks approved at each Board of Aldermen meeting, so as to maintain current records of approved disbursements. In accordance with the Auditor's recommendation,

the city has already begun approving disbursements for the Anheuser Trust Fund separate and apart from the approval of city disbursements during public meetings, and will continue to do so and make sure such authorizations are documented in the meeting minutes for the Board of Aldermen. The city will comply with the requirements for the disbursement of funds as required by the terms of the trust.

4.2 The city accepts the Auditor's recommendation and will schedule an inventory for early 2015. The city will thereafter perform annual inventories.

4.3 The city will attempt to negotiate a written formal agreement with the Anheuser Trust Board with respect to the disposition of future earned income.

5. Closed Meetings

The city was not always in compliance with the Sunshine Law for closed meetings held. The Board held 8 closed meetings from January 2013 to July 2014.

- Prior to November 2013, city officials did not prepare closed meeting minutes. While the city documented the results of votes taken during closed meetings in the open meeting minutes, closed meeting minutes documenting the date, time, and Board members in attendance, topics discussed, and decisions made were not prepared or retained.

- The Board generally uses the same statement in each meeting notice/agenda to indicate the potential for a closed meeting, instead of citing the specific exception as the reason for a closed meeting, when applicable. For 1 closed meeting held, the specific reason for closing the meeting was not cited in either the agenda or the open meeting minutes.

- Topics discussed in closed meetings were not limited to the reasons cited and were not always allowable. For example, during the May 13, 2014, closed meeting, the Board discussed personnel issues although the reason for closing the meeting was to discuss sealed bids. Further, sealed bids were opened, discussed, and a bid was accepted during this closed meeting, which is not allowable per the Sunshine Law.

Section 610.020, RSMo, requires minutes of closed meetings be taken and retained by all governmental bodies and to indicate the date, time, place, members present, members absent, and a record of votes taken. In addition, Section 610.022, RSMo, provides that a public governmental body planning to hold a closed meeting should follow the notice procedures for an open meeting and include there will be a closed meeting and cite the specific provision of the law that allows the meeting to be closed. A statement that includes general issues that may be discussed in a closed meeting appears to

circumvent the intent of state law. Further, Section 610.021, RSMo, limits the subjects Board's may discuss in closed meetings.

Recommendation

The Board of Aldermen ensure meeting minutes are prepared for all closed meetings. In addition, the Board should ensure specific reasons are cited for closing the meeting, and topics discussed are allowable and limited to only those specific reasons cited to justify the closed meeting.

Auditee's Response

The Board of Aldermen provided the following written response:

The city will comply with the Sunshine Law and has already revised its notices to better comply with the law. The meeting notices, and the motion to close the meeting, will state the statutory authority for the closing of the meeting. The city will ensure that roll call votes are taken and recorded in meeting minutes as required. The city will ensure closed meeting minutes are prepared as required. The city will not discuss sealed bids in closed meetings, and will ensure that it only discusses those matters in closed meetings which it is authorized to. Finally, the Board of Aldermen believes it restricts its discussions during closed sessions to the stated reasons for which the meeting was closed. Regardless, the city will ensure that it continues to limit discussions during closed meetings to the topics pursuant to which the Board of Aldermen voted to close the meeting. Furthermore, the Board of Aldermen will be provided training on the Sunshine Law in early December. Again, legal counsel has been hired to assist with compliance.

6. Budgets and Financial Statements

The city does not properly prepare, approve, or monitor budgets and has not complied with state law in publishing and reporting financial information.

6.1 Budgets

The city does not have adequate procedures to prepare, approve, or monitor budgets.

Preparation and approval

The Board does not prepare a budget for each of the city's 4 funds. Additionally, budgets do not include a budget message or summary, the actual beginning and estimated ending cash balances, budgeted amounts for the 2 preceding years, or city indebtedness information. Instead, the Board combines the city's 4 funds (General, Road, Enterprise, and Event Funds) into a consolidated budget and the budget only includes the actual receipts and disbursements for the prior 2 years. As a result, the Board is not using all available information to assist in effectively managing the city, and the public is not provided a complete overview of city finances.

In addition, the Board does not approve budgets timely. The annual budgets for the years ended December 31, 2013 and 2014, were not approved until the February 11, 2013, and March 31, 2014, Board meetings, respectively.

Section 67.010, RSMo, requires the budget present a complete financial plan for the ensuing budget year and sets specific guidelines for the format. A complete budget should include the beginning available resources and a reasonable estimate of the ending available resources. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific financial expectations for each area of city operations. It also assists in setting tax levies and informing the public about city operations and current finances. In addition, Section 67.030, RSMo, states the governing body shall approve and adopt the annual budget prior to the beginning of the fiscal year.

Monitoring

The Board does not adequately monitor budget-to-actual receipts and disbursements. As a result, actual expenditures exceeded budgeted amounts by $98,600 for the year ending December 31, 2013. The City Clerk provides the Board with monthly financial statements at each Board meeting; however, the reports do not include budget-to-actual information and the financial statements are not broken down by fund or budgetary line item. As a result, the Board is not reviewing information to ensure disbursements remain within budgeted appropriations.

Section 67.040, RSMo, requires political subdivisions to keep disbursements within amounts budgeted, but allows for budget increases if the governing body officially adopts a resolution setting forth the facts and reasons. In addition, Section 67.080, RSMo, provides that no disbursement of public monies should be made unless it is authorized in the budget. Proper monitoring and amending prior to disbursing funds is necessary for the budget to be an effective management tool and comply with state law.

6.2 Financial statements

The Board does not publish the city's financial statements semiannually as required by state law. Instead, the city's financial statements are published once per year, after the end of each calendar year. In addition, the annual financial statements combine all 4 funds (General, Road, Enterprise, and Event Funds) into a consolidated statement, which does not allow for a clear, detailed analysis of each fund's financial status.

Complete and accurate financial statements are necessary to keep citizens informed of the financial activity and condition of the city. Section 79.160, RSMo, requires the Board to prepare and publish a full and detailed account of the receipts, disbursements, and indebtedness of the city semiannually. In addition, Section 79.165, RSMo, states the city cannot legally disburse funds until the financial statements are published as required.

Recommendations

The Board of Aldermen:

6.1 Prepare annual budgets, which contain all information required by state law, and document its approval of budgets prior to the beginning of the fiscal year. In addition, the Board should ensure the budget and financial condition are adequately monitored and monthly financial statements have adequate detail.

6.2 Ensure semiannual financial statements are published in accordance with state law and contain adequate detail and documentation.

Auditee's Response

The Board of Aldermen provided the following written responses:

6.1 The city will ensure its annual budgets are adopted as required and that the monthly financial reports contain sufficient detail. The city will breakdown the budget by each of the four funds, and will include a budget message or summary, beginning and estimated ending balances, budgeted amounts for the preceding years and any city indebtedness information, in addition to any other information required by state law. The city will put in place necessary policies and procedures to ensure that the budget is prepared in a timely manner, and that the monthly financial statements contain sufficient information to allow the Board to effectively monitor actual performance compared to the budget. The Board of Aldermen will approve budgets in a timely manner, and ensure that such approvals are documented in meeting minutes.

6.2 The city accepts and will implement the Auditor's recommendation.

7. Computer Controls

Controls over the city's computer are not sufficient to prevent unauthorized access. In addition, backup data is not stored in a secure, off-site location. As a result, city records are unprotected and susceptible to damage or theft.

7.1 Passwords

The city has not established adequate password controls to reduce the risk of unauthorized access to the city's computer and data. Separate user identifications and passwords are not required to log onto the computer, and the City Clerk has shared her identification and password with other city officials. In addition, the password is not required to be changed periodically.

Passwords are required to authenticate access to computers. The security of a computer password is dependent upon keeping passwords confidential. However, since the City Clerk's password does not have to be periodically changed and has been shared among officials, there is less assurance it is effectively limiting access to the computer and data files to only those individuals who need access to perform their job responsibilities. Passwords

should be unique and confidential and changed periodically to reduce the risk of unauthorized access to and use of the city's computer and data.

7.2 Backup data

Backup data for the city's financial system may not be available for restoring information following a disaster or computer failure. Backups are performed daily; however, the backups are not stored at a secure off-site location but are stored at the same location as the original data and periodic testing of the data for adequacy is not performed. As a result there is an increased risk a disaster or other disruption impacting the city's computer and original data would also adversely impact the backups. The unavailability of both the original and backup data would be significant and detrimental to the city accomplishing its mission.

Failure to store computer backup data at a secure off-site location results in backup data being susceptible to the same damage as the data on the computer. Preparation of backup data, preferably on a daily or at least weekly basis, periodic testing to ensure the backup process is adequate, and off-site storage would provide increased assurance city data could be recovered if necessary.

Recommendations

The Board of Aldermen:

7.1 Require a unique password for each employee that is confidential and periodically changed to prevent unauthorized access to the city's computer and data.

7.2 Ensure backup data is stored in a secure off-site location and tested on a regular, predefined basis.

Auditee's Response

The Board of Aldermen provided the following written responses:

7.1 The city accepts and has already implemented the Auditor's recommendation. The City Clerk (who is the only employee with a password for the computer at City Hall) now changes her password on a monthly basis.

7.2 The city accepts the Auditor's recommendation, and has already implemented the process of off-site storage and monthly testing of the backup.

City of Kimmswick
Organization and Statistical Information

The City of Kimmswick is located in Jefferson County. The city was incorporated in 1871 and is currently a fourth-class city. The city employed 8 part-time employees on December 31, 2013.

City operations include street maintenance services and a post office.

Mayor and Board of Alderman

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor and Board of Aldermen at December 31, 2013, are identified below. The Mayor is paid a stipend of $200 per month.

Patricia Reno, Mayor
Shirley Ising, Alderwoman, Ward 1
Connie Schmitt, Alderwoman, Ward 1
Gary Paszkiewicz, Alderman, Ward 2
Phil Stang, Alderman, Ward 2

Financial Activity

A summary of the city's financial activity for the year ended December 31, 2013, follows:

City of Kimmswick
Schedule of Receipts, Disbursements, and Changes in Cash Balances
Year Ended December 31, 2013

	General Fund	Enterprise Fund	Road Fund	Event Fund	Total
RECEIPTS					
Property taxes	$ 2,109	0	0	0	2,109
Sales taxes	48,925	0	24,462	0	73,387
Motor fuel and vehicle taxes	0	0	5,031	0	5,031
Road and bridge taxes	0	0	1,128	0	1,128
Festivals:					
Strawberry	0	42,409	0	0	42,409
Apple Butter	0	105,001	0	0	105,001
Anheuser Estate reimbursements (1)	36,673	0	15,000	650	52,323
Miscellaneous reimbursements	4,669	0	200	0	4,869
United States Post Office grant	10,800	0	0	0	10,800
Events	1,013	0	0	7,598	8,611
Licenses and fees	5,198	0	0	0	5,198
Miscellaneous	1,403	70	731	0	2,204
Transfers in	0	0	0	712	712
Total Receipts	110,790	147,480	46,552	8,960	313,782
DISBURSEMENTS					
Payroll	69,621	0	0	0	69,621
Office expenses	10,599	0	0	1,084	11,683
Festivals	0	70,048	0	0	70,048
Tractor	0	0	25,996	0	25,996
Insurance and bonds	25,637	0	0	0	25,637
Flood	0	0	17,065	0	17,065
Utilities	9,746	0	0	0	9,746
Anheuser Estate repairs	9,013	0	0	0	9,013
Maintenance	6,551	0	2,188	0	8,739
Legal fees	6,300	0	0	0	6,300
Post office	4,786	0	0	0	4,786
Reimbursements	4,431	0	0	0	4,431
Event expenses	0	0	0	2,654	2,654
Snow removal	0	0	2,250	0	2,250
Trolley	1,422	0	0	0	1,422
Transfers out	712	0	0	0	712
Miscellaneous	0	358	0	0	358
Total Disbursements	148,818	70,406	47,499	3,738	270,461
RECEIPTS OVER (UNDER) DISBURSEMENTS	(38,028)	77,074	(947)	5,222	43,321
CASH, JANUARY 1, 2013	135,358	507	45,705	300	181,870
CASH, DECEMBER 31, 2013	$ 97,330	77,581	44,758	5,522	225,191

(1) Includes reimbursements from the Anheuser Permanent Trust Fund for the Anheuser Estate's share of disbursements.

Thomas A. Schweich

Missouri State Auditor

SOCIAL SERVICES

MO HealthNet Division Payment and Cost Recovery

December 2014

Report No. 2014-140

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Department of Social Services (DSS), MO HealthNet Division, Payment and Cost Recovery

Contractor Oversight	The MO HealthNet Division (MHD) does not sufficiently monitor the collection activities of the Third Party Liability unit contractor used to identify claims paid by the MHD for which a third party may be partially or completely liable. The contractor provides MHD with a monthly report of activities; however, the report does not include sufficient information to allow the MHD to properly monitor the contractor's performance. Additionally, these reports were not accurate, and neither the contractor nor the MHD identified the errors. As a result of errors identified by our audit, the MHD asked the contractor to revise the reports prepared from April 2013 to April 2014 and the contractor identified additional errors. The MHD could use the contractor's case management system to monitor recoupments the contractor bills and collects; however, MHD staff indicated this system has not been utilized. MHD instead relies on monthly meetings with the contractor to identify and resolve any issues.
Timely Update of Medicare Eligibility	The MHD has not fully implemented measures to ensure it identifies and updates Medicare eligibility in the Medicaid Management Information System (MMIS) timely. The MHD has an informal agreement with a contractor to periodically generate a report of all MO HealthNet participants whose Medicare eligibility is not reflected in the MMIS. However, the MHD received this report only once during each of the years ended June 30, 2014, and June 30, 2013.
Deposit Procedures	The MHD did not deposit all funds timely. Our review of monies on hand July 8, 2014, noted the department had held 104 checks from 9 to 350 days since receipt. Additionally, the MHD has not posted some funds received to the associated account receivable timely. In instances where a single check pays multiple invoices or multiple monthly premiums, the checks are deposited into a holding account while division staff and the contractor determine to which accounts receivable the payment should be posted. As of October 3, 2014, the holding account held 6,080 outstanding items, with approximately 2,400 items older than January 1, 2014.

Provider Disclosure of Overpayment	The MHD and the Department of Social Services, Missouri Medicaid Audit and Compliance unit need to continue taking actions to ensure certain overpayments made to providers are identified and reported by the providers and recovered timely. The United States Department of Health and Human Services, Office of Inspector General, performed an audit in 2012 of the MHD's oversight of credit balances and identified $33,419 of overpayments for the quarter ended September 30, 2011. Additionally, state regulations do not require providers to reconcile their accounts, which means many payment errors may never be identified.

Because of the limited objectives of this review, no overall rating is provided.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Department of Social Services
MO HealthNet Division Payment and Cost Recovery
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Brian Kinkade, Director
Department of Social Services
and
Dr. Joseph Parks, Director
MO HealthNet Division
Jefferson City, Missouri

We have audited certain operations of the MO HealthNet Program (also known as the Medical Assistance Program, or Medicaid) and the Children's Health Insurance Program (CHIP), administered by the Department of Social Services, MO HealthNet Division, in fulfillment of our duties under Chapter 29, RSMo. The audit was conducted to review the payment and cost recovery measures performed by the division. These activities include the identification and recovery of costs paid by the division for which other responsible parties may be liable or for which the division could otherwise recover a payment. The objectives of our audit were to:

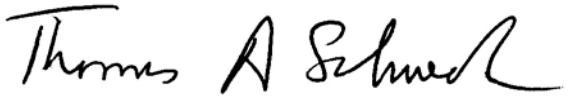
1. Evaluate the division's internal controls over significant management and financial functions related to the recovery of payments made by the division.

2. Evaluate the division's compliance with certain legal provisions related to the recovery of payments made by the division.

3. Evaluate the economy and efficiency of certain management practices and operations related to the recovery of payments made by the division, including certain financial transactions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

For the areas audited, we identified (1) deficiencies in internal controls, (2) no significant noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Social Services, MO HealthNet Division, Payment and Cost Recovery.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Douglas J. Porting, CPA, CFE
Audit Manager:	Lori Melton, M.Acct., CPA
In-Charge Auditor:	Patrick M. Pullins, M.Acct., CISA
Audit Staff:	Jennifer Anderson
	Nancy McDowell

Background

The federal Medical Assistance Program (also known as Medicaid and operated in Missouri as MO HealthNet) was authorized by federal legislation in 1965. The program is administered by the state and is jointly financed by the federal and state governments. The Department of Social Services (DSS), MO HealthNet Division (MHD), is responsible for administration of the program. The program provides health care access to low-income persons age 65 or over, blind, disabled, or members of families with dependent children. Additionally, the MHD provides health coverage to children meeting eligibility requirements under the federal Children's Health Insurance Program (CHIP), known in Missouri as the MO HealthNet for Kids program. Legislative changes have expanded the categories of eligibility to include MO HealthNet coverage for children and pregnant women in poverty, refugees, and children in state care.

The MHD utilizes various payment and cost recovery measures to ensure the program is paying only valid claims for which it is responsible and to ensure any other responsible parties bear their share of program costs. Responsibility for implementing these measures falls to various units within the DSS and the contractors hired in support of those units.

The Third Party Liability (TPL) unit identifies other parties that may be responsible for the payment of claims billed to the MO HealthNet program. For example, when a MO HealthNet participant is injured in an automobile accident, the TPL unit will attempt to recoup the participant's medical expenses from the insurance company of the at-fault driver. The TPL unit is also responsible for the Health Insurance Premium Payment (HIPP) program, in which the state pays the premiums for certain individuals to enroll in other insurance plans (such as one sponsored by an employer) rather than insure the participant through the MO HealthNet program.

The Medicare Buy-In unit identifies MO HealthNet participants who are also eligible for the Federal Medicare program. By ensuring Medicare eligibility is identified and paying Medicare premiums on behalf of these participants, the state is able to shift costs away from the state and federally financed MO HealthNet program to the federally financed Medicare program, saving the state money.

The Missouri Medicaid Audit and Compliance (MMAC) unit performs post-payment reviews of MHD payments to medical providers and participants to ensure that claims billed to the MHD are reasonable, appropriate, and made in compliance with state and federal regulations. The MMAC is also responsible for investigating allegations of fraud or waste in the MO HealthNet program received by the agency.

The Medicaid Management Information System (MMIS) is the MO HealthNet benefit claims processing and information retrieval system used by the state to meet the requirements of the United States Department of

Health and Human Services. The system was established in the 1980s and replaced by an enhanced system in 2009. The MMIS has also been subject to regular updates to account for changes in program rules and regulations. Various MMIS reports are available to MHD staff to identify transactions in need of additional review or potential recoupment actions, such as reports identifying transactions for which the participant might have other insurance available to pay the claims and reports identifying participants who may be eligible for insurance under the Medicare program. The Medicare Statement Control Report (MSCR) identifies claims paid on behalf of MO HealthNet participants with recent changes to Medicare eligibility. Because the MO HealthNet program is the payer of last resort, these claims are reviewed to determine if the MO HealthNet payment should be recouped and the provider instructed to rebill the claim to the Medicare program. Claims identified remain on subsequent reports until processed in the MMIS.

Federal and state regulations limit the amount of time the state has to identify potential overpayments and begin recoupment efforts. Generally, the period of time is 1 to 3 years from the date services were provided; however, there is no limit in certain circumstances, such as fraud. In most instances, if the state has not notified a provider within the allowable time limits about an incorrect payment, the state loses the ability to recoup the funds.

Scope and Methodology

The scope of our audit included, but was not limited to, management controls and other related internal controls established and managed by the MHD; policies and procedures; and other management functions and compliance issues during the year ended June 30, 2014, related to payment and cost recovery measures implemented for Missouri's MO HealthNet program.

Our methodology included conducting interviews with appropriate officials and staff of the Department and contractors; obtaining and reviewing available policies and procedures, federal and state laws and regulations, and other applicable information; and performing testing.

We obtained various system-generated management reports from the MMIS, including reports of participants who had recently become Medicare eligible (the Medicare Statement Control Report) for the period May 2013 through May 2014. This report is prepared twice monthly. Due to MMIS system updates, four reports prepared during the period October through December 2013 were not reliable and contained numerous false positive results. Accordingly, these four reports were not included in our review and potential errors from these reports are not included in our report results.

1. Contractor Oversight

The MO HealthNet Division (MHD) does not thoroughly oversee the actions of a division contractor. Additionally, the MHD failed to detect errors in the monthly reports filed by this contractor. As a result, the MHD cannot ensure that the contractor is appropriately fulfilling required duties and performing to expectations.

1.1 Documentation

The MHD does not sufficiently monitor the collection activities of the Third Party Liability (TPL) unit contractor. While the contractor provides MHD with a monthly report of activities, including recovery transactions opened, processed, and recovered, the report is summary-level only and does not include sufficient information to allow the MHD to properly monitor the contractor's performance.

The MHD TPL unit uses a contractor to identify claims paid by the MHD for which a third party may be partially or completely liable. The potentially liable third parties are identified through data matches with other insurers and employers, referrals from providers or others, information from incident reports, and other methods. Once the potential third party is identified, the contractor determines the medical expenses paid by the MHD. The contractor creates and sends an invoice to the third party requesting reimbursement for expenses incurred in the treatment of the participant, and at that time records the correspondence in a case management system.

Because the invoices are created before liability is determined, a significant portion of the invoices are denied by the third party when the eligibility is found to be incorrect. For example, the contractor may identify a MO HealthNet participant also has insurance through an insurance company. The TPL contractor will attempt to recoup the participant's medical expenses from the insurance company. If the insurance policy was not in effect on the date of service, the company may not be liable for the charges and would deny the invoice. When the invoice is paid or denied, the contractor is responsible for updating the record in the case management system and, if the invoice is paid, creating and satisfying a receivable in the Medicaid Management Information System (MMIS). The contractor is paid on a commission basis, receiving a set percentage of the funds recouped for the state.

According to the contract, the contractor's case management system could be used by the MHD to monitor recoupments the contractor bills and collects. However, MHD staff indicated this system has not been utilized to review the contractor's actions. Additionally, MHD staff indicated no data is provided by the contractor to support the amounts that the contractor includes in its monthly reports to the division. No detailed information as to the value or status of claims being pursued by the contractor (including if the claim is still active or the decision has been made to suspend collection efforts) is provided to the MHD. Instead MHD relies on monthly meetings with the contractor to identify and resolve any issues.

Without reviewing the contractor's case management system or otherwise obtaining detailed case information, the MHD cannot ensure the contractor is making a good faith effort to collect recoupment on all claims, nor can the MHD ensure that all claims billed for which payment is received by the contractor are processed and reported correctly.

1.2 Reporting Errors

Reports prepared by the TPL contractor were not accurate, and the errors were not detected by the contractor or by the MHD.

The TPL contractor prepares monthly reports for the MHD to document activities, including the count and dollar amounts of recovery activities at the beginning of the month, summarized activity during the month, and the end-of-the-month balance.

We reviewed a selection of these monthly reports for the period February 2013 through June 2014. On the report showing April 2013 activity, the contractor incorrectly reported the March beginning recovery activity balance as the March ending balance. As a result, the balance of activity for April and all subsequent months was overstated by the net amount of activity in March, or $644,350.

After we notified the MHD of this error in April 2014, MHD staff requested the contractor revise the reports prepared from April 2013 to April 2014. During the contractor's review, contractor staff identified additional errors, including a $56.7 million error where the contractor used the February 2014 beginning balance as the March 2014 beginning balance. These revisions resulted in a total net decrease of $58.3 million in the reported balance of the potentially recoverable claims to correct this error and others that had not been detected by either the contractor or the MHD, despite MHD officials' claim staff reviewed these reports monthly. A contractor representative indicated the inaccurate reports resulted from a change in the subcontractor responsible for report preparation during the year.

Recommendations

The MHD:

1.1 Require the contractor for third party liability to provide detailed reports and information in order to ensure all potential recoupments are pursued to an ultimate disposition. The MHD should review this data for reasonableness and to ensure the contractor is appropriately fulfilling duties and complying with the expectations of the MHD.

1.2 Ensure MHD staff review submitted reports for accuracy and reasonableness and work with the contractor to resolve errors.

Auditee's Response

The Department of Social Services provided the following written responses:

1.1 The MHD does receive monthly and annual summary reports including a status of recovery projects report, a posting report based on recoveries, aging reports (pending open checks), an accounts receivable report, the yield management and claims recovery report, refund reports, and cost avoidance reports. The MHD will request the detailed supporting documentation for the current reports received from the contractor when the data in the summary reports needs more explanation or further review. Additionally, the MHD will continue to meet with the contractor to review all available reports and tools to determine if other additional reports will be useful to MHD. Different reports or additional resources will be requested, if needed. Utilizing the reports received, the MHD will review the data for reasonableness and to ensure the contractor is in compliance with contract requirements.

1.2 The error noted in the audit resulted in a reported $58.3 million decrease in the total accounts receivable (A/R) balance, but does not reflect any change in recoveries. The A/R balance at the time of the audit was the raw computer match list prior to any human review for actual recoverability; thus it was more of an accounting of the total billings. Because of this, MHD staff focused more on the actual recoveries. The MHD and the contractor have now changed the process of setting up an A/R. Now, an A/R is not set up until the check is received. This change will likely result in a lower risk of errors being made. The contractor will start performing a quality control review prior to submitting reports to MHD staff and will work with MHD staff to validate the reports for accuracy and reasonableness.

2. Timely Update of Medicare Eligibility

The MHD has not fully implemented measures to ensure Medicare eligibility is identified and updated in the MMIS timely. As a result, the MMIS is not timely identifying some MO HealthNet claims paid on behalf of participants who are eligible for Medicare, and the state has lost the opportunity to challenge payment of some claims for these participants and to potentially recoup erroneous payments.

The MHD reviews various reports to identify MO HealthNet participants with Medicare eligibility. One of these reports is the result of an informal agreement with a contractor to periodically perform an eligibility data match between state MO HealthNet participant records and federal Medicare eligibility records. The data match generates a report of all MO HealthNet participants whose Medicare eligibility is not reflected in the MMIS. The contractor prepared this report quarterly during the year ended June 30,

2012, but the MHD only received it once during each of the years ended June 30, 2014, and June 30, 2013, due to delays in production.

According to MHD personnel, regular preparation and review of this report would likely reduce the number of claims paid by MHD that should have been paid by Medicare, which would also reduce the number of claims on the Medicare Statement Control Report (MSCR). The MSCR identifies claims paid for MO HealthNet participants who have recently begun receiving Medicare. The reduction in claims would be the result of Medicare eligibility being updated before a claim is submitted, resulting in cost avoidance at the time of the claim submission instead of requiring cost recovery following a claim payment.

We reviewed claims on the MSCR where staff did not take steps to recoup the claim because the one-year timely filing deadline had passed. Out of 66,514 claims included on the MSCR during the 13-month period reviewed, the identification of the participant as being Medicare eligible was not completed until over one year after the date of service for 947 claims, totaling $798,303 related to 354 participants. As a result, the state never had a chance to recoup the claims because the timely filing requirement had passed before the claims were identified.

The identification in the MSCR of claims paid on behalf of Medicare eligible participants hinges on timely updating of a participant's Medicare eligibility in the MMIS. When eligibility updates are not completed timely, the inclusion of related claims in the MSCR is delayed and the state may lose the opportunity to recoup claims that should have been paid by Medicare.

Recommendation

The MHD should ensure the timely identification of MO HealthNet participants also receiving Medicare. Once identified, the MHD should ensure the Medicare eligibility is posted to the MMIS timely to maximize opportunities to recover program expenditures.

Auditee's Response

The Department of Social Services provided the following written response:

While the MHD agrees that $798,303 in claims that were identified on the MSCR were not reviewed timely to determine recoverability, it is not correct to assume that the same amount of $798,303 was available to be recovered. There are many reasons that prohibit the MHD from recovering Medicaid dollars including:

- *Claim was received outside timely filing;*
- *Provider already did an online adjustment in the system for the dates of service identified in case management;*
- *Provider submitted a fee-for-service claim for a service provided to a participant who has a Part C plan and is not a Qualified Medicare*

Beneficiary. In these instances, they must submit a regular fee-for-service claim instead of crossover claim, and account for the Part C payment (Medicare Advantage Plan) on the TPL attachment; and
- *Procedure is not covered by Medicare.*

While this particular data match report is not currently a required report to be submitted under the contract, the MHD agrees it does have value. Thus, the MHD will include this as a required report submission in the next contract renewal/rebid.

In addition to this data match, there are seven other reports that are used to update Medicare eligibility in the MMIS. These reports have been and continue to be worked timely. These reports are as follows:

- *Monthly Prospective Report*
- *Health Insurance Claim Numbers without Effective Dates*
- *Crossover Report*
- *Participants with Medicare Part C, without Parts A or B (on file)*
- *Medicare Participants Active on Managed Care*
- *MO Rx Report*
- *Pharmacy and Clinical Services Update Reports*

Auditor's Comment

While there may have been valid reasons some of the claims identified may not have been recoverable, the total amount is unknown. Without identifying Medicare eligibility timely and reviewing the claims above, the MHD lost the opportunity to recoup any portion of the claims that may have been determined recoverable if actions had been taken timely.

3. Deposit Procedures

The MHD has not ensured receipts are deposited and processed timely.

The MHD and a contractor receive monies from various sources, including program participants, providers, and insurance companies. These payments include various forms of premiums required from program participants, refunds due to the department from providers, and various reimbursements. Most of these payments are received through a lockbox in which the payee submits payment along with a payment coupon to a vendor. The vendor is responsible for processing the payment and depositing the payment into a designated account. If there are problems with the payment (such as the amount paid does not match the coupon), the payment is forwarded to the department for further processing.

3.1 Timely depositing

The MHD did not deposit all funds timely.

We performed a cash count of funds forwarded to the division and in the division's custody on July 8, 2014. We noted 104 checks totaling $110,000 had been held in a safe by the division from 9 to 350 days since receipt.

Three of these checks, totaling $1,122, were within 2 weeks of having been held long enough to become stale dated and no longer negotiable. The division considers a check to be stale dated either one year after the date of issuance or after the date of restriction on the check, if any (such as "void after 180 days"). None of the three checks were deposited before they became stale dated, and two of these checks totaling $55 were subsequently destroyed because they could no longer be negotiated. As of August 4, 2014, the third check for $1,067 was still being held by the division, even though it became stale dated on July 12, 2014. MHD officials could not explain why these checks were held rather than deposited to a holding account until the proper disposition could be identified.

3.2 Timely posting

The MHD has not posted some funds received to the associated account receivable timely.

Most checks received by the MHD (or its contractors) include information, such as remittance advices or correspondence from the payer, to allow the MHD to determine to which account receivable the payment should be posted. These checks are deposited into a state bank account and the funds are immediately available for use. In more complex cases, for example when an insurance company pays multiple invoices or a participant pays multiple monthly premiums with a single check, MHD or contractor staff deposit the checks into a holding account. The funds remain in the holding account while MHD staff and the contractor (depending on the specific type of payment received) investigate and determine how the payment should be posted. Because the checks have not been processed and posted to an account, the funds are not available to the MHD for use supporting the MO HealthNet program.

According to a MHD report, as of July 4, 2014, the holding account held 13,261 payments totaling $59.8 million dated from October 20, 2010, through July 3, 2014. These payments included over 7,500 items older than January 1, 2014. MHD staff indicated efforts to clear the backlog of deposited but unposted items are ongoing; however the process has been slower than desired, and goals for the time to complete the process have not been met. As of October 3, 2014, the report had been reduced to 6,080 items outstanding, with approximately 2,400 items older than January 1, 2014.

Failure to deposit checks timely increases the risk that the funds could be lost, misplaced, misappropriated or become stale dated. Failure to timely post deposited funds to the appropriate account(s) receivable delays the funds being available to the MHD for program uses.

Recommendations

The MHD:

3.1 Ensure that all receipts are deposited and processed timely to prevent the stale dating of checks and the loss or misappropriation of funds.

3.2 Ensure funds are posted to accounts receivable and made available for program uses as soon as possible.

Auditee's Response

The Department of Social Services provided the following written responses:

3.1 The MHD has now implemented depositing checks within 3 business days. With this new process MHD will be depositing checks more timely, but it will increase the number of checks that are not posted timely to the A/R. Since the checks were previously being held prior to depositing the check until the additional information needed was received, it will increase the number of checks that are not posted timely.

3.2 The majority of the checks (82%) are the responsibility of a contractor to post to the A/R. The MHD has been meeting with the contractor on a monthly basis to review existing policies and processes for opportunities for improvement. While there have been improvements, the MHD will continue to work with its contractor to bring postings to the accounts receivable up to date.

Since MHD is implementing a new process to deposit checks more timely, it will increase the number of checks that are not posted timely. In particular, deposited funds from partial payment of spend down checks will need to be held up to 13 months since providers have up to 12 months to bill service claims that could potentially complete the spend down obligation.

4. Provider Disclosure of Overpayment

The MHD and the Department of Social Services (DSS), Missouri Medicaid Audit and Compliance (MMAC) unit need to continue taking actions to ensure certain overpayments made to providers are identified and reported by the providers and recovered timely.

MHD providers maintain accounting records for each participant showing the services provided, costs billed, and payments received. Each participant's account at a provider may have multiple charges, payments, and adjustments made as claims work their way through the adjudication process. For instance, a claim may be sent to multiple insurers, have deductibles or copayments from the participant posted, and have deductions posted for items not billable under insurance agreements. As a result, it is not uncommon for an account to have a credit balance, meaning the amount

received by the provider exceeds the costs billed. Because the MO HealthNet program is the payer of last resort, all overpayments are to be refunded to the MHD first. State regulation 13 CSR 70-3.030 requires providers to refund an overpayment within 45 days of receiving notice that the state has identified an overpayment, or penalties may apply. Additionally, section 1320a-7k(d) of title 42 United States Code requires providers to report and return any overpayment they have received.

Health and Human Services audit

The United States Department of Health and Human Services (HHS), Office of Inspector General, performed an audit in 2012 of the MHD's oversight of credit balances[1] to determine whether nursing facilities reconciled invoice records with credit balances and reported the associated MO HealthNet overpayments to the MHD. While the audit specifically addressed nursing homes, the same type of issues could occur at any type of provider.

The federal audit identified $33,419 of overpayments for the quarter ended September 30, 2011, and estimated the state could potentially collect an additional $572,000 of overpayments for this period. The DSS collected approximately $286,000 from nursing home and hospital providers for credit balances in the year ended June 30, 2014. Additionally, the audit noted while the state requires providers to refund overpayments within 45 days of receiving notice of overpayment, there is no actual requirement for providers to reconcile their accounts, which means many payment errors may never be identified.

In the response to the audit, the DSS officials indicated the specific overpayments identified in the federal audit sample had already been collected or were in the process of being collected. These officials also stated they would assign responsibility for performing reviews of provider accounts to a contractor. According to DSS staff, the department is now considering changes to state regulations and in July 2014 began drafting a requirement for providers to reconcile accounts. However, a draft was not available for review.

Without requiring providers to reconcile accounts, the state cannot recoup from providers who have reported no overpayments because the providers indicated they were unaware of accounts with credit balances.

Recommendation

The MHD require providers to perform periodic reconciliations of participant accounts to identify overpayments that need to be refunded in accordance with state law.

[1] United States Department of Health and Human Services, Office of Inspector General, report number A-07-11-03169, *Nursing Facilities in Missouri Did Not Reconcile Invoice Records With Credit Balances and Report the Associated Medicaid Overpayments to the State Agency*, January 2013.

Auditee's Response

The Department of Social Services provided the following written response:

This HHS audit was conducted while the DSS utilized a different contractor than it is currently using. Currently, the state contracts with this new contractor to conduct credit balance transfer audits. In state fiscal year 2014, the state recovered $286,479 via the contractor's credit balance transfer audits.

The HHS audit report did not describe the methodology utilized to arrive at the extrapolated amount of $572,000. Additionally, the time period for which the amount applies is unclear, as both the quarter ended September 30, 2011, and the quarter ended March 31, 2011, were referred to as the applicable scope for the extrapolated amount.

MMAC staff has a draft of a self-disclosure regulation in the review and approval process. This process started at the beginning of state fiscal year 2015. Currently, providers may make adjustments when they are paid incorrectly for claims. This includes overpayment due to receipt of third party resources. If the time limits for adjusting the claims have been exceeded, providers may self-disclose overpayments to MMAC. In state fiscal year 2014, MMAC processed $1,044,449 in self-disclosures.

Thomas A. Schweich

Missouri State Auditor

The Prosecuting Attorneys' and Circuit Attorneys' Retirement System

December 2014

Report No. 2014-141

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Prosecuting Attorneys' and Circuit Attorneys' Retirement System

Monitoring of Surcharge Contributions	The Prosecuting Attorneys' and Circuit Attorneys' Retirement System (PACARS) Board of Trustees (Board) lacks adequate controls and procedures to ensure all surcharge contributions are received from courts. The Board receives contributions consisting of 1) a monthly fixed dollar amount from individual counties and the City of St. Louis and 2) a $4 surcharge assessed on each criminal case filed in the state. The PACARS received surcharges of approximately $893,000 in 2014 and approximately $916,000 in 2013, representing approximately 60 percent of total contributions each year. The Office of the State Courts Administrator (OSCA) maintains statewide records of surcharges collected by most courts on the Judicial Information System; however the Executive Secretary has not requested this information from all courts or the OSCA.
Board of Trustees	The Board does not always follow Sunshine Law requirements relating to board meeting minutes and notices. The Board did not prepare meeting minutes for the second quarter meetings of 2012, 2013, and 2014; and did not prepare and/or post notices and related agendas for the second quarter meetings, or the first quarter meeting for 2014. In addition, meeting minutes are not prepared and approved timely. The Board did not meet quarterly as required by state law. The Board met 3 times per year during 2012, 2013, and 2014 (through August 2014). The Board lacks policies and procedures to ensure board members represents varied and balanced interests. Board members as of December 2014 included 3 prosecutors, 1 retired prosecutor, and 1 vested former prosecutor.
Executive Secretary	The Board lacks adequate oversight of the Executive Secretary, who administers the plan from her home. The Board does not have a formal written employment contract with the Executive Secretary and has not formally documented her job duties. In addition, the Board does not require that she complete and maintain records of time worked and leave taken. The Executive Secretary indicated she works from 20 to 50 hours a week and the Board Chair indicated that the Board expects the Executive Secretary to work as needed to conduct plan business, but has no other specific expectations regarding her work schedule.

Professional Services Contracts	The Board has not periodically solicited proposals for any professional service providers. The Board has contracted with the same actuarial consultant, attorney, bank, auditor, legislative consultant, and accountant for up to 20 years. Neither the Executive Secretary nor the Board adequately monitors payments to professional service providers. Invoices from the actuarial consultant and accountant lacked adequate detail and the Executive Secretary had not retained a schedule of the accountant's rates. Auditors determined the attorney slightly overbilled the system.

In the areas audited, the overall performance of this entity was **Good***

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Prosecuting Attorneys' and Circuit Attorneys' Retirement System
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Board of Trustees
and
Katrina Farrow, Executive Secretary
Prosecuting Attorneys' and Circuit Attorneys' Retirement System
Jefferson City, Missouri

We have audited certain operations of the Prosecuting Attorneys' and Circuit Attorneys' Retirement System as authorized under Chapter 29, RSMo. The system engaged Graves and Associates, Certified Public Accountants (CPAs), LLC, to audit the system's financial statements for the years ended June 30, 2014, 2013, and 2012. A financial statement audit for the year ended June 30, 2014 had not yet been performed at the time of our audit. To minimize duplication of effort, we reviewed the reports and substantiating working papers of the CPA firm. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2014 and 2013. The objectives of our audit were to:

1. Evaluate the system's internal controls over significant management and financial functions.

2. Evaluate the system's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology included reviewing minutes of meetings, financial records, contracts, and other pertinent documents; interviewing the Chairman of the PACARS Board of Trustees and the Executive Secretary, as well as certain external parties; testing selected transactions; and analysis of various data obtained from the system and external sources. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the system's management and was not subjected to the procedures applied in our audit of the system.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures.

The accompanying Management Advisory Report presents our findings arising from our audit of the Prosecuting Attorneys' and Circuit Attorneys' Retirement System.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Douglas J. Porting, CPA, CFE
Audit Manager:	Kim Spraggs, CPA
In-Charge Auditor:	James M. Applegate, MBA
Audit Staff:	Alexander Druzenko, MBA, CPA

1. Monitoring of Surcharge Contributions

The Prosecuting Attorneys' and Circuit Attorneys' Retirement System (PACARS) Board of Trustees (Board) lacks adequate controls and procedures to ensure all surcharge contributions are received from courts.

As set forth in Section 56.807, RSMo, the Board receives contributions from two sources: 1) a monthly fixed dollar amount from individual counties and the City of St. Louis and 2) a $4 surcharge assessed on each criminal case filed in the state. The surcharge is collected and submitted by circuit courts located in each county of the state and the City of St. Louis, and by 7 county municipal divisions located in 5 of the larger counties. Prior to August 2014, the surcharge was not collected on cases when defendants paid fines and court costs through the Office of the State Courts Administrator (OSCA) Fine Collection Center; however, state law changed effective August 28, 2014, and the surcharge is now collected on these cases. During fiscal years 2014 and 2013, the PACARS received contributions totaling approximately $1.5 million annually. These amounts included surcharges of approximately $893,000 in 2014 and approximately $916,000 in 2013, representing approximately 60 percent of total contributions each year. A detailed schedule of PACARS' contributions received, by county and court, is located at Appendix C.

Staff from PACARS' accounting firm monitor monthly fixed contributions received from the counties and the City of St. Louis and maintain records of unpaid amounts. However, no similar procedures are performed to ensure surcharges are appropriately collected and received from the courts. Statewide records of surcharges collected by circuit courts and 1 county municipal division are maintained on the Judicial Information System (JIS) maintained by the OSCA. While the Executive Secretary indicated some courts submit copies of JIS reports with their surcharge contributions, she has not requested these reports from all courts or the OSCA. The JIS system is a good source of information that would help the PACARS monitor to ensure the courts are fully and timely remitting surcharge payments to the PACARS.

Because 6 of the 7 county municipal divisions collecting the surcharge do not utilize the JIS system, alternative procedures would be necessary to monitor contributions from these divisions. These municipal divisions are required to report certain distributions, including PACARS surcharges, monthly to the OSCA on a municipal division summary reporting form. However, our discussions with OSCA and court personnel and review of reporting forms determined none of these 6 county municipal divisions separately and accurately report the PACARS surcharges on the reporting form.

Without procedures to monitor the surcharges due and received, the Board has no assurance it received all surcharges, as provided by state law.

Recommendation

The Board of Trustees establish procedures to monitor surcharges to ensure all contributions are received.

Auditee's Response

The Board of Trustees provided the following written response:

The Board will increase its efforts to monitor surcharge payments by requesting OSCA to send quarterly reports, sorted by county, (not by circuit) of the surcharge payments. In addition, the Board will request the municipal divisions which handle violations subject to the PACARS surcharge to provide such reports as they are able within the framework of their systems.

2. Board of Trustees

The Board does not always follow Sunshine Law requirements relating to Board meeting minutes and notices, and does not meet quarterly as required by state law. In addition, the Board lacks diverse representation.

The Executive Secretary indicated Board meetings are generally held at a hotel in Jefferson City during the first quarter of each year, via email during the second quarter, and in conjunction with the annual Missouri Office of Prosecuting Attorneys conference during the third quarter. Our review of the minutes and meeting notices prepared for meetings held during the period January 2012 to August 2014 identified several concerns.

2.1 Meeting minutes

The Board did not prepare meeting minutes for the second quarter meetings of 2012, 2013, and 2014. The PACARS' Attorney indicated the Board meets via email during the second quarter each year for the sole purpose of reviewing and approving retiree cost of living increases. In addition, meeting minutes are not prepared and approved timely. The Executive Secretary indicated she prepares the meeting minutes as soon as she has time after each meeting. However, the meeting minutes from the February 2014 Board meeting were not prepared until July or August 2014 and not approved until August 2014.

The Sunshine Law, Chapter 610, RSMo, defines a public meeting as "any meeting of a public governmental body subject to Sections 610.010 to 610.030, RSMo, at which any public business is discussed, decided, or public policy formulated." The Sunshine Law requires minutes of open and closed meetings to be taken and retained by all governmental bodies including, but not limited to, the date, time, place, members present, members absent, and a record of votes taken. Minutes serve as the only official permanent public record of decisions made by the Board. Therefore, it is imperative that the minutes be prepared and retained to document all business conducted and to provide complete transparency and full disclosure to the public. Furthermore, timely preparation and approval not only adds assurance to the authenticity of official minutes, but allows a timely review of the contents to ensure the minutes include all important information regarding the meetings held.

2.2 Meeting notices

The Board did not prepare and/or post notices and related agendas for the second quarter meetings, or the first quarter meeting for 2014. According to the PACARS' Attorney, the Board did not post notices and agendas for the second quarter meetings because each of those meetings only addressed one issue. According to the Executive Secretary, because the first quarter meeting for 2014 was held via conference call, and the Board has no official office, she posted the notice at her home. The Sunshine Law requires posting of a tentative agenda and a meeting notice at least 24 hours prior to all meetings of a public governmental body. This section provides if the meeting will be conducted by telephone or other electronic means, the notice of the meeting shall identify the mode by which the meeting will be conducted and the designated location where the public may observe and attend the meeting. Because the Board does not have an official office or website, an alternative means of posting meeting notices and agendas is needed.

2.3 Meeting frequency

The Board did not meet quarterly as required by state law. The Board met 3 times per year during 2012, 2013, and 2014 (through August 2014). The Executive Secretary and the PACARS' Attorney could not explain why the Board meets less frequently than required.

Section 56.809.2, RSMo, requires that the PACARS Board of Trustees hold regular board meetings at least once each quarter The Board makes key decisions during board meetings, including approving retirement and other benefit applications, actuarial assumptions and methods, contracts, and salaries; and making investment decisions. Conducting meetings at least quarterly is necessary for the Board to carry out these fiduciary and oversight responsibilities, and strengthens internal fiscal controls and public accountability.

2.4 Board members

The Board lacks policies and procedures to ensure board members represent varied and balanced interests.

Section 56.809.1, RSMo, requires the Board of Trustees to be comprised of 5 persons, elected by the prosecuting attorneys and circuit attorneys of the state. However, neither the statute nor Board policy specify the entities or individuals that should be represented on the Board. Board members as of December 2014, include 3 prosecutors, 1 retired prosecutor, and 1 vested former prosecutor. Because the Board is selected by and comprised solely of individuals who are members and beneficiaries of the plan, the Board lacks adequate representation of varied and balanced interests, including the interests of sponsoring governments and taxpayers.

A Government Finance Officers Association best practice guide recommends that "defined benefit plan sponsors should pay particular attention to the composition of the Board of Trustees and make efforts to ensure that varied interests are represented and balanced among those of

employers, employees, retirees, taxpayers and unions, if applicable. Criteria for governing board selection are crucial to ensure a competent board oversees the policy development of all plan activities." Board policies and procedures providing for varied and balanced representation on the Board of Trustees help ensure Board decisions are unbiased and the interests of all parties are considered.

Recommendations

The Board of Trustees:

2.1 Ensure meeting minutes are prepared and approved timely and maintained for all meetings in accordance with the Sunshine Law.

2.2 Ensure appropriate meeting notices and agendas are posted and retained.

2.3 Meet at least quarterly as required by state law.

2.4 Establish policies and procedures that provide a varied and balanced representation on the Board of Trustees.

Auditee's Response

The Board of Trustees provided the following written responses:

2.1 The Board will require meeting minutes to be prepared in draft form within 14 days of the meeting and approved at the next regularly scheduled meeting of the Board.

2.2 &2.3 The Board will ensure that quarterly meeting notices and agenda are posted in an appropriate location. The Board will establish a default location for meetings and teleconferences.

2.4 The election of the Board is in compliance with the law establishing the Board. However, the Board has proactively sought representation across the spectrum members, including non-vested members and retired (vested) members on the Board. The Board will consider whether to recommend to the members of the system that a Board position should be designated for a non-member.

3. Executive Secretary

The Board lacks adequate oversight of its one employee, the Executive Secretary. The Board does not have a formal written employment contract with the Executive Secretary and has not formally documented her job duties. In addition, the Board does not require her to complete and maintain records of time worked and leave taken.

The Board does not have an official office and the Executive Secretary administers the plan from her home. While many plan administrative responsibilities have been contracted to various outside vendors, the Board

has not formally documented which responsibilities and duties should be performed by the Executive Secretary. The Executive Secretary indicated she does not have a set work schedule or specified vacation or sick leave, and she works from 20 to 50 hours per week. The Board Chair indicated the Board expects the Executive Secretary to work as needed to conduct plan business, but has no other specific expectations regarding her work schedule. However, none of these arrangements have been addressed in an employment contract or other Board action.

While the Board approves the Executive Secretary's employment and salary, formal written employment contracts, job descriptions, and/or other documentation of job duties are necessary to ensure all parties are aware of their duties, responsibilities, and benefits and to prevent misunderstandings. In addition, timesheets and leave records are necessary to document and monitor hours worked and leave taken and to substantiate payroll disbursements.

Recommendation

The Board of Trustees establish and maintain a current formal written employment contract with the Executive Secretary and/or formal documented job duties, and update these documents when changes are approved. In addition, the Board should establish a work schedule and leave requirements and require the Executive Secretary to submit timesheets and maintain records of leave taken.

Auditee's Response

The Board of Trustees provided the following written response:

The Board established the Executive Secretary position as an independent contractor position. It is not an employee position. Therefore, the Board feels that the agreement with the Executive Secretary must not be inconsistent with the independent contractor relationship. However, the Board will consider a contract which specifically sets out goals and objectives which are consistent with the Board's objectives, but not inconsistent with the independent contractor relationship.

4. Professional Services Contracts

The Board has not periodically solicited proposals for professional services and procedures to monitor payments to the service providers need improvement.

During the 2 years ended June 30, 2014, the Board contracted with six professional service providers for various services. Payments to these providers during this period totaled approximately $284,000.

4.1 Solicitation

The Board has not periodically solicited proposals for any professional service providers. The Board has contracted with the same actuarial consultant since 1994 (current contract is dated in 2004). Current contracts

with the attorney (general representation), bank (investment management services), and accountant are dated when the Board first contracted with these providers in 1998, 2003, and 2011, respectively. The Board has contracted with the same legislative consultant annually since 2008, and the same auditor every 3 years since 2006. In addition, the Board has separately contracted with the same attorney for specialized legal services and for legal services associated with legislative sessions since 2003.

Without periodically soliciting proposals for professional services, the Board may be missing the opportunity to obtain similar or improved services at a better price, either from existing or new firms.

4.2 Monitoring

Neither the Executive Secretary nor the Board adequately monitors payments to professional service providers.

The Board did not require the actuarial consultant and the accountant submit sufficiently detailed invoices to support amounts billed. While the actuarial consultant fee schedule indicated the Board would be charged at hourly rates ranging from $50 to $325 depending on the experience level of the employee who performed the work, the invoices submitted by the consultant did not detail the number of hours or the employees who performed the work. Invoices submitted by the accountant similarly lacked detail of the number of hours and employees. In addition, while the contract with the accountant stated the Board would be charged at standard rates based on time incurred; the Executive Secretary had not retained a schedule of these rates for comparison to the invoices. The Board paid the actuarial consultant approximately $40,200, and the accountant approximately $25,100, during the 2 years ended June 30, 2014.

In addition, our review of the invoice supporting the payment to the attorney's firm for general representation provided in October 2013, determined the PACARS overpaid the firm $54 because the firm billed the attorney's hours at $15 more than the agreed-upon hourly rate. Upon our inquiry, the attorney researched this discrepancy and informed us a coding error had occurred and the firm overbilled the PACARS $724 during 2013 and 2014. The attorney indicated the firm planned to provide a credit on subsequent invoices to resolve the overpayment. The Executive Secretary indicated she reviews each service provider invoice by comparing the invoice to previous invoices from the provider; however, she does not compare billed rates to related contracts or price agreements. As a result, these procedures did not detect the billing errors and overpayments identifed.

Without adequately monitoring invoices and bills received from professional services providers, including obtaining sufficiently detailed

invoices, the Board lacks assurance amounts paid to professional service providers are proper.

Recommendations

The Board of Trustees:

4.1 Periodically solicit proposals for all professional services; or review current market pricing levels to ensure fair pricing is obtained, and document these reviews.

4.2 Establish procedures to monitor invoices for compliance with contract rates; and require professional service contractors to submit sufficiently detailed invoices of services provided including the number of hours worked, the employees who performed the work, and the hourly rates charged.

Auditee's Response

The Board of Trustees provided the following written responses:

4.1 The Board will establish procedures to periodically review current market pricing levels of its professionals to ensure fair pricing is obtained and document such review at least biannually.

4.2 The Board will require the Executive Secretary, by contract, to monitor invoices from professionals to assure that the prices charged are as represented in the contract with such professionals.

Prosecuting Attorneys' and Circuit Attorneys' Retirement System Organization and Statistical Information

The Prosecuting Attorneys' and Circuit Attorneys' Retirement System (PACARS) was created under an act of the General Assembly, commenced actual operations on August 28, 1989, and is governed by Sections 56.800 to 56.840, RSMo.

The PACARS is a multiple-employer, defined benefit retirement system for prosecuting attorneys in all counties and each circuit attorney in a city not within a county. The system provides retirement and death benefits to its members and survivors. Membership is automatic for any elected or appointed prosecuting attorney or circuit attorney who is employed by a county or a city not within a county.

The PACARS receives contributions from two sources: 1) a monthly fixed dollar amount from individual counties and the City of St. Louis and 2) a $4 surcharge assessed to every criminal case filed in the state. First class counties; all other class counties that elected to make the position of prosecuting attorney full time after August 28, 2001; all other class counties that elected to make the position full time before August 28, 2001 and elected a full-time benefit; and the City of St. Louis; contribute $646 per month. Second class counties that did not make the above elections contribute $271 per month; and third and fourth class counties that did not make the above elections contribute $187 per month. House Bill No. 1231 (2014) provides for adjusted county contribution rates in accordance with a schedule based on the plan's funded ratio (standard rates when funded ratios range between 90 percent and 110 percent, increased rates when less than 90 percent, and reduced rates when more than 110 percent), effective August 2015; and collection of the surcharge on cases paid through the Office of the State Courts Administrator Fine Collection Center, effective August 2014. Plan members are not required to contribute to the plan.

Prosecutors are vested in the plan after serving 12 years in office. Any member who has attained the age of 62 and who has 12 or more years of creditable service may retire with full benefits. A member may elect to retire at age 55 with reduced benefits if the member has 12 or more years of creditable service.

A member who served as a part-time prosecuting attorney for 12 or more years receives a monthly benefit equal to $105 multiplied by the number of 2-year and partial 2-year periods served. A member who served 20 or more years receives a monthly benefit of $130 multiplied by the number of 2-year and partial 2-year periods served. A member who served as full-time prosecuting attorney or circuit attorney for 12 or more years receives a monthly benefit equal to 50 percent of the final average compensation, based on the highest 2 consecutive years of compensation.

Members who are also eligible to receive benefits under the Local Government Employees' Retirement System (LAGERS) shall receive benefits reduced by a percentage of the amount received from the LAGERS. Cost of living increases are received annually equal to the increase in the consumer price index, not to exceed 2 percent in any year. A member's total cost of living increases shall not exceed 50 percent of the initial benefit received upon retirement.

As of June 2014 there were 115 active participants, 52 retired participants and 40 terminated vested participants.

Board of Trustees and Executive Secretary

The responsibility for the operation and administration of the retirement system is vested in the 5-member Board of Trustees, elected by a vote of the prosecuting attorneys and circuit attorneys of the state to 4-year terms. The members of the Board as of June 30, 2014, were as follows:

Name and Title	County or City	Term Expires
Robert George, Board Chair	Former Lawrence County Prosecutor (Retired)	December 31, 2016
Bob McCulloch,[1] Vice Chair	St. Louis County Prosecutor	December 31, 2014
Kevin Barbour[1]	Butler County Prosecutor	December 31, 2014
Amanda Grellner	Osage County Prosecutor	December 31, 2016
Mike Wright[2]	Former Warren County Prosecutor (Terminated vested)	December 31, 2014

[1] Reelected to another term ending December 31, 2018.
[2] Jacob Shellabarger, Audrain County Prosecutor, was elected to a term beginning January 1, 2015, replacing Mike Wright.

The PACARS employs an Executive Secretary, who coordinates the daily operation of the system, executes contracts for some professional services with the approval of the Board, and advises the Board on all matters pertaining to the system. Katrina Farrow has served as Executive Secretary since 1999, and received an annual salary of $40,170, as of June 30, 2014.

The Board contracts with Central Bank, for investment management and deposit services; John Bardgett & Associates, Inc., for legislative consulting services; Milliman USA, Inc., for actuarial consulting services; Williams Keepers, LLC, for accounting services; Armstrong Teasdale, for attorney services; and Graves and Associates, CPAs, LLC, for auditing services.

Additional information regarding the system's plan provisions and benefits, investments, financial activities, consultants, and actuarial valuations can be obtained by contacting the system directly at (573) 556-7985.

Appendix A

Prosecuting Attorneys' and Circuit Attorneys' Retirement System
Comparative Schedule of Actuarial Data[1]

Year Ended June 30,	Actuarial Assets	Actuarial Liabilities	Funded Ratio[2]	Unfunded Actuarial Accrued Liabilities (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2004	$ 12,718,714	$ 15,449,179	82%	$ 2,730,465	$ 7,330,659	37%
2005	15,374,924	17,050,896	90	1,675,972	7,931,470	21
2006	17,845,076	18,947,349	94	1,102,273	7,213,675	15
2007	20,665,722	21,925,113	94	1,259,391	7,905,774	16
2008	23,194,630	24,120,658	96	926,028	7,889,670	12
2009	24,753,908	26,243,497	94	1,489,589	7,418,804	20
2010	26,538,275	27,722,105	96	1,183,830	7,312,574	16
2011	28,650,457	29,022,006	99	371,549	7,428,188	5
2012	30,205,389	35,051,464	86	4,846,075	8,478,784	57
2013[3]	32,001,750	37,435,553	85	5,433,803	8,514,040	64

[1]Data is presented because PACARS' Consolidated Annual Financial Reports are not readily available to the public. Some or all of this data may significantly change beginning the year ended June 30, 2014, due to Statement No. 67 of the Governmental Accounting Standards Board (GASB): Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25, which amends accounting and reporting requirements for pension plans.

[2]PACARS officials provided the following reasons for the significant change in funded ratio in recent years: Following th passage of Senate Bill No. 5 (2003), which initiated the surcharge, an increasing number of counties changed procedures to adopt the Fine Collection Center as a first step in their collection of traffic violations. This precipitated a marked decline in surcharge contribution revenues and a resulting reduction in the funded ratio (2011-2012). In addition, the migration of third and fourth class counties to full-time prosecutors, in conjunction with the increase in prosecutor's salaries (both of which are entirely outside the Board's control) increased dramatically the expected payout in the form of retirement benefits. The Board sought legislative action which resulted in the enactment of House Bill No. 1231 (2014) which is intended to address these situations.

[3]Most current year available at the date of this report.

Source: 2013 Consolidated Annual Financial Report

Appendix B

Prosecuting Attorneys' and Circuit Attorneys' Retirement System
Comparative Schedule of Contributions, Actual and Required[1]

Year Ended June 30,	Annual Required Contributions (ARC)	Actual Contributions[2]	Actual Contributions as a Percentage of ARC[2]	Annual Covered Payroll	ARC as a Percentage of Payroll[2]
2004	$ 1,230,101	$ 1,231,292	100%	$ 7,330,659	17%
2005	951,947	1,586,787	167	7,931,470	12
2006	893,256	1,651,029	185	7,213,675	12
2007	765,601	1,612,627	211	7,905,774	10
2008	1,124,479	1,570,187	140	7,889,670	14
2009	1,068,222	1,580,261	148	7,418,804	14
2010	1,157,504	1,545,692	134	7,312,574	16
2011	998,504	1,550,360	155	7,428,188	13
2012	1,082,571	1,561,553	144	8,478,784	13
2013[3]	1,783,900	1,493,437	84	8,514,040	21

[1]Data is presented because PACARS' Consolidated Annual Financial Reports are not readily available to the public. Some or all of this data may signficantly change beginning the year ended June 30, 2014, due to Statement No. 67 of the Governmental Accounting Standards Board (GASB): Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25, which amends accounting and reporting requirements for pension plans.

[2]As required by statute, contributions are received from two sources: 1) a monthly fixed dollar amount from individual counties and the City of St. Louis and 2) a $4 surcharge assessed to every criminal case filed in the state.

[3]Most current year available at the date of this report.

Source: 2013 Consolidated Annual Financial Report

Appendix C

Prosecuting Attorneys' and Circuit Attorneys' Retirement System
Comparative Schedule of Contributions, County and Court

	Year Ended June 30,					
	2014			2013		
County/Court	County Fixed Contributions[7]	Court Surcharge Contributions	Total Contributions	County Fixed Contributions[7]	Court Surcharge Contributions	Total Contributions
Adair	$ 7,752	2,239	9,991	7,752	2,558	10,310
Andrew	2,244	2,599	4,843	2,244	2,779	5,023
Atchison	2,244	1,875	4,119	2,244	1,971	4,215
Audrain	2,244	3,042	5,286	2,244	3,248	5,492
Barry	7,752	4,557	12,309	7,752	4,144	11,896
Barton	2,244	1,893	4,137	2,244	1,805	4,049
Bates	7,752	4,828	12,580	7,752	3,885	11,637
Benton	7,752	3,566	11,318	7,752	3,896	11,648
Bollinger	2,244	1,007	3,251	2,244	962	3,206
Boone	7,752	14,700	22,452	7,752	19,724	27,476
Buchanan	7,752	8,759	16,511	7,752	8,952	16,704
Butler	7,752	3,597	11,349	7,752	4,125	11,877
Caldwell	2,244	2,193	4,437	2,244	2,325	4,569
Callaway	7,752	7,906	15,658	7,752	8,158	15,910
Camden	7,752	6,370	14,122	7,752	7,533	15,285
Cape Girardeau	7,752	6,265	14,017	7,752	5,526	13,278
Carroll	2,244	1,620	3,864	2,244	1,158	3,402
Carter	2,244	2,012	4,256	2,244	2,085	4,329
Cass	7,752	11,828	19,580	7,752	14,591	22,343
Cedar	7,752	2,053	9,805	7,752	1,880	9,632
Chariton	2,244	1,118	3,362	2,244	1,415	3,659
Christian	7,752	5,475	13,227	7,752	5,061	12,813
Clark	2,244	2,304	4,548	2,244	2,016	4,260
Clay	7,752	20,092	27,844	7,752	18,763	26,515
Clinton	2,244	4,008	6,252	2,244	4,268	6,512
Cole	7,752	7,485	15,237	7,752	7,878	15,630
Cooper	2,244	4,509	6,753	2,244	5,292	7,536
Crawford	7,752	6,762	14,514	7,752	6,975	14,727
Dade	2,244	995	3,239	2,244	974	3,218
Dallas	7,752	5,304	13,056	7,752	5,693	13,445
Daviess	2,244	2,453	4,697	2,244	2,774	5,018
Dekalb	2,244	1,828	4,072	2,244	1,876	4,120
Dent	7,752	2,365	10,117	7,752	2,687	10,439
Douglas	7,752	2,018	9,770	7,752	1,803	9,555
Dunklin	7,752	2,747	10,499	7,752	3,462	11,214
Franklin[1]	7,752	35,770	43,522	7,752	33,351	41,103
Gasconade	2,244	1,818	4,062	2,244	1,794	4,038
Gentry	2,244	780	3,024	2,244	877	3,121
Greene	7,752	23,228	30,980	7,752	16,074	23,826
Grundy	2,244	1,747	3,991	2,244	1,448	3,692
Harrison	2,244	3,535	5,779	2,244	3,236	5,480
Henry	7,752	4,916	12,668	7,752	4,081	11,833
Hickory	2,244	989	3,233	2,244	922	3,166
Holt	$ 2,244	2,371	4,615	2,244	1,982	4,226

Appendix C

Prosecuting Attorneys' and Circuit Attorneys' Retirement System
Comparative Schedule of Contributions, County and Court

	Year Ended June 30,					
	2014			2013		
County/Court	County Fixed Contributions[7]	Court Surcharge Contributions	Total Contributions	County Fixed Contributions[7]	Court Surcharge Contributions	Total Contributions
Howard	$ 2,244	1,239	3,483	2,244	1,033	3,277
Howell	2,244	5,459	7,703	2,244	6,766	9,010
Iron	2,244	1,649	3,893	2,244	1,430	3,674
Jackson	7,752	22,944	30,696	7,752	15,869	23,621
Jackson County Municipal Division[2]	NA	27,078	27,078	NA	28,236	28,236
Jasper	7,752	10,179	17,931	7,752	10,244	17,996
Jefferson[3]	7,752	72,638	80,390	7,752	53,299	61,051
Johnson	7,752	8,416	16,168	7,752	8,771	16,523
Knox	2,244	455	2,699	2,244	490	2,734
Laclede	2,244	8,599	10,843	2,244	9,086	11,330
Lafayette	7,752	10,089	17,841	7,752	11,020	18,772
Lawrence	7,752	4,080	11,832	7,752	4,829	12,581
Lewis	2,244	2,474	4,718	2,244	2,512	4,756
Lincoln	7,752	8,498	16,250	7,752	8,989	16,741
Linn	2,244	2,321	4,565	2,244	2,725	4,969
Livingston	2,244	2,247	4,491	2,244	1,957	4,201
McDonald	7,752	3,789	11,541	7,752	3,668	11,420
Macon	2,244	3,105	5,349	2,244	3,122	5,366
Madison	2,244	2,261	4,505	2,244	2,560	4,804
Maries	2,244	1,074	3,318	2,244	1,524	3,768
Marion	7,752	5,430	13,182	7,752	5,571	13,323
Mercer	2,244	679	2,923	2,244	575	2,819
Miller	7,752	4,564	12,316	7,752	4,574	12,326
Mississippi	7,752	3,653	11,405	7,752	4,015	11,767
Moniteau	7,752	2,003	9,755	7,752	1,733	9,485
Monroe	2,244	1,431	3,675	2,244	1,682	3,926
Montgomery	2,244	4,033	6,277	2,244	4,186	6,430
Morgan	7,752	3,364	11,116	7,752	3,731	11,483
New Madrid	7,752	4,193	11,945	7,752	5,171	12,923
Newton	3,252	6,960	10,212	3,252	8,662	11,914
Nodaway	7,752	2,790	10,542	7,752	3,483	11,235
Oregon	2,244	996	3,240	2,244	1,084	3,328
Osage	2,244	2,397	4,641	2,244	2,696	4,940
Ozark	7,752	1,446	9,198	7,752	1,438	9,190
Pemiscot	7,752	5,282	13,034	7,752	6,449	14,201
Perry	2,244	3,569	5,813	2,244	3,749	5,993
Pettis	2,244	4,640	6,884	2,244	5,266	7,510
Phelps	7,752	6,675	14,427	7,752	8,012	15,764
Pike	7,752	2,930	10,682	7,752	2,992	10,744
Platte	7,752	17,350	25,102	7,752	16,876	24,628
Polk	7,752	6,841	14,593	7,752	6,358	14,110
Pulaski	7,752	7,228	14,980	7,752	7,183	14,935
Putnam	2,244	632	2,876	2,244	964	3,208
Ralls	$ 2,244	2,214	4,458	2,244	2,234	4,478

Appendix C

Prosecuting Attorneys' and Circuit Attorneys' Retirement System
Comparative Schedule of Contributions, County and Court

County/Court		Year Ended June 30, 2014 County Fixed Contributions[7]	2014 Court Surcharge Contributions	2014 Total Contributions	2013 County Fixed Contributions[7]	2013 Court Surcharge Contributions	2013 Total Contributions
Randolph	$	7,752	4,833	12,585	7,752	5,475	13,227
Ray		2,244	2,766	5,010	2,244	2,580	4,824
Reynolds		2,244	1,330	3,574	2,244	1,247	3,491
Ripley		2,244	2,204	4,448	2,244	2,124	4,368
St. Charles[4]		7,752	60,959	68,711	7,752	59,312	67,064
St. Clair		2,244	2,802	5,046	2,244	3,840	6,084
St. Francois		7,752	7,797	15,549	5,502	8,128	13,630
St. Louis City		7,752	9,863	17,615	7,752	13,951	21,703
St. Louis County[5]		7,752	204,378	212,130	7,752	222,835	230,587
Ste. Genevieve		7,752	6,639	14,391	7,752	7,245	14,997
Saline		3,252	4,136	7,388	3,252	4,336	7,588
Schuyler		2,244	999	3,243	2,244	1,100	3,344
Scotland		2,244	851	3,095	2,244	1,024	3,268
Scott		2,244	4,860	7,104	2,244	5,441	7,685
Shannon		2,244	1,113	3,357	2,244	1,266	3,510
Shelby		2,244	1,314	3,558	2,244	1,448	3,692
Stoddard		2,244	2,365	4,609	2,244	3,108	5,352
Stone		7,752	3,352	11,104	7,752	3,198	10,950
Sullivan		2,244	1,454	3,698	2,244	1,344	3,588
Taney		7,752	4,908	12,660	7,752	4,937	12,689
Texas		7,752	3,109	10,861	7,752	3,591	11,343
Vernon		7,752	2,747	10,499	7,752	2,724	10,476
Warren		7,752	6,488	14,240	7,752	7,094	14,846
Washington		7,752	2,506	10,258	7,752	3,229	10,981
Wayne		2,244	3,640	5,884	2,244	3,927	6,171
Webster		2,244	4,013	6,257	2,244	3,852	6,096
Worth		2,244	242	2,486	2,244	211	2,455
Wright		7,752	3,712	11,464	7,752	3,720	11,472
Unknown[6]		NA	0	0	NA	11,039	11,039
Annual Total:	$	579,540	892,800	1,472,340	577,290	916,147	1,493,437

[1]Includes surcharge contributions received from the Franklin County Municipal Division.

[2]The PACARS separately tracks surcharge contributions received from the Jackson County Municipal Division.

[3]Includes surcharge contributions received from the Jefferson County Municipal Division.

[4]Includes contributions received from the St. Charles County Ordinance Division.

[5]Includes surcharge contributions received from the St. Louis County North Municipal Division, St. Louis County South Municipal Division, and St. Louis County West Municipal Division.

[6]PACARS personnel were unable to attribute these surcharge payments to a specific court.

[7]Amounts presented are accrual basis, or amounts due, rather than amounts paid. All counties, except Andrew County ($5,984 balance due as of June 30, 2014) and Randolph County ($18,256), made payments during the 2 years ended June 30, 2014

Source: 2014 (draft) and 2013 Financial Statements

Thomas A. Schweich

Missouri State Auditor

Missouri Development Finance Board

Infrastructure Development Tax Credit Program

December 2014

Report No. 2014-142

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Infrastructure Development Tax Credit Program

Background

The Infrastructure Development Tax Credit (IDTC) program was established in 1985 and has no expiration. The program was designed to assist in the funding of capital improvement costs for qualified public infrastructure and public facilities projects within the state, and is administered by the Missouri Development Finance Board (MDFB). With approximately $19.5 million in redemptions in fiscal year 2014, the IDTC was the state's 5th largest tax credit program. Effective July 1, 2010, the MDFB may authorize $10 million in tax credits in a calendar year, but an additional $15 million may be authorized with the approval of the Director of Department of Economic Development, the Director of Department of Revenue, and the Commissioner of Administration, and they have approved credits in excess of the $10 million cap in each of the 3 years ending June 30, 2014.

Program Efficiency and Effectiveness

The IDTC generally does not make up a significant portion of project costs and does not always appear to be necessary for project completion. The economic impact of the IDTC is overstated due to cost-benefit calculations attributing the full impact of each project to the program. For example, for fiscal year 2014, the MDFB reported the IDTC program would return $13.64 in state revenue for every dollar of tax credit authorized. The MDFB based this calculation on total project investments of $675 million and the creation of 8,300 new jobs, even though IDTC incentives only accounted for 5.7 percent of total project funding. State law does not include a sunset provision for many tax credits, including the IDTC program. By adopting a sunset provision, the General Assembly could better determine if the program is achieving its intended purpose and whether program funding should be increased, decreased, or eliminated.

In the areas audited, the overall performance of this program was **Good**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Infrastructure Development Tax Credit Program
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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the Board of Directors
and
Robert V. Miserez, Executive Director
Missouri Development Finance Board
Jefferson City, Missouri

We have audited certain operations of the Infrastructure Development Tax Credit Program in fulfillment of our duties under Chapter 29, RSMo and Section 620.1300, RSMo. The scope of our audit included, but was not limited to, the 2 years ended June 30, 2014. The objectives of our audit were to:

1. Analyze the costs and benefits of the program to determine if it is an effective and efficient use of state resources.

2. Evaluate the internal controls over significant management and financial functions related to the program.

3. Evaluate compliance with certain legal requirements related to the program.

4. Evaluate the economy and efficiency of certain management practices and operations.

For the areas audited, we (1) determined the current program structure is generally an efficient use of state resources, but due to weaknesses in program data, other aspects of program effectiveness and efficiency could not be adequately determined, (2) identified no significant deficiencies in internal controls, (3) identified no significant instances of noncompliance with legal provisions, and (4) identified the need for improvement in management practices and procedures.

Except for the matter discussed in the last paragraph of the Scope and Methodology Section, we conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Management Advisory Report presents our finding arising from our audit of the Infrastructure Development Tax Credit Program.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Robert Showers, CPA, CGAP
In-Charge Auditor:	Terri Erwin, MBA, CGAP
Audit Staff:	Brian Hammann, M.Acct, CPA

Infrastructure Development Tax Credit Program
Introduction

Background

The Infrastructure Development Tax Credit (IDTC) program was established in 1985 under Section 100.286(6), RSMo, and has no expiration. The program was designed to assist in the funding of capital improvement costs for qualified public infrastructure and public facilities projects within the state. The Missouri Development Finance Board (MDFB) administers the program and is responsible for the issuance of all tax credits based upon verification of contribution to the Infrastructure Development Fund. With approximately $19.5 million in redemptions in fiscal year 2014, the IDTC was the state's 5th largest tax credit program. See Appendix B for redemption information on all state tax credits.

The IDTC is a tax credit for contribution program. The MDFB is authorized to grant tax credits in the amount of 50 percent of the value of any eligible contribution to the MDFB by any taxpayer. Section 100.270(24), RSMo states the Board is the sole state agency authorized to set guidelines and priorities for the IDTC program. Per MDFB policy, there are four eligibility requirements under this program:

1. Applicant Eligibility - An applicant must be a local political subdivision, a local government entity created on behalf of or for the benefit of a local political subdivision, or a state agency.

2. Project Eligibility - The project must qualify as a public infrastructure facility as determined under Sections 100.255(9) and (14), RSMo. "Infrastructure facility" is defined as highways, streets, bridges, water supply and distribution systems, mass transportation, facilities and equipment, telecommunication facilities, jails and prisons, sewers and sewage treatment facilities, wastewater treatment facilities, airports, railroads, reservoirs, dams and waterways in this state, acquisition of blighted real estate and the improvements thereon, demolition of existing structures and preparation of sites in anticipation of development, public facilities, and any other improvements provided by any form of government or development agency. A "public facility" is defined as any facility or improvements available for use by the general public including facilities for which user or other fees are charged on a nondiscriminatory basis.

   Our review showed the majority of projects authorized tax credits through the IDTC program were for the acquisition of blighted real estate and the improvements thereon, and for public facilities.

3. Contributor/donor Eligibility - Any taxpayer making a contribution to the MDFB, including any charitable organization that is exempt from federal income tax and whose Missouri unrelated business taxable income, if any, would be subject to the state income tax imposed under Chapter 143, RSMo, may, subject to certain limitations, be eligible to receive the credit.

4. Contribution/Donation Eligibility - Contributions may be in cash, marketable securities, or real property. Marketable securities shall be the proceeds received by MDFB from the liquidation of the securities, while real property must have a free and clear title.

The MDFB encourages contributors to reinvest the proceeds from selling tax credits to benefit the project. Though the MDFD does not require this provision for an application's approval, the tax credit agreement (TCA) for 3 of the 8 projects we reviewed included such a requirement. For example, the Kansas City Chiefs Football Club contributed $75 million to the MDFB for additions and improvements to Arrowhead Stadium. The TCA stipulated the Jackson County Sports Authority use the proceeds from the contributor's sale of $37.5 million in tax credits to cover project costs.

The IDTC can be freely transferred, sold, or assigned, but is not refundable. The credits cannot be carried back to offset prior tax liability, however, Section 100.286(7), RSMo, allows the credits to be carried forward for 5 years to offset future tax liabilities of any assignee, but requires all credits must be claimed within 10 years of the date the contribution was made. The tax credits can be applied against the taxes imposed pursuant to Chapters 143, 147, and 148, RSMo, except for Sections 143.191 to 143.261, RSMo; including the insurance premium tax, and the financial institution tax.

Legislative changes

In 2009, the General Assembly passed legislation imposing new annual limits on the amount of tax credits authorized by the MDFB. Effective July 1, 2010, the MDFB may authorize $10 million in infrastructure tax credits in a calendar year. The $10 million in tax credits available annually do not carry forward to the following year if not approved. An additional $15 million in infrastructure tax credits may be authorized with the approval of the Director of the Department of Economic Development, the Director of the Department of Revenue, and the Commissioner of Administration. The Board cannot approve more than $25 million in tax credits during any calendar year. Credits in excess of the $10 million cap have been authorized in each of the 3 years ending June 30, 2014. See Appendix A for credits authorized, issued, and redeemed.

Approval process

Applicants submit an application to the MDFB detailing the project and its expected costs. Once MDFB personnel determine that the application is complete and the project is eligible for tax credits, the application is reviewed for the following criteria:

- State economic impact
- Level of local government financial participation in the project
- Ratio of total private to public investment in the project
- The likelihood the project would be completed without the tax incentive
- Level of public purpose

Using project rankings and overall evaluations of the project, the MDFB personnel then make recommendations to the MDFB. In addition, applicants make a presentation to the MDFB describing the project and explaining why the project should be considered for tax credits. Project approval occurs at meetings of the MDFB.

After a project is approved, the MDFB notifies applicants of the authorization of a specific amount of tax credits. These authorizations of tax credits are the basis for calculating the annual dollar limit for the program. The MDFB and the applicant sign a TCA that defines the relationship between the two parties and governs the use of contributions made available to the applicant for the project.

The MDFB receives contributions and issues the donor a tax credit certificate for 50 percent of the contribution amount. The contribution is then held by the MDFB and disbursed, less a 4 percent contribution fee, to the applicant based upon approved disbursement requests for project costs.

Reporting

The MDFB provides the General Assembly and the public key program information for the IDTC program through tax credit activity reports.

Agencies administering tax credit programs are required under Section 33.282, RSMo, to submit the estimated amount of tax credit activity for the next fiscal year to the State Budget Director for submission to the Chairmen of the Senate Appropriations and House Budget Committees. In addition to the estimates of tax credit activity, the agencies must also include a cost-benefit analysis of the program for the preceding fiscal year. The annual estimates and cost benefit analyses are submitted on forms called tax credit activity reports. State law requires submission of the tax credit activity report to the State Budget Director by October of each year and to the Chairmen of the Senate Appropriation and House Budget Committees by January 1st of each year.

Scope and Methodology

To gain an understanding of the IDTC program, we interviewed MDFB officials involved in the application and approval process.

To determine whether required procedures were followed, we reviewed 8 tax credit project files, interviewed MDFB staff, and reviewed documentation submitted by the applicants. The projects included additions and improvements to Arrowhead and Kauffman Stadiums in Kansas City, the construction of the Kansas City Chiefs Football Club's training facility on the campus of Missouri Western State University, the construction of student housing and a parking garage at the University of Missouri-Kansas City, the acquisition of real estate and facilities to improve the former Bannister Mall area in Kansas City, the construction of new facilities at the Donald Danforth Plant Science Center in St. Louis, the construction of a hangar at the Wheeler Downtown Airport in Kansas City, and, the St. Louis

Arch grounds project. The MDFB issued approximately $113 million in credits related to these seven projects. An eighth project authorized $6 million in tax credits to fund a mix use development project around Brown Shoe Company in Clayton, Missouri; however, the project was not completed and no tax credits were issued.

To understand how the economic impact of the IDTC program is calculated, we met with representatives of the MDFB responsible for generating the economic impact estimates. We interviewed MDFB staff regarding assumptions provided by the entities to calculate the economic impact of the tax credit.

We obtained aggregate totals of annual tax credit redemptions from the DOR. In accordance with the Missouri Supreme Court decision in the case of *Director of Revenue v. State Auditor* 511 S.W.2d 779 (Mo. 1974), auditors are not provided individual tax returns. As a result, auditors were not able to verify the completeness and accuracy of redemption data provided.

Infrastructure Development Tax Credit Program
Management Advisory Report
State Auditor's Findings

1. Program Efficiency and Effectiveness

The Infrastructure Development Tax Credit (IDTC) is not always a significant factor in whether projects are completed, which reduces program efficiency. In addition, the economic impact of the program is overstated on tax credit activity reports provided to the General Assembly and the program does not include a sunset provision.

1.1 Level of funding

The IDTC generally does not make up a significant portion of project costs, and does not always appear to be necessary for project completion. According to Missouri Development Finance Board (MDFB) data for the 4 years ended June 30, 2014, the tax credit benefit was 5.7 percent of total project costs.

Tax credit agreements reviewed indicate that the Board's participation is either a material precondition or essential to the completion of the project, and the project would not proceed without the assistance provided by the Board. However, our review of projects identified several examples where it is likely the project would have proceeded without the IDTC:

- One project in St. Louis was awarded $4.5 million in IDTCs, but had an estimated total project cost of $45 million that was primarily privately funded.

- Another St. Louis project was authorized $15 million in IDTCs, but had an estimated total project cost of $380 million. This project was funded by a combination of private and public funds, including $10.8 million annually from sales tax proceeds.

- A project in Kansas City was authorized $10.9 million in IDTCs, but had an estimated total project cost of $197 million. This project was primarily funded by a combination of the project developer's equity and public funding in the form of tax increment financing.

An important factor in determining a tax credit program's efficiency and effectiveness is how much economic activity was caused by the incentive, versus how much activity would have occurred without the incentive. Accordingly, MDFB policy requires the evaluation of "the extent to which the project would not proceed but for the approval of the assistance requested from the Board," known as the "but for" test. While project evaluation documentation includes comments that indicate the incentive is a significant factor in the completion of the project, Board policy and project documentation does not include any criteria to assess the "but for" test. However, based on the low levels of tax credit incentive relative to the high level of project costs, it does not appear the IDTC is a significant cause of the economic activity associated with the program. Awarding IDTCs to projects that would proceed without tax credit incentives unnecessarily

increases the costs of the IDTC program, and reduces the efficiency of the program.

1.2 Economic impact

The economic impact of the IDTC is overstated due to cost-benefit calculations attributing the full impact of each project to the program. As previously discussed, IDTC funding is generally a small portion of project costs, so attributing the full economic impact of those projects to the IDTC program is not reasonable.

Projects authorized tax credits through the IDTC program can have several sources of funding, including both private and public. For example, for the fiscal year ended June 30, 2014, the MDFB reported the IDTC program would result in a significant economic impact for the state, returning $13.64 in state revenue for every dollar of tax credits authorized. The significant economic impact is a result of the MDFB reporting project investments totaling $675 million and the creation of 8,300 new jobs. However, IDTC incentives only accounted for 5.7 percent of total project funding, and Missouri Works tax credit incentives of approximately $312 million are proposed for the creation of 7,474 of the 8,300 jobs to be created.

In addition, the economic activity projections provided by the MDFB assume 100 percent of projects authorized tax credits will be completed. However, a review of IDTC historic data showed approximately 11 percent of authorized tax credits were never issued and utilized. It is unreasonable to assume all applicants will complete their projects because some applicants voluntarily withdraw or fail to proceed with construction for various reasons such as lack of financing, changes in economic conditions, or discovery of additional damages to the building.

1.3 Sunset provision

As noted in Report No. 2010-47, *Tax Credit Cost Controls*, issued in April 2010, state law does not include a sunset provision for many tax credits, including the IDTC program. The Sunset Act, passed in 2003, provides for new programs to sunset after a period of not more than 6 years unless reauthorized by the General Assembly or the program is exempted from the Sunset Act. The Act requires the Committee on Legislative Research to review applicable programs before the sunset dates and present a report to the General Assembly regarding the sunset, continuation, or reorganization of each affected program. However, the IDTC program was created prior to the Sunset Act and is exempted.

By adopting a sunset provision for the IDTC program, the General Assembly can better determine whether the program is achieving its intended purpose and whether program funding should be increased, decreased, or eliminated.

Recommendations

The MDFB:

1.1 Develop criteria to evaluate the extent to which the project would not proceed but for IDTC incentives, and emphasize the approval of projects that would not proceed without the assistance of the tax credit.

1.2 Report economic benefit projections to the General Assembly that more accurately reflect program performance.

The General Assembly:

1.3 Establish a sunset provision for the IDTC program.

Auditee's Response

1.1 The benefit conferred on and derived by the project is the amount of the contribution net of fees. The credits are 50 percent of the contribution so the actual participation benefit is approximately double the number cited by the SAO report.

The size of credits requested, and approved, vary considerably per project in proportion to total project costs. For smaller projects the proportion of credit to total costs is generally higher than for larger projects. The percentage of contributions, and therefore credits, per project is impacted by a number of factors. These factors include: the annual maximum amount of credits that can be approved—the Board credit cap is $10 million per calendar year however, the cap can go to a maximum of $25 million per calendar year with the consent of three cabinet officials; a reasoned determination by staff and the Board on whether a project can be completed with a reduced level of contribution thereby reducing the amount of credits approved; a desire to allocate the credits toward the most beneficial projects while maintaining as broad a distribution as possible in both the number of projects that can be done and in increased regional distribution. In the larger projects the cap plays a significant role in the amount of credits that can be authorized per project.

The Board will continue to apply its best reasoned judgment in the consideration and approval of credits to strive to participate only in projects that need its support.

1.2 The approval of the credit is predicated upon a legislative finding by the Board that the project would not be done without the tax credit. The finding is buttressed by representations by the public entity and the beneficiary that the project would not proceed without the Board's assistance. Therefore the full benefits projected to be derived from the project are considered in the impact analysis.

At the same time the economic benefit projections performed by MDFB through the Department of Economic Development for the IDTC program are performed in accordance with Section 33.282.2, RSMo. This reporting recognizes a cost benefit result both with and without other state incentive funding included.

The MFDB will continue to look at separating out immediate and long-term project benefits not directly caused by the use of the credit and discount these from the impact analysis.

Infrastructure Development Tax Credit Activity

The following table lists the Infrastructure Development tax credits authorized, issued, and redeemed for fiscal years 2004 through 2014. The figures presented reflect amounts provided as of our fieldwork completion and may not reflect amounts reported by the MDFB on past or future tax credit activity reports.

Fiscal Year		Amount Authorized	Amount Issued	Amount Redeemed
2004	$	74,454,462	73,145,278	10,020,578
2005		5,048,747	4,279,873	25,953,799
2006		70,680,399	70,338,009	21,858,725
2007		7,841,375	4,519,875	24,706,809
2008		22,645,080	13,397,933	19,877,329
2009		35,424,600	33,416,100	26,916,508
2010		6,500,000	6,497,827	13,970,215
2011		693,000	303,143	25,597,348
2012		13,313,670	12,818,688	33,444,754
2013		15,612,310	11,021,969	14,804,416
2014		16,434,161	11,021,710	19,474,878
Totals	$	268,647,804	240,760,405	236,625,359

Source: Reports obtained from MDFB using the Department of Economic Development Customer Management System and the Department of Revenue.

Tax Credit Redemptions

The following table shows redeemed tax credits for fiscal years 2011 through 2014 for all state tax credit programs. We did not audit the information.

Tax Credit Redemptions by Program

Program	Year Ended June 30, 2011	2012	2013	2014
Adoption (Special Needs)	$ 1,346,454	1,036,226	744,155	718,495
Affordable Housing Assistance	4,880,797	5,629,466	7,406,988	5,620,750
Agricultural Product Utilization Contributor	466,048	1,468,156	1,267,239	2,022,953
Alternative Fuel Vehicle Refueling Property[1]	23,365	45,690	69,454	784
Bank Franchise	4,233,673	2,333,619	2,559,444	3,224,212
Bank Tax Credit for S Corporation Shareholders	2,787,708	5,523,276	4,533,837	2,607,870
Brownfield Jobs/Investment	1,620,384	1,660,626	68,693	105,842
Brownfield Remediation	11,432,109	16,967,400	6,378,613	5,354,819
Business Use Incentives for Large-Scale Development (BUILD)	10,976,914	6,591,948	8,212,533	8,533,926
Business Facility	5,682,965	4,867,041	4,572,711	6,622,467
Certified Capital Business[2]	586,135	411,014	590,235	345,678
Charcoal Producers[1]	521,380	59,595	0	0
Children in Crisis	587,137	629,456	792,368	930,769
Community Development Corporation[2]	22,703	224	231	261
Development Tax[1]	1,001,142	3,856,648	3,863,814	3,301,504
Developmental Disability Care Program	n/a	0	7,819	92,993
Disabled Access	26,273	24,791	14,603	13,340
Distressed Areas Land Assemblage	13,534,347	7,558,203	1,651,415	9,491,328
Domestic Violence	757,609	988,996	851,517	1,079,795
Dry Fire Hydrant[1]	7,715	3,124	0	264
Enhanced Enterprise Zone	4,000,689	7,324,093	6,451,698	7,423,842
Enterprise Zone[1]	1,128,432	232,990	557,312	504,129
Examination Fees and Other Fees	4,974,981	4,926,191	5,886,105	5,042,337
Family Development Account	25,000	10,616	95	0
Family Farms Act	49,825	53,948	32,032	22,770
Film Production	1,563,218	4,839,217	56,665	119,800
Food Pantry	1,081,076	796,156	72,822	840,234
Historic Preservation	107,767,393	133,937,747	78,814,711	59,829,671
Homestead Preservation[1]	773,465	0	0	0
Life and Health Guarantee Association	3,260,829	3,306,409	5,664,124	6,520,591
Low Income Housing	143,055,387	164,208,547	144,082,976	155,168,645
Maternity Home	726,355	1,354,431	1,138,969	2,051,028
MDFB Bond Guarantee	0	0	0	0
MDFB Infrastructure Development	25,597,348	33,444,754	14,804,416	19,474,878

Appendix B
Tax Credit Redemptions

Program	Year Ended June 30, 2011	2012	2013	2014
Missouri Automotive Manufacturing Jobs Act	0	0	0	5,419,607
Missouri Health Insurance Pool	10,931,565	14,318,218	16,874,865	17,830,771
Missouri Property and Casualty Guarantee Association	(53)	0	0	0
Missouri Quality Jobs[1]	27,936,799	35,431,828	39,278,156	46,021,490
Missouri Works	n/a	n/a	n/a	7,641,691
Neighborhood Assistance	8,513,472	9,757,095	7,392,113	10,848,983
Neighborhood Preservation	4,427,639	2,159,654	1,232,214	1,789,898
New Enterprise Creation[2]	11,499	25,000	0	0
New Generation Cooperative Incentive	1,984,424	826,953	2,100,091	4,747,230
New Jobs Training	3,175,559	4,090,193	3,081,261	6,236,452
New Market	1,199,285	15,385,989	12,934,464	18,620,744
Pregnancy Resource	1,103,384	1,892,183	1,194,477	1,715,600
Property Tax	114,886,668	117,603,638	113,962,551	107,556,467
Public Safety Officer Surviving Spouse	16,861	32,793	78,249	76,533
Qualified Beef	9,447	219,062	522,858	305,552
Rebuilding Communities[1]	1,277,135	1,388,190	1,430,329	2,095,225
Residential Dwelling Accessibility	20,086	6,501	10,258	6,759
Residential Treatment Agency	323,376	283,501	292,396	490,033
Retain Jobs	5,758,163	2,403,687	1,960,931	n/a
Self-Employed Health Insurance	1,428,143	1,847,045	1,811,060	2,959,063
Shared Care	44,152	70,004	41,645	64,991
Small Business Incubator	107,549	166,336	68,441	142,685
Small Business Investment (Capital)[1]	1,701	(19,395)	0	0
Transportation Development[1]	52,124	9,342	12,510	5,415
Wine and Grape Production	29,411	61,598	15,301	26,597
Wood Energy	3,818,378	2,282,401	3,563,209	2,853,117
Youth Opportunities	3,589,991	4,979,138	3,906,263	5,239,666
Total	$ 545,145,614	629,311,552	512,911,236	549,760,544

n/a - Tax credit did not exist in this fiscal year.

[1] The tax credit has expired or has been repealed. Redemptions may be reported due to carry forward provisions.
[2] The tax credit program has met the cumulative program cap.

Source: Office of Administration, Department of Revenue, and tax credit administering agencies

Thomas A. Schweich

Missouri State Auditor

Thirty-Third Judicial Circuit

City of Miner
Municipal Division

December 2014

Report No. 2014-143

http://auditor.mo.gov

Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Thirty-Third Judicial Circuit, City of Miner Municipal Division

Missing Monies

In July and August 2014, audit procedures identified discrepancies between accounting and deposit records, and we determined monies totaling at least $14,398 were missing. Receipts totaling $12,398 recorded on 108 receipt slips issued by the municipal division for fines and court costs and the Police Department for bonds, and transmitted to the city were not deposited. After the initial receipt discrepancy was discussed with municipal division and city personnel in July 2014, changes were made to the city's electronic receipt report to alter receipt amounts previously recorded. We determined amounts recorded for 19 receipt slips, totaling $2,000, were altered when compared to the city's original electronic receipt report. The City Prosecuting Attorney contacted the Missouri State Highway Patrol to investigate possible missing monies. The City Clerk was suspended with pay on September 19, 2014, terminated by the city on October 3, 2014, and charged with felony theft/stealing on December 22, 2014.

Accounting Controls and Procedures

Neither the municipal division nor city personnel perform adequate supervisory or independent reviews of accounting functions and records. Proper segregation of duties within the municipal division is not possible because the Municipal Court Clerk is the only municipal division employee. Neither the Municipal Judge nor city personnel provide adequate supervision or a review of the work performed by the Municipal Court Clerk. In addition, no one independent of the cash custody and record-keeping functions reconciles recorded receipts to deposits, or reviews disbursements. The Municipal Court Clerk also does not always transmit monies timely to the city and the city does not always deposit court monies timely. Several employees handle municipal division receipts before deposit, and there is not adequate documentation to support the transmittal of monies from one employee to another. The City Collector does not perform a reconciliation to ensure the composition of monies transmitted by the Municipal Court Clerk to the city agree to the composition of monies remitted to the City Collector for deposit. In addition, copies of the City Collector's deposit slips are not provided to the Municipal Court Clerk to support the amounts deposited.

Bond Liabilities and Disbursements

The Municipal Court Clerk does not prepare a list of open bonds for comparison to the reconciled bond bank account balance, and is unable to agree open bonds to the account balance. The municipal division has not adequately reviewed the status of old open bonds held in the municipal division bond bank account. The August 31, 2014, list of open bonds consists of 114 bonds totaling $33,831. Forty-eight of these bonds, totaling $17,375, are over 5 years old, with 4 of those bonds dating back to 2001. The City Clerk did not always accurately calculate monthly disbursements of fines, court costs, and bonds, and did not always prepare correct monthly court reports submitted to the state. For disbursements from the municipal

division bond bank account, the Mayor's signature stamp is not adequately controlled and the City Treasurer sometimes signs checks in advance.

Municipal Division Procedures	The Police Department and the municipal division do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly. Of 159 tickets reviewed, 4 tickets were missing, 10 tickets had the incorrect ticket number entered into the Police Department's computerized system, and 23 tickets were voided. The Police Department does not follow a consistent policy for the handling of voided tickets. The municipal division has not provided a report of traffic violation tickets and associated fines and court costs revenues to the city for inclusion in the calculation and reporting required in the city's annual financial report filed with the State Auditor's office. The city's accounting of the percent of annual general operating revenue from fines and court costs for traffic violations was not accurate. The municipal division has been inappropriately charging and collecting court costs of $7 for the statewide Court Automation Fund fee since at least June 2000. The total amount collected in error likely exceeds $50,000. Additionally, the Municpal Court Clerk does not file a monthly report of cases heard with the city.

In the areas audited, the overall performance of this entity was **Poor**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Thirty-Third Judicial Circuit
City of Miner Municipal Division
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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge
Thirty-Third Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
Miner, Missouri

We have audited certain operations of the City of Miner Municipal Division of the Thirty-Third Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended August 31, 2014. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.

2. Evaluate the municipal division's compliance with certain legal provisions.

3. Evaluate the municipal division's compliance with certain court rules.

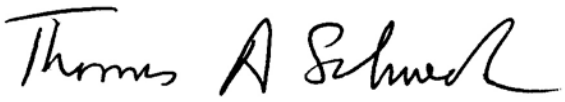
4. Evaluate the city's compliance with Section 302.341.2, RSMo, which restricts the amount of fines and court costs that may be retained from traffic violations.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, (3) noncompliance with court rules, and (4) noncompliance with Section 302.341.2, RSMo. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Miner Municipal Division of the Thirty-Third Judicial Circuit.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Robyn Vogt, M.Acct., CPA
In-Charge Auditor:	Gina Henley, MBA
Audit Staff:	Marlon McDaniels, M.Acct.

1. Missing Monies

From August 2012 through June 2014 municipal division receipts totaling at least $14,398 were recorded by the court and properly transmitted to the city; however, after released by the court, these monies were not deposited by the city. In addition, some essential records documenting amounts received by the city were altered. See Appendixes A and B for details regarding undeposited receipts and altered records.

In July and August 2014, audit procedures identified discrepancies between accounting and deposit records, and we determined monies were missing. We notified the Municipal Judge, Mayor, and City Prosecuting Attorney of our concerns on September 16, 2014. The City Prosecuting Attorney contacted the Missouri State Highway Patrol to investigate possible missing monies. Stephanie Turner, City Clerk, was suspended with pay on September 19, 2014, terminated by the city on October 3, 2014, and charged with felony theft/stealing by the Scott County Prosecuting Attorney on December 22, 2014. Ms. Turner had served as the city's Administrative Assistant from October 2011 until May 2014, when she was appointed interim City Clerk. She was appointed City Clerk in June 2014. The city did not hire a replacement Administrative Assistant until August 2014. The city hired a temporary City Clerk in September 2014 and a new City Clerk in October 2014.

As stated in the State Auditor's Report, the scope of our audit included, but was not necessarily limited to, the year ended August 31, 2014. After identification of missing monies and the method used to perpetrate and conceal the theft, we also applied limited procedures to municipal division receipts for the period September 2011 through August 2013 for the purpose of identifying and quantifying possible additional missing monies.

The Municipal Court Clerk is primarily responsible for receipting and recording all municipal division fines and court costs, and transmitting these monies to the city for deposit into the city's general bank account. In the Municipal Court Clerk's absence, the city's Administrative Assistant or City Clerk issues receipt slips for monies received. Bond monies are collected by police officers. The Municipal Court Clerk then collects the bond receipt slip book and the bond monies from the Police Department, records the bonds into the municipal division's bond ledger, and transmits the bonds to the city for deposit into the municipal division bond bank account. All disbursements from the bond account and the city's general account relating to municipal division monies are made by the City Clerk.

Undeposited receipts

Receipts totaling $12,398 recorded on 108 receipt slips issued by the municipal division for fines and court costs and the Police Department for bonds, and transmitted to the city were not deposited.

When the Municipal Court Clerk transmitted monies to the city for deposit, he provided the fines and court costs receipt slip book and the bond receipt slip book to the Administrative Assistant or City Clerk, along with calculator tapes documenting the amounts transmitted. The Administrative Assistant or City Clerk would initial and date the last issued receipt slip in the manual receipt slip books verifying the transmittal of monies through the last issued receipt slip. The Administrative Assistant or City Clerk recorded municipal division receipts (fines, court costs, and bonds) into an electronic receipt report and turned over these monies to the City Collector for deposit.

Our review of municipal division receipt records and city receipt and deposit records for the period September 1, 2011, to August 31, 2014, identified the following discrepancies.

- Our initial review of municipal division receipt slips issued for January 2014 identified discrepancies between the amounts recorded on the receipt slips and amounts recorded on the city's electronic receipt report. For example, $450 was recorded on receipt slip number 35289; however, $300 was recorded on the city's receipt report for receipt slip number 35289, indicating a shortage of $150. Only $300 from this receipt was recorded as being deposited, and the remaining $150 is unaccounted for. Receipt slip number 35289 was included with other fines and court costs transmitted to the city on January 28, 2014. The fines and court costs receipt slip book indicated the Administrative Assistant had initialed and dated the receipt slip book verifying transmittal of the monies from the Municipal Court Clerk. It is not clear if the Administrative Assistant or the City Clerk recorded the receipts on the city's receipt report.

- Due to the discrepancy noted in January 2014, we expanded our work to the period September 1, 2011, through August 31, 2014. This audit work identified numerous other undeposited receipts when comparing the municipal division receipt slips to the city's receipt report (see Appendix A). The Administrative Assistant, who became the City Clerk in May 2014, had initialed and dated the receipt slip books verifying transmittal of the monies from the Municipal Court Clerk, for all but 2 of the transmittals identified with discrepancies. For 1 of these 2 transmittals, someone recorded the date, but did not initial the receipt slip book and for the other transmittal no one recorded a date or initialed the receipt slip book. In addition, while the Administrative Assistant initialed and dated the receipt slip books for most transmittals made beginning in March 2012, it is not clear if she or the former City Clerk recorded the receipts on the city's receipt report.

Altered receipt report

After we discussed the initial receipt discrepancy with municipal division and city personnel in July 2014, someone made changes to the city's

electronic receipt report to alter receipt amounts previously recorded. We determined someone altered the amounts recorded for 19 receipt slips, totaling $2,000, when we compared the electronic receipt report provided to us with the original electronic receipt report (see Appendix B).

After identifying that changes had been made to the receipt report, we obtained a copy of an earlier version of the report (original) through the city's computer backup files. A comparison of the altered version of the receipt report with the original version, determined the amount listed for 19 receipt slips dated between September 2013 and June 2014 had been changed to agree to the amount recorded on the receipt slips. Although the receipt report was changed, the report totals for the 8 deposits involving these receipts now reflected more should have been deposited than was actually deposited (see Appendix B). Alteration of the receipt report occurred in July 2014. The Administrative Assistant was appointed City Clerk in May 2014 with the Administrative Assistant position remaining vacant until August. Thus, since May 2014, the Administrative Assistant/City Clerk was the only city employee responsible for receiving the monies transmitted from the Municipal Court Clerk and recording the receipts in the city's receipt report.

The lack of adequate oversight and reconciliations, and inadequate controls, as discussed in the remainder of this report, resulted in the failure to detect the undeposited receipts.

Recommendation

The City of Miner Municipal Division work with law enforcement officials regarding any possible criminal prosecution related to the missing funds, including restitution.

Auditee's Response

The Municipal Judge provided the following written response:

Although the audit found no monies or receipts were found missing while in the custody of the municipal division court, but occurred after the monies or receipts were transferred by the court to the custody of the city, the municipal division court is currently cooperating with, and will continue to cooperate with, law enforcement officials in the investigation of missing funds from the city accounts and any resulting criminal prosecution related thereto, including restitution of funds.

In addition, the court will continue to work with the City of Miner in the city's implementation of procedures to properly and safely account for and deposit receipts received from the court.

The new City Clerk provided the following written response:

The court has found it necessary to implement the Judicial Information System (JIS), the Missouri Courts automated case management system, which will greatly enhance our ability to prevent fraud. We are scheduled to go on-line on January 1, 2015. This system will allow us to completely eliminate handwritten receipts and force proper record keeping regarding bonds and fines. The police officers will still continue to collect bonds from arrested persons; however, there has been a policy formed that requires the officers to only accept money orders. With the new JIS system, the monies received will be recorded electronically then reconciled daily.

2. Accounting Controls and Procedures

We identified significant weaknesses with accounting controls and procedures of the municipal division and the depositing and reconciling of monies by the city. City records indicated the municipal division collected approximately $159,000 in fines, court costs, and bonds during the year ended August 31, 2014.

2.1 Oversight and reconciliations

Neither the municipal division nor city personnel perform adequate supervisory or independent reviews of accounting functions and records. Proper segregation of duties within the municipal division is not possible because the Municipal Court Clerk is the only municipal division employee. The duties of receiving, recording, and transmitting monies to the city for deposit are performed by the Municipal Court Clerk. Neither the Municipal Judge nor city personnel provide adequate supervision or a review of the work performed by the Municipal Court Clerk.

In addition, no one independent of the cash custody and record-keeping functions reconciles recorded receipts to deposits, or reviews disbursements. The receipt and deposit discrepancies (see MAR finding number 1) and disbursement errors (see MAR finding number 3.3) identified in our audit could have been detected through an independent review of receipt, deposit, and disbursement records.

To reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by implementing documented supervisory or independent reviews of accounting records. Without a detailed reconciliation of receipt and deposit records, and a documented review of disbursements, there is no assurance all monies have been recorded, deposited, and properly disbursed.

2.2 Receipting, recording, transmitting, and depositing procedures

The municipal division and the city lack procedures to ensure all monies received are receipted, recorded, transmitted, and deposited properly.

Method of payment	The method of payment (cash, check, or money order) was not recorded on numerous receipt slips reviewed. As a result, the composition of receipt slips cannot be reconciled to the composition of monies transmitted to the city or to the composition of monies deposited by the city.
Transmitting/depositing timely	The Municipal Court Clerk does not always transmit monies timely to the city and the city does not always deposit court monies timely. For example, checks and money orders collected for bonds between November 27 and December 30, 2013, totaling $3,525, were not transmitted to the city until December 31, 2013, and $1,255 in cash and $4,127 in checks and money orders collected for fines and court costs between March 1 and March 25, 2014, totaling $5,382, were not transmitted to the city until March 28, 2014. In addition, checks and money orders for bonds transmitted to the city on October 4, 2013, totaling $900, were not deposited until October 10, 2013, and $1,246 in cash and $487 in checks and money orders for fines and court costs transmitted to the city on December 17, 2013, totaling $1,733, were not deposited until December 26, 2013. Timely transmitting and depositing of receipts reduces the risk of loss, theft, or misuse of funds.
City procedures	Municipal division receipts are handled by several employees before deposit, and there is not adequate documentation to support the transmittal of monies from one employee to another. For example, the city does not issue receipt slips for municipal division monies when receiving transmittals. The Municipal Court Clerk does not prepare a transmittal document to support the monies being transmitted to the city; instead, the Municipal Court Clerk provides the fines and court costs receipt slip book and the bond receipt slip book along with the monies at the time of transmittal. The City Clerk or Administrative Assistant will document receipt of the monies by initialing and dating the receipt slip books, and record the municipal division receipts into an electronic receipt report. Monies are then turned over to the City Collector for deposit. However, there is no documentation provided to the City Collector to support the amount transmitted by the City Clerk or Administrative Assistant. As a result, there is no assurance all municipal division monies are properly deposited. The City Collector does not perform a reconciliation to ensure the composition of monies transmitted by the Municipal Court Clerk to the city agree to the composition of monies remitted to the City Collector for deposit. In addition, no copies of the City Collector's deposit slips are provided to the Municipal Court Clerk to support the amounts deposited. As noted in MAR finding number 1, we identified numerous discrepancies between the municipal division receipts transmitted to the city and the amounts deposited.

Without reconciling the composition of receipts to the composition of monies transmitted and the composition of monies deposited, the city cannot ensure monies collected are ultimately deposited.

Conclusion

Failure to implement adequate receipting, recording, transmitting, and depositing procedures increases the risk that loss, theft, or misuse of monies will go undetected as noted in MAR finding number 1.

Recommendations

The City of Miner Municipal Division:

2.1 Ensure documented periodic independent or supervisory reviews of receipt, deposit, and disbursement records are performed.

2.2 Establish procedures to improve receipting, recording, and transmitting controls to ensure the method of payment is indicated for all receipts and monies are transmitted to the city timely. In addition, work with the city to ensure the composition of municipal division receipts is reconciled to the composition of deposits, and receipts are deposited timely.

Auditee's Response

The Municipal Judge provided the following written responses:

2.1 The court will begin a practice of preparing monthly reports of all receipts of the court, transmittals of monies to the city, and verified bank deposits. Such monthly reports shall be provided to the Municipal Judge and city administration prior to the following month's regular session of court.

2.2 Although the system the Municipal Court Clerk has used in documenting the transmittal of monies from the court to the city (providing fines and court costs receipt slip book and bond receipt slip book along with monies at the time of transmittal, and the City Clerk documenting receipt of the monies by initialing and dating the receipt slip books) was said to be a good system by state auditor staff in meetings with the court, and no changes being suggested at that time, the court will continue to enhance the receipting, recording, and transmitting controls to include method of payments, and establish procedures for regular, timely transmittal of monies to the city. In addition, the court will require reconciliation of the composition of court receipts with the composition of timely deposits, to include copies of verified bank deposit receipts for all court funds.

The court is currently implementing the JIS system. It is hoped the automated system will assist in the implementation of suggested controls and reports. When the court determines the capabilities of

the JIS system, the court will address any additional controls deemed necessary that are not provided by the JIS system.

The new City Clerk provided the following written responses:

2.1 The issue of segregation of duties will be taken care of when we implement the JIS system. We have 3 employees that will be involved in the daily JIS system process in court collections and disbursements. The JIS system allows the Municipal Court Clerk and Administrative Assistant to sign on individually to collect payments. Each day the monies and receipts will be reconciled by the City Clerk within the JIS system and proper disbursements will be made. The final step will be filing the deposit with the City Collector who double checks the deposit amounts.

2.2 Our new policy regarding the reconciliation and deposits will include language that will require the City Clerk to reconcile daily and the court deposit be made by the City Collector daily (no later than 24 hours). All JIS system reports that display the amount collected and to be deposited will also be provided to the City Collector for the second reconciliation of the deposit.

3. Bond Liabilities and Disbursements

The municipal division's procedures related to identifying, reconciling, and monitoring bond liabilities need improvement. In addition, the city made errors in the disbursement of court costs and bonds, and has inadequate disbursement controls.

3.1 Bond liabilities and reconciliations

The Municipal Court Clerk does not prepare a list of liabilities (open bonds) for comparison to the reconciled bond bank account balance, and is unable to agree open bonds to the account balance.

At our request, the Municipal Court Clerk prepared a list of open bonds at August 31, 2014, and the list totaling $33,831 exceeded the reconciled bank balance of $31,774 by $2,057, indicating a shortage in the account. In addition, bond disbursements from November 2012, totaling $2,150 (see section 3.3), were not properly disbursed from the bond account to the city's general account. Had these bonds been disbursed, an additional shortage of $2,150 would exist in the bond account. Considering these discrepancies, there is little assurance bond monies are accounted for properly.

Section V.B. of Municipal Court Operating Order Number 1 requires the Municipal Court Clerk to submit to the city a monthly open bond report. Monthly lists of open bonds are necessary to ensure all bond dispositions have been properly recorded. In addition, monthly reconciliations between the open bonds maintained by the court and the monies held in the bond bank account are necessary to ensure proper accountability over open cases

and to ensure monies held in trust by the city are sufficient to meet liabilities.

3.2 Review of open bonds

The municipal division has not adequately reviewed the status of old open bonds held in the municipal division bond bank account. The August 31, 2014, list of open bonds consists of 114 bonds totaling $33,831. Forty-eight of these bonds, totaling $17,375, are over 5 years old, with 4 of those bonds dating back to 2001. The municipal division had attempted to refund 8 of these bonds, totaling $1,365, but the disbursements were returned due to incorrect addresses. The Municipal Court Clerk indicated the municipal division did not previously forfeit bonds if defendants failed to appear in court; however, the current Municipal Judge is reviewing the old bonds and will work with the City Prosecuting Attorney to ensure the bonds are applied, forfeited, or refunded timely.

The failure to routinely review open bonds and apply, forfeit, or refund monies when appropriate increases the volume of cases requiring monitoring and deprives the state, city, or others the use of those monies. If refunding is appropriate, but proper payees cannot be located, the monies should be disposed of in accordance with state law.

3.3 Monthly disbursements and reports

The City Clerk did not always accurately calculate monthly disbursements of fines, court costs, and bonds, and did not always prepare correct monthly court reports submitted to the state.

- The City Clerk did not correctly calculate disbursements for October 2013 and June 2014. She did not include monies collected in October 2013 for 1 receipt totaling $83, and for 22 receipts collected in June 2014, totaling $1,108, on the monthly disbursement spreadsheet. As a result, she understated transfers to the city for Crime Victim's Compensation (CVC) and Law Enforcement Training (LET) fees and disbursements to the state for CVC, Court Automation Fund (CAF), Peace Officers Standards and Training (POST), and Sheriff's Retirement Fund (SRF) fees.

- The City Clerk did not correctly calculate disbursements for May 2014. She duplicated 10 receipts, totaling $1,181, on the monthly disbursement spreadsheet. As a result, she overstated transfers to the city for CVC and LET fees and disbursements to the state for CVC, CAF, POST, and SRF fees.

  The City Clerk did not properly disburse bond monies to be applied to fines and court costs for November 2012, totaling $2,150 (see section 3.1). The bond amount to be applied to fines and court costs is determined monthly by the Municipal Court Clerk. The City Clerk then prepares a disbursement check to transfer the monies from the

municipal division bond bank account to the city's general bank account. However, no record of this disbursement could be provided by the City Clerk.

- The City Clerk did not always properly prepare monthly Municipal Division Summary Reporting Forms submitted to the Office of State Courts Administrator (OSCA). She transposed the amounts reported for the January 2014 collection of the LET fee ($2 per case) and the POST fee ($1 per case) on the monthly report submitted to the OSCA. In addition, since the monthly report is prepared from the monthly disbursement spreadsheet, the disbursement calculation errors noted above for October 2013, May 2014, and June 2014, resulted in the reporting of incorrect disbursement totals to OSCA on the corresponding monthly reports.

To ensure amounts disbursed to the city and state are correct, and monthly reports are accurate, the municipal division should reconcile amounts included on the various reports with amounts posted to city records and subsequently disbursed. Monthly reconciliations are necessary to ensure all accounting records balance, transactions are properly recorded, and any errors or discrepancies are timely detected.

3.4 Disbursement controls

The Mayor's signature stamp is not adequately controlled and the City Treasurer signs checks in advance.

The City Collector has custody of a facsimile stamp of the Mayor's signature and uses the stamp to sign checks, with no subsequent review performed by the Mayor. In addition, the City Treasurer occasionally signs checks in advance. Disbursements are prepared by the City Clerk and signatures of the Mayor, City Treasurer, and City Clerk are required for all disbursements from the municipal division bond bank account. The practice of using a signature stamp and signing checks in advance does not allow for proper review of the documentation to support the disbursement and diminishes the control intended by multiple signatures.

To reduce the risk of misuse, access to signature stamps should be limited and checks should not be signed in advance. If the Mayor is unavailable to sign checks, he should subsequently document his review of disbursements on which his signature is applied.

Recommendations

The City of Miner Municipal Division:

3.1 Prepare monthly lists of open bonds and reconcile the lists to the reconciled bank balance. Unidentified differences should be promptly investigated and resolved.

3.2 Routinely review the list of open bonds and disburse or dispose of monies as appropriate.

3.3 Develop procedures to ensure the monthly distributions are properly calculated and disbursed, and amounts reported on monthly municipal division reports are accurate.

3.4 Work with the city to limit access to the Mayor's signature stamp to maintain the controls intended for multiple signatures on checks and discontinue allowing check signers to sign checks in advance.

Auditee's Response

The Municipal Judge provided the following written responses:

3.1 The court will begin a practice of preparing monthly lists of open bonds and reconciling the lists to the current verified bond bank balance. Such monthly reports shall be provided to the Municipal Judge and City Prosecuting Attorney prior to the following month's regular session of court.

3.2 Upon receipt of the monthly list of open bonds, monies shall be disbursed or other appropriate disposition, as part of the court's regular monthly procedures.

3.3 Proper accounting procedures will be used to accurately calculate and disburse fines, court costs, and bond receipts, with results included in monthly reports.

3.4 The court will work with the city to limit access to the Mayor's signature stamp used on court related checks, and to discontinue the practice of checks being signed in advance.

The new City Clerk provided the following written responses:

3.1 Since the state audit, the Municipal Court Clerk has created a report that reflects all open bonds and cases. The court is in the process of disposing of old bonds through forfeiture procedures.

3.2 The Municipal Judge, City Prosecuting Attorney, and Municipal Court Clerk are currently working together to determine the status of open cases so when the cases are entered into the JIS system we will start with a clean slate of good information.

3.3 The JIS system will cause the disbursements to become automated and reconciled by the City Clerk. The JIS system will have its own bank account that will be automatically coded properly and will be easily reconciled.

3.4 The City Treasurer no longer pre-signs any checks for the city. All checks issued are individually signed by 3 signors, City Clerk, City Treasurer, and Mayor after the draft is printed. The Mayor no longer provides a signature stamp to any employee.

4. Municipal Division Procedures

Procedures related to ticket accountability and monitoring excess revenues need improvement. Audit work did not identify significant noncompliance with Section 302.341.2, RSMo, but determined the need for better records and monitoring procedures by the municipal division and city to ensure full compliance with state law. In addition, the municipal division has been inappropriately charging and collecting court costs for the CAF and does not file a monthly report of cases heard with the city as required.

4.1 Ticket accountability

The Police Department and the municipal division do not work together to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.

The Police Department tracks the ticket book numbers assigned to each police officer on a log. When tickets are issued, officers enter the ticket information into a computerized system. After tickets are reviewed by supervisory personnel within the Police Department, the tickets, with exception of those voided or filed in the Circuit Court, are forwarded to the municipal division to be entered onto the docket and processed. Neither the Police Department nor the municipal division performs procedures to review the numerical sequence of tickets issued or processed to identify missing tickets.

Missing tickets

Four tickets were missing out of 159 tickets reviewed. Upon inquiry, Police Department personnel could not locate any copies of these tickets, and believe these tickets may have been voided; however, the department did not retain these tickets.

Incorrect ticket numbers

Also, for 10 of 159 tickets reviewed, the Police Department incorrectly entered the ticket number into the Police Department's computerized system, making it difficult to ensure the ticket had been properly filed with the municipal division.

Voided tickets

In addition, 23 of 159 tickets reviewed were voided; however, the Police Department does not follow a consistent policy for the handling of voided tickets. For example, all copies of voided tickets are not always retained, voided tickets are not always entered into the Police Department's computerized system, and the purpose for voiding a ticket is not always documented.

Conclusion

Section VII.D. of Municipal Court Operating Order Number 1 requires the Municipal Court Clerk to work jointly with the Police Department to

account for all traffic tickets in numerical sequence and maintain a record of the disposition of all tickets assigned and issued by the Police Department. Without properly accounting for the numerical sequence and ultimate disposition of tickets issued, the department and municipal division cannot ensure all tickets are properly submitted for processing. A record should be maintained to account for the ultimate disposition of each ticket to decrease the risk of loss, theft, or misuse of funds. In addition, to ensure all voided tickets can be properly accounted for, written policies and procedures should be prepared for the handling of voided tickets.

4.2 Monitoring of excess revenues

The municipal division has not provided a report of traffic violation tickets and associated fines and court costs revenues to the city for inclusion in the calculation and reporting required in the city's annual financial report filed with the State Auditor's office (SAO).

The municipal division does not have procedures in place to identify traffic violation tickets and the associated fines and court costs collected and transmitted to the city. This information is needed by the city to calculate the percent of annual general operating revenue from fines and court costs related to traffic violations, determine whether excess revenues should be distributed to the state Department of Revenue, and provide an accounting of the percent in its annual financial report as required by state law.

The city's fiscal year end August 31, 2013, audited financial report was timely filed with the SAO, and included an accounting of the percent. However, our review determined the reported percent was not accurate. This accounting indicated, "Revenues from traffic fines are unknown but determinable." The 9.1 percent reported was calculated using total fines and court costs irrespective of the related violation (thus including non-traffic violations). The accounting also indicated that because the percent is well below the statutory maximum percentage allowed, it was not necessary to calculate the amount of fines and court costs and violations generated just from traffic violations. With the completion of its current fiscal year (September 1, 2013, through August 31, 2014), the city will again be required to report the percent of annual general operating revenue from fines and court costs related to traffic violations in its annual financial report. Thus, the municipal division needs to establish procedures and records to identify applicable traffic violations and the related fines and court costs revenues to assist the city in complying with state law.

Effective August 28, 2013, Section 302.341.2, RSMo, was amended, reducing the threshold for remitting excess revenues to the state, and requiring cities to provide an accounting of the percent of annual general operating revenue from fines and court costs for traffic violations in its annual financial report submitted to the State Auditor's office as required by Section 105.145, RSMo. Section 302.341.2, RSMo, further provides that a

city that is noncompliant with the law and fails to make an accurate or timely report ". . . shall suffer immediate loss of jurisdiction of the municipal court of said city . . . on all traffic-related charges until all requirements of this section are satisfied."

4.3 Court automation fee

The municipal division has been inappropriately charging and collecting court costs of $7 for the statewide CAF fee since at least June 2000. All monies collected for the CAF are remitted to the state on a monthly basis. The municipal division collected CAF fees totaling $5,159 for the year ended August 31, 2014. The total amount collected in error likely exceeds $50,000.

The municipal division has been assessing the CAF fee pursuant to Sections 488.012.3(5) and 488.027, RSMo, and Supreme Court Operating Rules 21.01(a)(4) and 21.03. However, according to OSCA personnel, only courts using or implementing the statewide court automation system, or municipal courts where the Associate Circuit Division Judge hears the case and the case is processed by the Circuit Court, should be assessing the $7 CAF fee. Since the municipal division cases are heard by a Municipal Judge and the municipal division has not implemented the statewide court automation system, the municipal division should not be assessing this fee. In addition, neither the municipal division nor the city could locate a municipal ordinance supporting the collection of the CAF fee.

The municipal division should review all court costs to ensure fees are assessed in accordance with state law and Supreme Court Operating Rules. In addition, although the municipal division is working with the OSCA to implement the statewide court automation system within the next few months, the municipal division should review the past handling of the CAF fees with the OSCA to determine if any action should be taken.

4.4 Report of cases heard

The Municipal Court Clerk does not file a monthly report of cases heard with the city. Without such a report, the city cannot effectively monitor municipal division activity and ensure monies are properly remitted.

Section 479.080.3, RSMo, and Supreme Court Operating Rule 4.29 require the Municipal Court Clerk to prepare a monthly report of all cases heard in the municipal division court, including the names of the defendants and fines and court costs imposed, to be verified by the Municipal Court Clerk or Municipal Judge and filed with the city.

Recommendations

The City of Miner Municipal Division:

4.1 Work with the Police Department to ensure the numerical sequence and ultimate disposition of all tickets are accounted for properly. In

addition, the Police Department should prepare written policies and procedures for the handling of voided tickets.

4.2 Develop procedures and records to identify applicable traffic violations and the associated fines and court costs revenues and provide this information to the city.

4.3 Review all court costs to ensure fees are assessed in accordance with state law and Supreme Court Operating Rules. In addition, review the past handling of the CAF fees with the OSCA to determine if any action should be taken.

4.4 Ensure a monthly report of cases heard in the municipal division is prepared and filed with the city in accordance with state law and the Supreme Court Operating Rule.

Auditee's Response

The Municipal Judge provided the following written responses:

4.1 The court will continue to work with the Miner Police Department on implementation of the department's new written policy and procedures to ensure numerical sequencing of tickets, and to properly account for the disposition of all tickets, and which will require a record of and written explanation of the issuing officer of all voided citations.

4.2 Procedures will be developed through court automation to identify applicable traffic violations and associated fines and court costs revenues to be provided to the city.

4.3 The City of Miner is currently in the process of reviewing the city's municipal code, including authorized court costs, to determine such costs are current, proper and authorized. The city is contracting with Municode service to update and organize the city's municipal code. The city has already made amendments to court costs authorized by ordinance to bring into compliance with current state statutes. We will discuss with OSCA the handling of CAF fees collected prior to automation.

4.4 Procedures will be developed through court automation to prepare monthly reports of cases heard in the municipal division court, which will be timely filed with the city.

The new City Clerk provided the following written responses:

4.1 We are moving forward in developing a procedure that will allow complete and accurate record keeping of citations issued out to

police officers. The Police Department has already changed the way the officers account for their ticket books. They now handwrite the citation numbers and person's name with charge on their ticket book sleeve, which is turned in after the book is empty. The Police Chief has started a spreadsheet to document ticket books issued. The ticket books are now kept in the Police Chief's office for him to track. A comprehensive policy on voided tickets is currently being developed. The Police Chief ensured that supervisors would provide more oversight as officers enter the tickets into the computerized system.

4.2 We are currently developing a policy to enable us to accurately identify traffic violation tickets, and associated fines and court cost collections that can be included in the annual financial report.

4.3 We have adopted an ordinance that allows the court to collect and disburse the CAF fees as well as a comprehensive ordinance that outlines all collections.

4.4 The Municipal Court Clerk will provide JIS system reports that will be accessible to the City Clerk for an oversight of proper disposal of cases and funds.

The Police Chief provided the following response:

4.1 We are working with the municipal division to ensure the numerical sequence and ultimate disposition of all tickets are accounted for properly. We have developed new policies and procedures for the handling of tickets, including voided tickets. Officers are required to enter all tickets, including voids, into the computerized system. If the ticket was voided, an explanation must be documented. This explanation is sent to the municipal division and also attached to the voided ticket. I am now handling the distribution of ticket books and I have developed a new spreadsheet to track ticket books assigned to each officer. A copy of this spreadsheet will also be sent to the municipal division to track which tickets are outstanding.

Thirty-Third Judicial Circuit
City of Miner Municipal Division
Organization and Statistical Information

The City of Miner Municipal Division is in the Thirty-Third Judicial Circuit, which consists of Mississippi and Scott Counties. The Honorable David Dolan serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau in which fines and court costs are collected at times other than during court and transmitted to the city treasury.

Personnel

At August 31, 2014, the municipal division employees were as follows:

Title	Name
Municipal Judge	Franklin Marshall
Municipal Court Clerk	Gary Smith

Financial and Caseload Information

	Year Ended August 31, 2014
Receipts	$159,003
Number of cases filed	992

Appendix A

Thirty-Third Judicial Circuit
City of Miner Municipal Division
Documentation of Undeposited Receipts

Summary of Undeposited Receipts by Fiscal Year

		Amount
Undeposited Receipts, September 1, 2011 - August 31, 2012	$	473.50
Undeposited Receipts, September 1, 2012 - August 31, 2013		9,874.00
Undeposited Receipts, September 1, 2013 - August 31, 2014		2,050.00
Subotal		12,397.50
Undeposited Receipts per Altered City Receipt Report (see Appendix B)		2,000.00
Total	$	14,397.50

	Fines and Court Costs Receipt Slips/Bond Receipt Slips			City Receipt Report	(Shortage)/	Deposit	Total
	Number	Date	Amount	Amount	Overage	Date	Shortage
Fiscal Year 2012 (September 1, 2011 - August 31, 2012)							
	33939	8/24/2012	251.00	151.00	(100.00)	8/30/2012	$ 100.00
(1)	33967	8/28/2012	373.50	0.00	(373.50)	8/31/2012	373.50
	Total Fiscal Year 2012		624.50	151.00	(473.50)		$ 473.50
Fiscal Year 2013 (September 1, 2012 - August 31, 2013)							
(1)	34036	9/10/2012	150.00	0.00	(150.00)		
(1)	34037	9/10/2012	110.00	0.00	(110.00)		
(1)	34038	9/10/2012	27.50	0.00	(27.50)		
(1)	34039	9/10/2012	165.50	0.00	(165.50)		
(2)	34053	9/12/2012	80.00	700.00	620.00		
(2)	34054	9/12/2012	700.00	50.00	(650.00)	9/17/2012	483.00
(1), (2)	34055	9/13/2012	50.00	0.00	(50.00)	9/20/2012	50.00
(1)	34070	9/20/2012	130.00	0.00	(130.00)		
(1)	34078	9/21/2012	405.00	0.00	(405.00)		
(1)	34080	9/21/2012	290.00	0.00	(290.00)		
	34088	9/24/2012	85.00	80.00	(5.00)	9/27/2012	830.00
	34125	10/1/2012	235.00	135.00	(100.00)		
	34128	10/1/2012	320.00	100.00	(220.00)		
(3)	34129	10/1/2012	160.00	0.00	(160.00)		
(4)	34134	10/3/2012	305.00	100.00	(205.00)		
(4)	34135	10/3/2012	100.00	0.00	(100.00)		
	34137	10/3/2012	85.00	80.00	(5.00)		
	34139	10/4/2012	65.00	55.00	(10.00)	10/5/2012	800.00
	34141	10/9/2012	180.00	100.00	(80.00)		
	34142	10/9/2012	60.00	37.00	(23.00)		
	34143	10/12/2012	135.00	100.00	(35.00)		
	34148	10/12/2012	330.00	230.00	(100.00)		
	34153	10/15/2012	192.00	100.00	(92.00)		
	34154	10/15/2012	55.00	45.00	(10.00)		
	34155	10/15/2012	55.00	45.00	(10.00)	10/19/2012	350.00
	34161	10/18/2012	165.00	65.00	(100.00)		
	34164	10/18/2012	143.50	110.00	(33.50)		

Appendix A

Thirty-Third Judicial Circuit
City of Miner Municipal Division
Documentation of Undeposited Receipts

	Fines and Court Costs Receipt Slips/Bond Receipt Slips			City Receipt Report	(Shortage)/	Deposit	Total
	Number	Date	Amount	Amount	Overage	Date	Shortage
	34165	10/18/2012	170.00	70.00	(100.00)		
	34168	10/19/2012	63.50	67.00	3.50		
	34171	10/22/2012	143.50	43.50	(100.00)		
	34172	10/22/2012	130.00	80.00	(50.00)		
	34173	10/22/2012	235.00	80.00	(155.00)		
	34174	10/22/2012	530.00	135.00	(395.00)		
	34176	10/22/2012	135.00	105.00	(30.00)		
	34177	10/22/2012	110.00	80.00	(30.00)		
	34182	10/22/2012	190.00	80.00	(110.00)	10/26/2012	1,100.00
	1637	10/19/2012	261.00	150.00	(111.00)		
	1639	10/23/2012	250.00	150.00	(100.00)		
(5)	1641	10/23/2012	150.00	0.00	(150.00)	10/26/2012	361.00
	34206	10/25/2012	192.00	92.00	(100.00)		
	34208	10/29/2012	369.00	169.00	(200.00)		
	34209	10/29/2012	323.50	223.50	(100.00)		
	34226	10/29/2012	253.50	153.50	(100.00)	10/31/2012	500.00
	34253	11/14/2012	280.00	180.00	(100.00)		
	34257	11/20/2012	280.00	180.00	(100.00)		
	34277	11/26/2012	230.00	130.00	(100.00)		
	34280	11/26/2012	328.50	228.50	(100.00)	11/30/2012	400.00
	34301	12/1/2012	250.00	150.00	(100.00)		
	34305	12/1/2012	380.00	280.00	(100.00)		
	34316	12/7/2012	380.00	280.00	(100.00)		
	34336	12/12/2012	330.00	230.00	(100.00)		
	34346	12/12/2012	235.00	135.00	(100.00)	12/13/2012	500.00
	34364	12/17/2012	380.00	180.00	(200.00)		
	34370	12/20/2012	530.00	430.00	(100.00)	12/31/2012	300.00
	34380	1/4/2013	280.00	180.00	(100.00)		
	34389	1/8/2013	405.00	305.00	(100.00)	1/17/2013	200.00
	34421	1/22/2013	235.00	135.00	(100.00)		
	34434	1/22/2013	280.00	180.00	(100.00)		
	34438	1/22/2013	305.00	205.00	(100.00)		
	34445	1/24/2013	430.00	330.00	(100.00)		
	34450	1/25/2013	480.00	380.00	(100.00)	1/29/2013	500.00
	34470	2/1/2013	242.00	142.00	(100.00)		
	34471	2/1/2013	240.00	140.00	(100.00)		
	34478	2/6/2013	280.00	180.00	(100.00)	2/8/2013	300.00
	34481	2/7/2013	480.00	380.00	(100.00)		
	34482	2/7/2013	430.00	330.00	(100.00)		
	34486	2/11/2013	260.00	160.00	(100.00)		
	34488	2/14/2013	330.00	230.00	(100.00)		
	34494	2/19/2013	430.00	330.00	(100.00)	2/20/2013	500.00

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Thirty-Third Judicial Circuit
City of Miner Municipal Division
Documentation of Undeposited Receipts

Fines and Court Costs Receipt Slips/Bond Receipt Slips			City Receipt Report	(Shortage)/	Deposit	Total
Number	Date	Amount	Amount	Overage	Date	Shortage
34586	3/25/2013	306.00	206.00	(100.00)		
34589	3/25/2013	340.00	240.00	(100.00)		
34595	3/26/2013	315.00	215.00	(100.00)		
34608	3/27/2013	420.00	320.00	(100.00)	3/29/2013	400.00
34730	6/3/2013	192.00	92.00	(100.00)		
34741	6/12/2013	352.00	252.00	(100.00)	6/17/2013	200.00
34810	7/2/2013	330.00	130.00	(200.00)		
34815	7/5/2013	306.00	206.00	(100.00)		
34817	7/8/2013	242.00	142.00	(100.00)	7/12/2013	400.00
34825	7/18/2013	192.00	92.00	(100.00)		
34832	7/22/2013	175.00	75.00	(100.00)		
34839	7/23/2013	233.50	133.50	(100.00)	7/24/2013	300.00
34851	7/24/2013	120.00	20.00	(100.00)		
34852	7/25/2013	343.50	143.50	(200.00)	7/26/2013	300.00
34878	8/2/2013	130.00	30.00	(100.00)		
34879	8/2/2013	192.00	92.00	(100.00)		
34880	8/5/2013	192.00	92.00	(100.00)		
34883	8/7/2013	160.00	60.00	(100.00)	8/9/2013	400.00
34886	8/13/2013	142.00	42.00	(100.00)		
34891	8/16/2013	265.00	165.00	(100.00)		
34901	8/21/2013	380.00	280.00	(100.00)		
34902	8/21/2013	280.00	180.00	(100.00)	8/23/2013	400.00
34903	8/22/2013	192.00	92.00	(100.00)		
34909	8/26/2013	210.00	110.00	(100.00)		
34924	8/27/2013	280.00	180.00	(100.00)	8/30/2013	300.00
Total Fiscal Year 2013		23,285.00	13,411.00	(9,874.00)		$ 9,874.00
Fiscal Year 2014 (September 1, 2013 - August 31, 2014)						
2293	9/7/2013	310.00	210.00	(100.00)	9/27/2013	100.00
35039	10/2/2013	242.00	142.00	(100.00)		
35042	10/4/2013	292.00	192.00	(100.00)	10/18/2013	200.00
35160	11/22/2013	192.00	92.00	(100.00)		
35182	11/25/2013	434.00	234.00	(200.00)		
35183	11/25/2013	245.00	145.00	(100.00)		
35185	11/25/2013	433.00	233.00	(200.00)	11/27/2013	600.00
35199	11/26/2013	179.50	79.50	(100.00)	11/27/2013	100.00
35228	12/16/2013	616.00	116.00	(500.00)		
35233	12/16/2013	171.00	71.00	(100.00)	12/26/2013	600.00

Appendix A

Thirty-Third Judicial Circuit
City of Miner Municipal Division
Documentation of Undeposited Receipts

Fines and Court Costs Receipt Slips/Bond Receipt Slips			City Receipt Report	(Shortage)/	Deposit	Total
Number	Date	Amount	Amount	Overage	Date	Shortage
35289	1/24/2014	450.00	300.00	(150.00)	1/29/2014	150.00
35468	4/21/2014	433.00	133.00	(300.00)	4/25/2014	300.00
Total Fiscal Year 2014		3,997.50	1,947.50	(2,050.00)		$ 2,050.00

(1) The city's receipt report indicated this receipt slip was voided; however, the receipt slip had been issued by the municipal division.
(2) Receipt slip number 34053 for $80 was not recorded on the city's receipt report; instead, the information for receipt slip number 34054 was recorded in place of receipt slip number 34053, and the information for receipt slip number 34055 was recorded in place of receipt slip number 34054. The city's receipt report indicated receipt slip number 34055 had been voided.
(3) The city's receipt report indicated this receipt slip was skipped; however, this receipt slip had been issued by the municipal division.
(4) Receipt slip number 34134 for $305 was not recorded on the city's receipt report; instead, the information for receipt slip number 34135 was recorded in place of receipt slip number 34134. Receipt slip number 34135 was not included on the city's receipt report.
(5) Bond receipt slip number 1641 was not included on the city's receipt report; however, this bond receipt slip had been issued by the Police Department.

Appendix B

Thirty-Third Judicial Circuit
City of Miner Municipal Division
Undeposited Receipts per Altered City Receipt Report

Fines and Court Costs Receipt Slips/ Bond Receipt Slips		Original City Receipt Report	Altered City Receipt Report	(Shortage)/	Deposit		Total
Number	Date	Amount	Amount	Overage	Date		Shortage
Fiscal Year 2014 (September 1, 2013 - August 31, 2014)							
34950	9/3/2013	92.00	192.00	(100.00)			
34951	9/3/2013	43.50	143.50	(100.00)			
34954	9/3/2013	110.00	210.00	(100.00)	9/6/2013	$	300.00
34961	9/6/2013	42.00	142.00	(100.00)			
34969	9/13/2013	130.00	330.00	(200.00)			
34971	9/13/2013	180.00	280.00	(100.00)	9/20/2013		400.00
34993	9/23/2013	135.00	235.00	(100.00)			
34996	9/24/2013	233.00	333.00	(100.00)			
35007	9/24/2013	50.00	150.00	(100.00)			
35026	9/25/2013	92.00	192.00	(100.00)	9/27/2013		400.00
2355	1/4/2014	300.00	400.00	(100.00)			
2361	1/13/2014	150.00	250.00	(100.00)	1/17/2014		200.00
2364	1/18/2014	400.00	500.00	(100.00)	1/29/2014		100.00
35457	4/17/2014	283.00	383.00	(100.00)			
35486	4/23/2014	146.60	246.60	(100.00)	4/25/2014		200.00
35491	4/25/2014	78.00	178.00	(100.00)	4/30/2014		100.00
35576	6/3/2014	199.00	299.00	(100.00)			
35577	6/3/2014	145.00	245.00	(100.00)			
35605	6/17/2014	183.00	283.00	(100.00)	6/20/2014		300.00
		2,992.10	4,992.10	(2,000.00)		$	2,000.00